

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

BRADLEY COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

COMPREHENSIVE ANNUAL FINANCIAL REPORT
BRADLEY COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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County Mayor
Bradley County, Tennessee

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

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Audit Highlights

Comprehensive Annual Financial Report
Bradley County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information of Bradley County as of and for the year ended June 30, 2005.

Results

Our report on Bradley County's financial statements was unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The actual beginning fund balance of the General Fund exceeded the estimated beginning fund balance by a material amount.
- ◆ General Debt Service Fund expenditures exceeded total appropriations by \$58,163.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Central Cafeteria Fund transactions were not channeled through the Trustee's Office; instead, these transactions were channeled through a bank account administered by the director of schools and food service supervisor.
 - ◆ The School Department did not maintain inventory records for its nondepreciable assets.
-

OTHER FINDINGS

- ◆ County officials had not adopted a central system of accounting, budgeting, and purchasing.
- ◆ Duties were not segregated adequately in the Offices of Highway Superintendent, Trustee, Clerk and Master, and Register.

INTRODUCTORY SECTION

**Office of the
Bradley County Mayor
D. Gary Davis**

**Phone 423-728-7141
Facsimile 423-476-0696**

**P. O. Box 1167
Cleveland, TN 37364**

September 27, 2005

To the Members of the County Commission and
The Citizens of Bradley County, Tennessee

State law requires that all general-purpose local governments publish each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Bradley County, Tennessee, for the fiscal year ended June 30, 2005.

This report consists of management's representations concerning the finances of Bradley County. Consequently, management assumes full responsibility for the completeness and reliability of all of the information presented in this report. To provide a reasonable basis for making these representations, management of Bradley County has established a comprehensive internal control framework that is designed both to protect the government's assets from loss, theft, or misuse and to compile sufficient reliable information for the preparation of Bradley County's financial statements in conformity with GAAP. Because the cost of internal controls should not outweigh their benefits, Bradley County's comprehensive framework of internal controls has been designed to provide reasonable rather than absolute assurance that the financial statements will be free from material misstatement. As management, we assert that, to the best of our knowledge and belief, this financial report is complete and reliable in all material respects.

Bradley County's financial statements have been audited by the State of Tennessee, Comptroller of the Treasury, Department of Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Bradley County for the fiscal year ended June 30, 2005, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation the independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Bradley County's financial statements for the fiscal year ended June 30, 2005, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Bradley County was part of a broader, federally mandated Single Audit designed to meet the special needs of federal grantor

agencies. The standards governing Single Audit engagements require the independent auditor to report not only the fair presentation of the financial statements, but also on the audited government's internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Bradley County's separately issued Single Audit Report.

GAAP requires that management provide a narrative introduction, overview, and analysis to accompany the basic financial statements in the form of Management's Discussion and Analysis (MD&A). This letter of transmittal is designed to complement MD&A and should be read in conjunction with it. Bradley County's MD&A can be found immediately following the report of the independent auditors.

PROFILE OF THE GOVERNMENT

Bradley County, incorporated in 1836, is located in the southeast portion of the State of Tennessee. The county lies in a valley between the Cumberland and Great Smoky Mountains and has an approximate land area of 216,230 acres or 338 square miles and serves a population of approximately 90,000. Bradley County is empowered to levy a property tax on both real and personal properties located within its boundaries.

Bradley County's form of government is one with a popularly elected county mayor who is the administrative head of the county and a popularly elected Board of County Commissioners, which is the legislative branch of the county. Bradley County's legislative body is composed of 14 members with two members being elected from each of the county's seven districts. The county legislative body assembled in session is authorized to act for the county, including election of officials or confirmation of appointees, fixing salaries, and appropriating money and any other business coming before the body. All funds to be used in the operation of the county must be appropriated for that use by the county legislative body, which can appropriate money only for expenditures sanctioned by state law. It is the duty of the county legislative body to adopt a budget and to appropriate funds for the ensuing fiscal year for all county departments and agencies.

Bradley County provides a full range of services, including police and fire protection; schools; the construction and maintenance of highways, streets, and other infrastructure; and recreational activities and cultural events.

The annual budget serves as the foundation for Bradley County's financial planning and control. All departments of the county are required to submit requests for appropriations to the Finance Committee on or before the third Wednesday in April of each year. The Finance Committee uses these requests as the starting point for developing a proposed budget. The Finance Committee then presents the budget requests to the full County Commission for review prior to the fourth Monday in April. The Finance Committee is required to hold public hearings on the proposed budget and to adopt a final budget by no later than June 30, the close of the county's fiscal year. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., police). Transfers of appropriations require the special approval of the governing commission. Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, these comparisons

are presented as part of the basic financial statements for the governmental funds. For governmental funds, other than the General Fund, with appropriated annual budgets, this comparison is present in the governmental fund subsection of this report.

FACTORS AFFECTING FINANCIAL CONDITION

The information presented in the financial statements is perhaps best understood when it is considered from the broader perspective of the specific environment within which Bradley County operates.

Local economy. Bradley County currently enjoys a favorable economic environment and local indicators point to continued stability. Bradley County is known for its productive agriculture and for its stable, diversified industry. Approximately 80 percent of the county's land area are devoted to farming, with income derived primarily from dairy, cotton raising, poultry, tobacco and various fruits and vegetables. The county has three industrial parks. Northeast Industrial Park is fully developed, and Cleveland-Bradley County Industrial Park has approximately 60 of its total 228 acres remaining for development. The Hiwassee River Industrial Park has approximately 121 acres available for development. There are approximately 140 industrial concerns in the County. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include household cooking equipment, newspaper and pulp plant, alkaline batteries, hosiery, candy, cakes, and cookies, dairy products, photo finishing, and clothing manufacturing.

A diverse manufacturing and industrial base adds to the relative stability of the employment rate. Bradley County has an employed labor force of approximately 40,000 which is anticipated to grow at a rate of two to three percent each year for the next several years. Meanwhile, there continues to be a discernable trend toward steady residential growth.

Several major tourist attractions are located in the county: Red Clay State Historical Area, primitive Indian settlements, Church of God of Prophecy World Headquarters, and the Church of God general offices which house one of the largest mosaic murals in the southern United States. The Cherokee National Forest and Ocoee River whitewater rafting facilities are located within a few minutes drive.

Long-term planning. Bradley County has several long term goals. Some of those include:

- The Road Department bridge program to replace some of the older bridges in the county as the need arises.
- Better/continuing working relationship with city government.
- Debt reduction for the county.
- Increase per-pupil expenditures and/or address school needs (both buildings and programs).
- Completing the Juvenile Center Project.
- Developing a five-year plan for schools, other agencies and county funds.
- Improving efficiency in county departments.

- Industrial recruitment.
- Extending water lines in the rural areas of the county.

Cash management policies and practices. Cash temporarily idle during the year was invested in demand deposits and certificates of deposit. The maturities of the investments range from 60 days to 180 days, with an average maturity of 120 days. The average yield on investments was 3.35 percent.

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 100 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 the 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.

Risk management. Bradley County carries commercial insurance for employee health insurance and risks of loss relating to general liability, property, casualty, and employee dishonesty. Bradley County is a member of the Local Government Workers' Compensation Fund, which is a public entity risk pool established by the Tennessee County Services Association, an association of member counties. The county pays annual premiums to the pool for its workers' compensation insurance coverage. The creation of the pool provides for it to be self-sustaining through member premiums.

Pension and other post-employment benefits. Employees of Bradley County are members of the Political Subdivision Pension Plan (PSPP); an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or any age with 25 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are

established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bradley County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approve by the chief governing body.

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

The financial information is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. The person primarily responsible for preparing this document is Lynn Burns, Director of Accounts of Budgets for Bradley County. For questions concerning any of the information provided, please contact the Accounting and Budgeting Office at 155 Broad Street, Cleveland, Tennessee, 37311.

Respectfully submitted,



Lynn Burns
Director of Accounts & Budgets



D. Gary Davis
County Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bradley County,
Tennessee

For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2004

A Certificate of Achievement for Excellence in Financial Reporting is presented by the Government Finance Officers Association of the United States and Canada to government units and public employee retirement systems whose comprehensive annual financial reports (CAFRs) achieve the highest standards in government accounting and financial reporting.

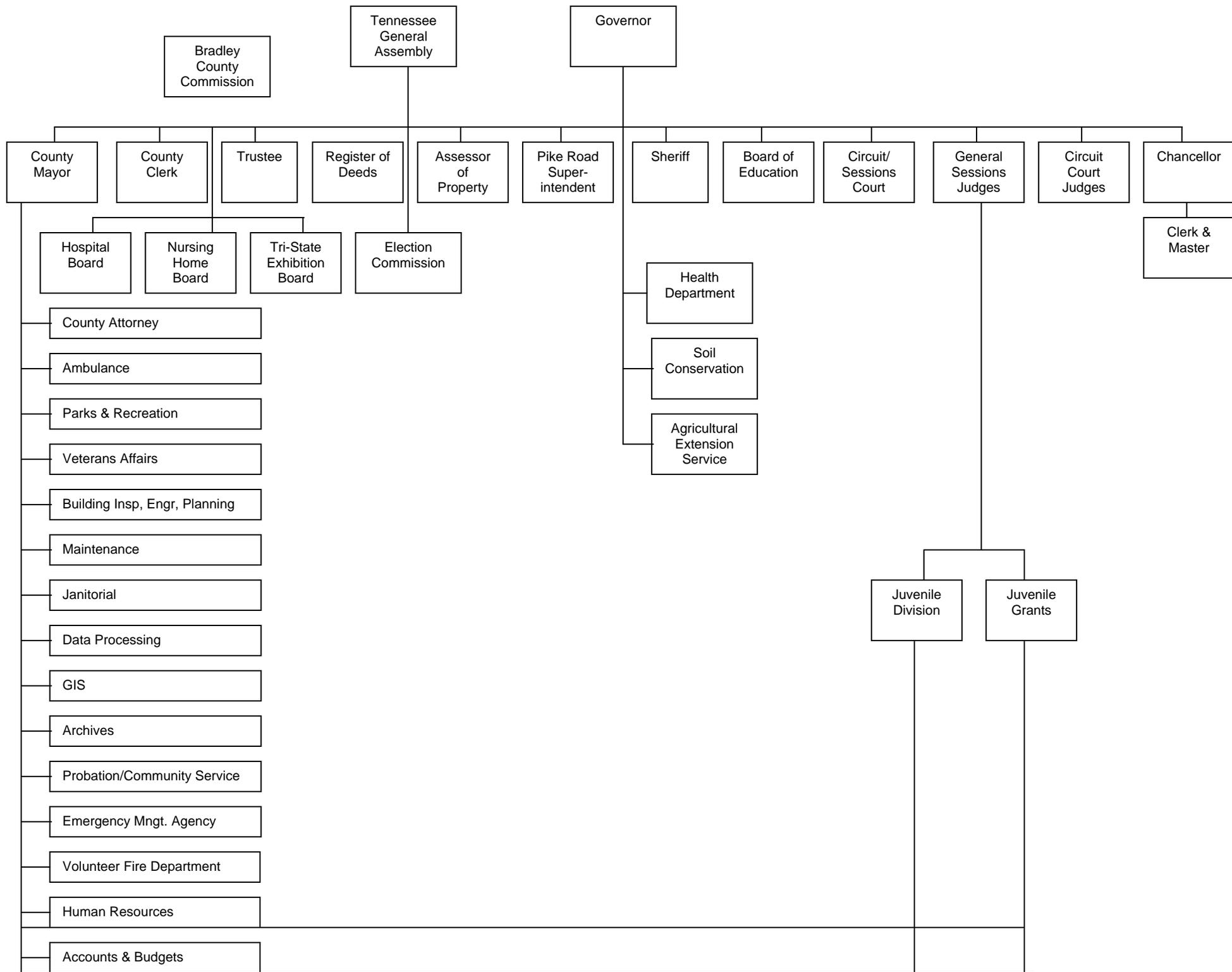


Nancy L. Zielle

President

Jeffrey R. Enen

Executive Director



Bradley County Officials

June 30, 2005

County Officials:

County Mayor	D. Gary Davis
Highway Superintendent	Tom Collins
Director of Schools	Robert L. Taylor
Trustee	Anderson Miller
Assessor of Property	Stanley Thompson
County Clerk	Donna Alley Simpson
Circuit & General Sessions Courts Clerk	Pam Mull
Clerk & Master	Carl Shrewsbury
Register	Raymond Swafford
Sheriff	Dan Gilley

Accounting & Budgeting Director	Lynn Burns
Agricultural Extension Director	Kim Frady
Ambulance Service Director	Danny Lawson
County Attorney	Barrett Painter
Elections	David Ellis
Emergency Management	Tim Gobble
Engineering, Planning & Building Inspection	Sandra Knight
Fire Chief	Dewey Woody
GIS	Wayne Owenby
Health Department	Eloise Waters
Human Resources Director	Michael Willis
Information Systems	Michael Sullivan
Juvenile Services	Linda Callaway
Parks & Recreation Director	Paul Wyrick
Probation Services/Courts Community Service	Rich Kienlen
Veteran Affairs	Gary Benefield

County Commission:

District 1	Ben Atchley
District 1	Mike Smith
District 2	Connie Wilson
District 2	Ginger Wilson-Buchanan
District 3	Matthew Brown
District 3	Lisa Stanbery
District 4	Jim Smith
District 4	Howard Thompson
District 5	Bill Ledford
District 5	Jeff Yarber

County Commission (Cont.):

District 6
District 6
District 7
District 7

Ralph Creel
Roy E. Smith
Michael Plumley
William A. Varnell

Board of Education:

Troy Weathers, Chairman
Richard Baker
Tom Cassada
Eddie Duncan

Mel Griffith
Mark Grissom
Terry McGuire

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 27, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Bradley County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bradley County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Bradley County Memorial Hospital (which represent 42 percent and 54 percent, respectively, of the assets and revenues of the aggregate discretely presented component units) and the discretely presented Bradley Healthcare and Rehabilitation Center (which represent four percent and seven percent, respectively, of the assets and revenues of the aggregate discretely presented component units). Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bradley County Memorial Hospital and the Bradley Healthcare and Rehabilitation Center, is based on the reports of the other auditors.

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

evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the reports of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of June 30, 2005, and the respective changes in financial position, where applicable, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 27, 2005, on our consideration of Bradley County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Bradley County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management's discussion and analysis on pages 19 through 28 and the budgetary comparison information on pages 101 through 107 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Bradley 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 Bradley County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables 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 Bradley County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the

audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/yu

Management's Discussion and Analysis

As management of Bradley County, we offer readers of the Bradley County financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of Bradley County's primary governmental activities exceeded its liabilities at the close of the most recent fiscal year by \$15,820,113 (net assets).
- The government's total net assets increased by \$6,456,897 over year ended June 30, 2004.
- As of the close of the current fiscal year, Bradley County's governmental funds reported combined ending fund balances of \$53,273,475. Approximately 18.2 percent of this total amount, \$9,672,871, is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,525,501, or 22.4 percent of total General Fund expenditures.
- Bradley County's total long-term debt decreased by \$68,711 during the current fiscal year.

Overview of the Financial Statements

This discussion and analysis is intended to serve as an introduction to Bradley County's basic financial statements. The county's basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of Bradley County's finances, in a manner similar to a private-sector business.

The **statement of net assets** presents information on all of Bradley County's assets and liabilities, with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of the county is improving or deteriorating.

The **statement of activities** presents information showing how the government's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, **regardless of the timing of related cash flows**. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of the county that are principally supported by taxes and intergovernmental revenues (**governmental activities**) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (**business-type activities**). The governmental activities of the county include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The business-type activities of the county include a hospital and a nursing home.

The government-wide financial statements include not only Bradley County itself (known as the primary government), but also a legally separate school district, a legally separate hospital, and a legally separate nursing home for which Bradley County is financially accountable. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

Fund financial statements. A fund is a grouping of related accounts that is used to maintain control over resources that have been segregated for specific activities or objectives. Bradley County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Bradley County can be divided into two categories: governmental funds and proprietary funds.

Governmental funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of governmental funds is narrower than that of the government-wide financial statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Bradley County and the Bradley County School Department maintain a multitude of individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund and the General Debt Service Fund, both of which are considered to be major funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

Bradley County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the general fund to demonstrate compliance with this budget.

Proprietary funds. Bradley County maintains enterprise funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. Bradley County uses enterprise funds to account for Bradley County Memorial Hospital and Bradley Healthcare and Rehabilitation Center component units.

Proprietary funds provide the same type of information as the government-wide financial statements, only in more detail. The proprietary fund financial statements provide separate information for the Bradley County Memorial Hospital and the Bradley Healthcare and Rehabilitation Center, both of which are considered to be major funds of Bradley County.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bradley County, assets exceeded liabilities by \$15,820,113 at the close of the most recent fiscal year.

The Constitution for the State of Tennessee only allows the local legislative body authorization to issue debt. Therefore, whenever the Bradley County Board of Education requires additional money to fund school construction and equipment, the related debt must be issued by Bradley County Government.

As of June 30, 2005, Bradley County had outstanding debt totaling \$53,211,289 for capital purposes of the Bradley County Board of Education (\$37,590,542) and the Board of Education of the City of Cleveland (\$15,620,747), however, the capital assets are reported in the financial statements of the Bradley County Board of Education and the Board of Education of the City of Cleveland, respectively. Bradley County has incurred the related liability, significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

A large portion of Bradley County's net assets reflects its investment in capital assets (e.g., land, buildings, machinery, and equipment); less any related debt used to acquire those assets that is still outstanding. Bradley County uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although Bradley County's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

BRADLEY COUNTY'S Net Assets

	Governmental Activities	County School	Bradley Mem Hosp	Bradley Healthcare	Total
Current and Other Assets	\$ 73,369,433	\$ 21,702,605	\$ 17,859,490	\$ 1,649,450	\$ 114,580,978
Capital Assets	43,508,036	48,899,871	36,070,457	3,092,413	131,570,777
Total Assets	\$ 116,877,469	\$ 70,602,476	\$ 53,929,947	\$ 4,741,863	\$ 246,151,755
Long-term Liabilities O/S	\$ 82,783,346	\$ -	\$ 20,791,504	\$ -	\$ 103,574,850
Other Liabilities	18,274,010	14,904,600	8,435,894	790,549	42,405,053
Total Liabilities	\$ 101,057,356	\$ 14,904,600	\$ 29,227,398	\$ 790,549	\$ 145,979,903
Net Assets:					
Invested in Capital Assets, net of Related Debt	\$ 13,575,147	\$ -	\$ 20,382,836	\$ -	\$ 33,957,983
Invested in Capital Assets	-	48,899,871	-	3,092,414	51,992,285
Restricted	42,970,084	1,947,027	108,407	-	45,025,518
Unrestricted	(40,725,118)	4,850,978	4,211,306	858,900	(30,803,934)
Total Net Assets	\$ 15,820,113	\$ 55,697,876	\$ 24,702,549	\$ 3,951,314	\$ 100,171,852

An additional portion of Bradley County's governmental activities assets (\$42,970,084) represents resources that are subject to external restrictions on how they may be used.

At the end of the current fiscal year, Bradley County is able to report positive balances in all four categories of net assets, both for the government as a whole, as well as for its separate governmental and business-type activities.

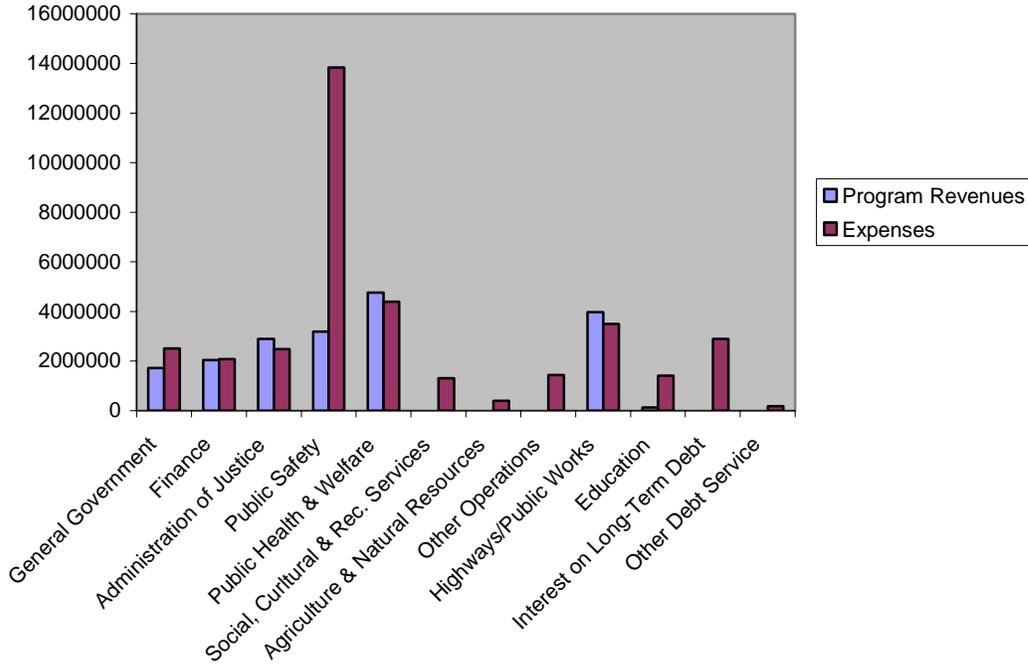
Bradley County's Changes in Net Assets

	Governmental Activities	County School	Bradley Mem Hosp	Bradley Healthcare	Total
Revenues:					
Program Revenues:					
Charges for Services	\$ 10,947,221	\$ 1,936,298	\$ 76,588,355	\$ 10,494,139	\$ 99,966,013
Operating Grants & Contributions	5,222,274	6,512,203	-	-	11,734,477
Capital Grants & Contributions	2,526,651	1,411,489	-	-	3,938,140

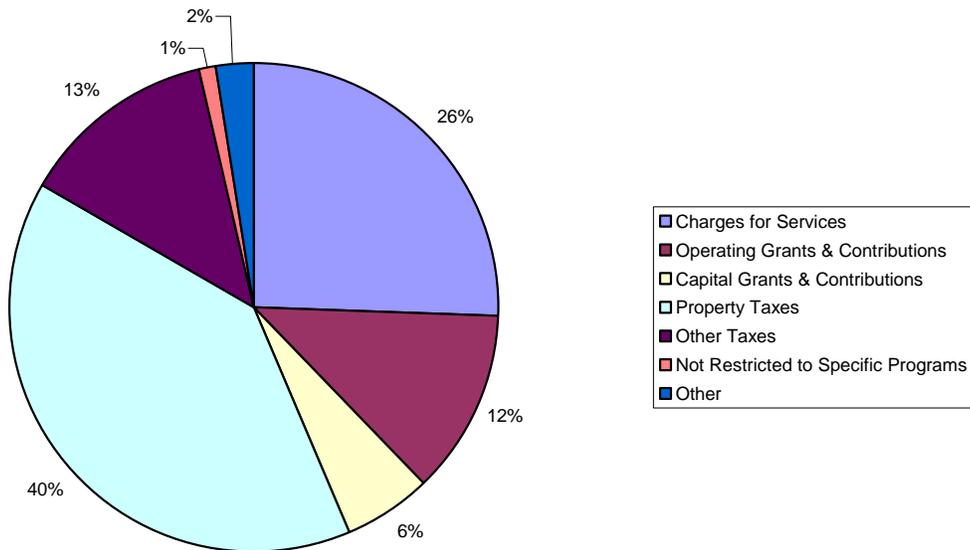
Bradley County's Changes in Net Assets (Cont.)

	Governmental Activities	County School	Bradley Mem Hosp	Bradley Healthcare	Total
General Revenues:					
Property Taxes	17,008,170	9,937,003	-	-	26,945,173
Other Taxes	5,687,420	7,194,986	-	-	12,882,406
Grants & Contributions Not Restricted to Specific Programs	480,296	8,862	-	-	489,158
Other	1,036,277	29,034,356	265,407	17,794	30,353,834
Total Revenues	\$ 42,908,309	\$56,035,197	\$ 76,853,762	10,511,933	\$ 186,309,201
Expenses:					
General					
Government	\$ 2,508,007	\$ -	\$ -	\$ -	\$ 2,508,007
Finance	2,076,420	-	-	-	2,076,420
Administration of Justice	2,484,384	-	-	-	2,484,384
Public Safety	13,838,185	-	-	-	13,838,185
Public Health & Welfare	4,388,121	-	-	-	4,388,121
Social, Cultural & Rec Services	1,310,346	-	-	-	1,310,346
Agriculture & Natural Resources	391,320	-	-	-	391,320
Other Operations Highways/Public Works	1,432,033	-	-	-	1,432,033
Education	3,492,535	-	-	-	3,492,535
Interest on Long- Term Debt	1,411,489	-	-	-	1,411,489
Other Enterprise Other Debt	2,895,248	-	-	-	2,895,248
Service	-	54,334,013	80,125,492	10,145,755	144,605,260
Service	183,324	-	-	-	183,324
Total Expenses	\$ 36,411,412	\$54,334,013	\$ 80,125,492	\$10,145,755	\$ 181,016,672
Increase in Net Assets	\$ 6,496,897	\$ 1,701,184	\$ (3,271,730)	\$ 366,178	\$ 5,292,529
Net Assets - July 1, 2004	9,323,216	53,996,692	27,974,279	3,585,136	94,879,323
Net Assets - June 30, 2005	\$ 15,820,113	\$55,697,876	\$ 24,702,549	\$ 3,951,314	\$ 100,171,852

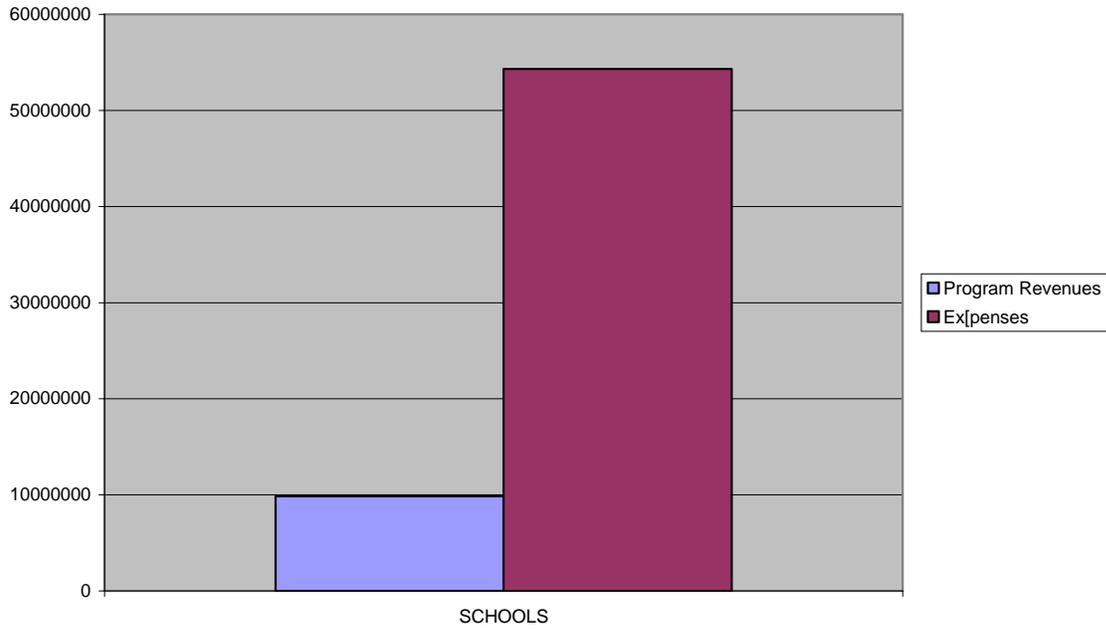
Expenses & Program Revenues - Governmental Activities



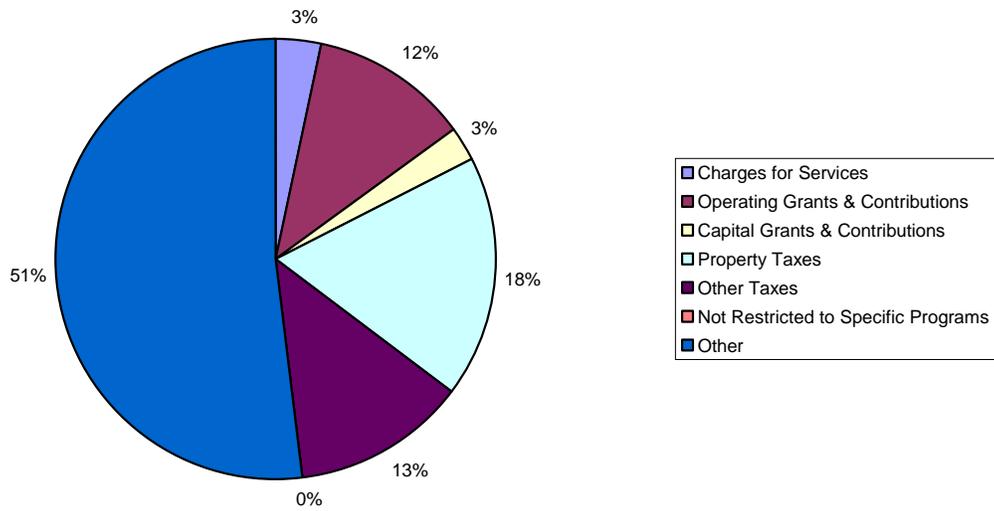
Revenues by Source - Governmental Activities



Expenses & Program Revenues - Schools



Revenues by Source - Schools



Financial Analysis of the Government's Funds

As noted earlier, Bradley County uses fund accounting to ensure and demonstrate compliance with finance-relegated legal requirements.

Governmental funds. The focus of Bradley County's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Bradley County's financing requirements. In particular, unreserved fund balance may serve as a useful measure of a government's net resources available for spending at the end of the fiscal year.

As of the end of the current fiscal year, Bradley County's governmental funds reported combined ending fund balances of \$53,273,475. Approximately 18.2 percent of this total amount (\$9,672,871) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed (1) to liquidate contracts and purchase orders (\$1,297,370), (2) to pay debt service (\$41,331,743), or (3) for a variety of other restricted purposes (\$971,491).

The General Fund is the chief operating fund of Bradley County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,525,501 while total fund balance reached \$6,958,096. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 22.4 percent of total General Fund expenditures, while total fund balance represents 28.3 percent of that same amount.

The fund balance of Bradley County's General Fund increased by \$958,080 during the current fiscal year. A key factor in this growth was a 5.7 percent increase in local tax collections over prior year.

The General Debt Service Fund has a total fund balance of \$41,331,743, all of which is reserved for the payment of debt service. The \$1,407,264 net increase in fund balance during the current year in the General Debt Service Fund was largely due to an increase in Local Tax collections over prior year.

General Fund Budgetary Highlights

The difference between the original budget and the final amended budget in the General Fund was (\$1,640,114 increase in appropriations) and can be briefly summarized as follows:

- \$323,338 in increases allocated to General Administration.
- \$ 91,453 in increases allocated to the Finance.
- \$154,655 in increases allocated to Administration of Justice.
- \$532,465 in increases allocated to Public Safety.
- \$402,875 in increases allocated to Public Health & Welfare.
- \$ 23,633 in increases allocated to Social, Cultural & Recreational.
- \$111,695 in increases allocated to Other Operations.

Of this increase, \$823,899 was to be funded out of miscellaneous increases in various charges for services, grant proceeds, and insurance recovery. The remaining \$816,215 was to be budgeted from available fund balances. During the year, however, revenues exceeded budgetary estimates and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

The schools had an increase in allocations in the amount of \$1,360,434 which consisted mostly of additional grants received in the amount of \$1,256,797.

Capital Asset and Debt Administration

Capital assets. The investment in capital assets includes land, buildings and system, improvements, machinery and equipment, park facilities, roads, highways, and bridges. Bradley County's investment in capital assets for its governmental and business type activities as of June 30, 2005, amounts to \$43,508,036 (net of accumulated depreciation and related debt). The Bradley County School Department's investment in capital assets for its governmental activities amounts to \$48,899,871 (net of accumulated depreciation). Related debt for schools is carried in governmental activities.

Major capital asset events during the current fiscal year included the following:

- Telephone switching system for Sheriff's Department of \$48,000.
- Four heart monitors for Ambulance Services at \$65,000.
- Ten vehicles for Sheriff's Department at 215,660.
- Pumper/Tanker for Fire Department at \$262,000.
- Ambulance rechasee of \$49,885.
- Toro Mower for Parks and Recreation at \$26,250.
- Road Department purchase of two F-350 Ford trucks at \$67,000.
- Road Department purchase of two tractors with mowers at \$86,000.
- Road Department purchase of two tandem trucks at approx \$174,000.
- Renovations at Bradley High School in the amount of approx. \$5,500,000.
- Valley View kitchen/dinning renovations of \$250,000.
- Bradley High School baseball complex of \$500,000.
- Football bleachers at Walker Valley High School of \$115,000.
- Bradley High School gym/band area roof of \$149,600.

For more detailed information on capital asset activity, please see the relevant disclosures in the notes to the financial statements.

LONG-TERM DEBT
BRADLEY COUNTY

Issued: For:	General County	County Schools	City Schools	Total Governmental Activity
Notes	\$ 980,000	\$ -	\$ -	\$ 980,000
Other Loans	15,607,200	37,590,542	15,620,747	68,818,489
Bonds	12,770,000	-	-	12,770,000
Capital Leases	214,857	-	-	214,857
	<u>\$ 29,572,057</u>	<u>\$ 37,590,542</u>	<u>\$ 15,620,747</u>	<u>\$ 82,783,346</u>
Compensated Absences	762,550	63,431	-	825,981
Total Long- Term Debt	<u>\$ 30,334,607</u>	<u>\$ 37,653,973</u>	<u>\$ 15,620,747</u>	<u>\$ 83,609,327</u>

At the end of the current fiscal year, Bradley County had total long-term debt outstanding of \$ 83,609,327. This amount comprises debt backed by the full faith and credit of the government. In addition to the loan agreements, county long-term obligations include compensated absences and capital leases.

Bradley County's total debt decreased by \$68,711 during the current fiscal year.

For more detailed information on long-term debt activity, please see the relevant disclosures in the notes to the financial statements.

Bradley County maintains an A1 rating from Moody's for general obligation debt.

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 4.8 percent, which is down from a year ago at 5.5 percent. The state's average unemployment rate is currently 5.5 percent and the national average is five percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing the county's budget for the 2005-2006 fiscal year. At the end of the 2004-2005 fiscal year, unreserved fund balance in the General Fund increased to \$6,958,096 (15.9 percent increase from last year). The county has budgeted to use \$2,482,796 of this fund balance for spending on the fiscal year 2005-2006.

Request for Information

This financial report is designed to provide a general overview of the county's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the Accounting and Budgeting Office at 155 Broad Street, Cleveland, Tennessee 37311.

BASIC FINANCIAL STATEMENTS

Exhibit A

Bradley County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary Governmental Activities	Component Units		
		Bradley County School Department	Bradley County Memorial Hospital	Bradley Healthcare and Rehabilitation Center
ASSETS				
Cash	\$ 345,683	\$ 788,606	\$ 2,252,579	\$ 705,843
Equity in Pool Cash and Investments	40,595,887	8,501,238	0	0
Investments	0	0	541,242	0
Accounts Receivable	3,995,122	2,915	14,390,965	998,642
Allowance for Uncollectibles	(2,058,042)	0	(2,979,275)	(98,010)
Due from Other Governments	1,707,120	2,023,558	0	0
Inventories	0	137,357	1,944,372	31,593
Taxes Receivable	18,346,288	10,713,478	0	0
Allowance for Uncollectible Property Taxes	(823,123)	(464,547)	0	0
Prepaid Items	0	0	1,048,580	11,382
Notes Receivable - Current	1,390,000	0	0	0
Notes Receivable - Long Term	9,738,530	0	0	0
Deferred Charges - Debt Issuance Costs	131,968	0	171,102	0
Capital Assets:				
Assets Not Depreciated:				
Land	4,927,642	1,294,715	489,925	195,965
Construction in Progress	1,632,245	0	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	20,826,360	47,227,255	35,792,966	0
Other Capital Assets	4,294,059	377,901	0	2,896,448
Infrastructure	11,827,730	0	0	0
Other Long-term Assets	0	0	277,491	0
Total Assets	\$ 116,877,469	\$ 70,602,476	\$ 53,929,947	\$ 4,741,863
LIABILITIES				
Accounts Payable	\$ 72,295	\$ 595,747	\$ 4,762,112	\$ 224,478
Accrued Payroll	0	4,221,032	2,678,469	353,882
Payroll Deductions Payable	26,192	3,199	0	0
Accrued Interest Payable	311,482	0	163,017	0
Cash Overdraft	737	0	0	0
Matured Interest on Bonds	40	0	0	0
Capital Lease Obligations - Current	0	0	832,296	0
Other Current Liabilities	0	0	0	108,154
Other Long-term Liabilities	0	0	0	104,035
Deferred Revenue - Current Property Taxes	17,100,714	10,021,191	0	0
Noncurrent Liabilities:				
Due Within One Year	4,004,777	63,431	5,790,794	0
Due In More Than One Year	79,541,119	0	15,000,710	0
Total Liabilities	\$ 101,057,356	\$ 14,904,600	\$ 29,227,398	\$ 790,549
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 13,575,147	\$ 0	\$ 20,382,836	\$ 0
Invested in Capital Assets	0	48,899,871	0	3,092,414
Restricted for:				
Capital Projects	700,380	111,993	0	0
Debt Service	41,331,743	0	0	0
Other Purposes	937,961	1,835,034	108,407	49,280
Unrestricted	(40,725,118)	4,850,978	4,211,306	809,620
Total Net Assets	\$ 15,820,113	\$ 55,697,876	\$ 24,702,549	\$ 3,951,314

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

Exhibit B

Bradley County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units		
						Bradley County School Department	Bradley County Memorial Hospital	Bradley Healthcare and Rehabilitation Center
Primary Government:								
Governmental Activities:								
General Government	\$ 2,508,007	\$ 1,104,050	\$ 615,803	\$ 0	\$ (788,154)	\$ 0	\$ 0	\$ 0
Finance	2,076,420	1,989,391	45,156	0	(41,873)	0	0	0
Administration of Justice	2,484,384	2,466,699	424,641	6,845	413,801	0	0	0
Public Safety	13,838,185	2,351,215	835,706	0	(10,651,264)	0	0	0
Public Health and Welfare	4,388,121	3,035,866	854,659	868,517	370,921	0	0	0
Social, Cultural and Rec Services	1,310,346	0	793	0	(1,309,553)	0	0	0
Agriculture & Natural Resources	391,320	0	0	0	(391,320)	0	0	0
Other Operations	1,432,033	0	0	0	(1,432,033)	0	0	0
Highways/Public Works	3,492,535	0	2,445,516	1,518,601	471,582	0	0	0
Education (Payment to CU)	1,411,489	0	0	132,688	(1,278,801)	0	0	0
Interest on Long-term Debt	2,895,248	0	0	0	(2,895,248)	0	0	0
Other Debt Service	183,324	0	0	0	(183,324)	0	0	0
Total Governmental Activities	\$ 36,411,412	\$ 10,947,221	\$ 5,222,274	\$ 2,526,651	\$ (17,715,266)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 36,411,412	\$ 10,947,221	\$ 5,222,274	\$ 2,526,651	\$ (17,715,266)	\$ 0	\$ 0	\$ 0
Component Units:								
Bradley County School Department	\$ 54,334,013	\$ 1,936,298	\$ 6,512,203	\$ 1,411,489	\$ 0	\$ (44,474,023)	\$ 0	\$ 0
Bradley County Memorial Hospital	80,125,492	76,588,355	0	0	0	0	(3,537,137)	0
Bradley Healthcare and Rehabilitation Center	10,145,755	10,494,139	0	0	0	0	0	348,384
Total Component Units	\$ 144,605,260	\$ 89,018,792	\$ 6,512,203	\$ 1,411,489	\$ 0	\$ (44,474,023)	\$ (3,537,137)	\$ 348,384

(Continued)

Exhibit B

Bradley County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues				Net (Expense) Revenue and Changes in Net Assets			
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units		
						Bradley County School Department	Bradley County Memorial Hospital	Bradley Healthcare and Rehabilitation Center
General Revenues:								
Taxes:								
Property taxes levied for general purposes					\$ 10,837,104	\$ 9,937,003	\$ 0	\$ 0
Property taxes levied for debt service					6,171,066	0	0	0
Local option sales tax					3,470,426	7,194,986	0	0
Other local taxes					2,216,994	8,862	0	0
Grants & Contributions not restricted for specific programs					480,296	28,466,791	214,036	729
Unrestricted Investment Earnings					770,396	414,341	51,371	7,065
Miscellaneous					265,881	153,224	0	10,000
Total General Revenues					\$ 24,212,163	\$ 46,175,207	\$ 265,407	\$ 17,794
Change in net assets					\$ 6,496,897	\$ 1,701,184	\$ (3,271,730)	\$ 366,178
Prior Period Adjustments					(40,000)	0	0	0
Net assets, July 1, 2004					9,363,216	53,996,692	27,974,279	3,585,136
Net assets, June 30, 2005					\$ 15,820,113	\$ 55,697,876	\$ 24,702,549	\$ 3,951,314

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

Exhibit C-1

Bradley County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
ASSETS					
Cash	\$ 0	\$ 0	\$ 40	\$ 345,643	\$ 345,683
Equity in Pooled Cash and Investments	5,946,957	817,161	30,226,368	3,605,401	40,595,887
Accounts Receivable	3,860,862	371	132,668	1,221	3,995,122
Allowance for Uncollectibles	(2,058,042)	0	0	0	(2,058,042)
Due from Other Governments	1,174,220	509,216	18,762	4,922	1,707,120
Due from Other Funds	6,948	0	10,375	0	17,323
Property Taxes Receivable	8,584,050	2,214,918	6,567,801	979,519	18,346,288
Allowance for Uncollectible Property Taxes	(372,212)	(96,040)	(285,785)	(69,086)	(823,123)
Notes Receivable - Current	0	0	1,390,000	0	1,390,000
Notes Receivable - Long-Term	0	0	9,705,000	33,530	9,738,530
Total Assets	\$ 17,142,783	\$ 3,445,626	\$ 47,765,229	\$ 4,901,150	\$ 73,254,788
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	\$ 70,525	\$ 0	\$ 0	\$ 1,770	\$ 72,295
Payroll Deductions Payable	26,192	0	0	0	26,192
Cash Overdraft	0	0	0	737	737
Due to Other Funds	0	0	0	17,323	17,323
Matured Interest on Bonds	0	0	40	0	40
Deferred Revenue - Current Property Taxes	8,029,364	2,071,795	6,141,227	858,328	17,100,714
Deferred Revenue - Delinquent Property Taxes	182,474	47,083	140,789	52,105	422,451
Other Deferred Revenues	1,876,132	313,999	151,430	0	2,341,561
Total Liabilities	\$ 10,184,687	\$ 2,432,877	\$ 6,433,486	\$ 930,263	\$ 19,981,313
Fund Balances					
Reserved for Encumbrances	\$ 494,634	\$ 0	\$ 0	\$ 802,736	\$ 1,297,370
Reserved for Alcohol and Drug Treatment	70,615	0	0	0	70,615
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	502,280	0	0	0	502,280
Reserved for Drug Court	49,740	0	0	0	49,740
Reserved for Sexual Offender Registration	1,560	0	0	0	1,560
Reserved for Computer System - Register	214,445	0	0	0	214,445
Reserved for Automation Purposes - Circuit Court	28,320	0	0	0	28,320
Reserved for Automation Purposes - Criminal Court	11,107	0	0	0	11,107
Reserved for Automation Purposes - General Sessions Court	37,409	0	0	0	37,409
Reserved for Automation Purposes - Sheriff	4,982	0	0	0	4,982
Reserved for Long-Term Notes Receivable	0	0	11,095,000	33,530	11,128,530
Reserved for Other General Purposes	17,503	0	0	0	17,503
Unreserved, Reported In:					
General Fund	5,525,501	0	0	0	5,525,501
Special Revenue Funds	0	1,012,749	0	3,076,845	4,089,594
Debt Service Funds	0	0	30,236,743	0	30,236,743
Capital Projects Funds	0	0	0	57,776	57,776
Total Fund Balances	\$ 6,958,096	\$ 1,012,749	\$ 41,331,743	\$ 3,970,887	\$ 53,273,475
Total Liabilities and Fund Balances	\$ 17,142,783	\$ 3,445,626	\$ 47,765,229	\$ 4,901,150	\$ 73,254,788

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

Exhibit C-2

Bradley County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 53,273,475
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.	43,508,036
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.	(83,725,410)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.	<u>2,764,012</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 15,820,113</u>

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

Exhibit D-1

Bradley County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
Revenues					
Local Taxes	\$ 13,505,994	\$ 2,082,555	\$ 6,216,770	\$ 1,029,191	\$ 22,834,510
Licenses and Permits	268,415	0	0	0	268,415
Fines, Forfeitures and Penalties	437,928	0	0	412,372	850,300
Charges for Current Services	3,093,680	0	0	1,488,726	4,582,406
Other Local Revenues	602,878	150,822	1,030,038	206,319	1,990,057
Fees Received from County Officials	2,356,183	0	0	0	2,356,183
State of Tennessee	2,480,654	2,375,498	128,523	444,079	5,428,754
Federal Government	888,416	0	0	213,791	1,102,207
Other Governments and Citizens Groups	1,859,713	0	71,875	200	1,931,788
Total Revenues	\$ 25,493,861	\$ 4,608,875	\$ 7,447,206	\$ 3,794,678	\$ 41,344,620
Expenditures					
Current:					
General Government	\$ 2,157,169	\$ 0	\$ 0	\$ 265,793	\$ 2,422,962
Finance	1,133,907	0	0	916,350	2,050,257
Administration of Justice	2,184,430	0	0	199,658	2,384,088
Public Safety	12,937,106	0	0	1,397,441	14,334,547
Public Health and Welfare	4,391,716	0	0	83,605	4,475,321
Social, Cultural, and Recreational Services	688,662	0	0	539,349	1,228,011
Agricultural and Natural Resources	388,227	0	0	0	388,227
Other Operations	731,473	0	269,545	432,032	1,433,050
Highways	0	4,510,540	0	0	4,510,540
Debt Service:					
Principal	0	0	2,980,000	60,000	3,040,000
Interest	0	0	2,937,025	22,250	2,959,275
Other Debt Service	0	0	177,040	0	177,040
Capital Projects	0	331,731	0	1,675,392	2,007,123
Capital Projects - Donated	0	0	0	1,411,489	1,411,489
Total Expenditures	\$ 24,612,690	\$ 4,842,271	\$ 6,363,610	\$ 7,003,359	\$ 42,821,930
Excess (Deficiency) of Revenues Over Expenditures	\$ 881,171	\$ (233,396)	\$ 1,083,596	\$ (3,208,681)	\$ (1,477,310)
Other Financing Sources (Uses)					
Notes Issued	\$ 65,000	\$ 0	\$ 0	\$ 500,000	\$ 565,000
Capital Leases Issued	215,659	0	0	0	215,659
Other Loans Issued	0	0	0	2,358,755	2,358,755
Transfers In	0	0	323,668	110,042	433,710
Transfers Out	(163,750)	0	0	(269,960)	(433,710)
Total Other Financing Sources (Uses)	\$ 116,909	\$ 0	\$ 323,668	\$ 2,698,837	\$ 3,139,414
Net Change in Fund Balances	\$ 998,080	\$ (233,396)	\$ 1,407,264	\$ (509,844)	\$ 1,662,104
Fund Balance, July 1, 2004	6,000,016	1,246,145	39,924,479	4,480,731	51,651,371
Prior Period Adjustment	(40,000)	0	0	0	(40,000)
Fund Balance, June 30, 2005	\$ 6,958,096	\$ 1,012,749	\$ 41,331,743	\$ 3,970,887	\$ 53,273,475

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

Exhibit D-2

Bradley 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, 2005

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

Net change in fund balances - total governmental funds (Exhibit D-1)	\$ 1,662,104
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current period.	4,454,370
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.	(194,253)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.	455,791
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	122,714
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.	<u>(3,829)</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$ 6,496,897</u>

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

Exhibit E

Bradley County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 4,755,308
Equity in Pooled Cash and Investments	36,927
Due from Other Governments	1,841,384
Due from Other Funds	362
Property Taxes Receivable	7,025,003
Allowance for Uncollectible Taxes	<u>(414,103)</u>
Total Assets	<u>\$ 13,244,881</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 83,110
Due to Other Funds	362
Due to Component Unit	266
Due to Other Taxing Units	8,406,463
Due to Litigants, Heirs, and Others	<u>4,754,680</u>
Total Liabilities	<u>\$ 13,244,881</u>

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

BRADLEY COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Bradley 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 Bradley County:

A. Reporting Entity

Bradley County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Bradley County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

The Bradley County Memorial Hospital provides health care to the citizens of Bradley County. Four of the seven members of the governing body of the Bradley County Memorial Hospital are appointed by the County Commission. The County Commission must approve all long-term debt issues of the Bradley County Memorial Hospital. Bradley County is responsible for this debt in case of default by Bradley County Memorial Hospital.

The Bradley Healthcare and Rehabilitation Center provides resident health care to the citizens of Bradley County. The governing body of the Bradley Healthcare and Rehabilitation Center is appointed by the County Commission. The County Commission must approve all long-term debt

issues of the Bradley Healthcare and Rehabilitation Center. Bradley County is responsible for this debt in case of default by the Bradley Health Care and Rehabilitation Center.

The Bradley County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Bradley County School Department are included in this report as listed in the table of contents. Complete financial statements of Bradley County Memorial Hospital and the Bradley Healthcare and Rehabilitation Center can be obtained from their administrative offices at the following addresses:

Bradley County Memorial Hospital
2305 Chambliss Avenue
Cleveland, TN 37320-3060

Bradley Healthcare and Rehabilitation Center
2910 Peerless Road N.W.
Cleveland, TN 37312

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Bradley County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Bradley 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.

Bradley County issues all debt for the discretely presented Bradley County School Department.

Separate financial statements are provided for governmental funds and fiduciary funds. The fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds 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 fiduciary funds financial statements. 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 Bradley County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into two major categories: governmental and fiduciary. An emphasis is placed on major funds within the governmental category. Separate financial statements are provided for governmental funds and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. 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. Bradley County considers grant 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.

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. Property taxes collected within 30 days after year-end

are considered to be immaterial for reporting purposes. 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.

Fiduciary fund financial statements are reported using the economic resources 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.

Bradley County reports the following major governmental funds:

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

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

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

Additionally, Bradley County reports the following fund types:

Capital Projects Funds – These funds are used to account for the receipt of debt and other specific revenue sources that are legally restricted to expenditures for construction and/or renovation.

Agency Funds – These funds account for assets held by the county as an agent for the state and city governments and litigants, heirs, and others. 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 Bradley County School Department reports the following major governmental fund:

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

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

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

Capital Projects Funds – The Education Capital Projects Fund is used to account for the receipt of debt and other specific revenue sources that are legally restricted to expenditures for construction and/or renovation.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Bradley County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to various funds based on the proration for property tax. In addition, investments are held separately by several of the county's funds. Bradley County and the Bradley County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than

fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. **Receivables and Payables**

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

All ambulance service and property taxes receivable are shown with an allowance for uncollectibles. The ambulance service receivable allowance for the year was 57.3 percent of the outstanding balance based on the average collection rate for the past five years. The allowance for uncollectible property taxes is equal to 2.53 percent of total taxes levied.

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

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

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

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the

following March 1. Suit must be filed in Chancery Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

3. Inventories

Inventories in governmental funds consist of expendable supplies held for consumption and are valued at the lower of cost or market based on the first-in, first-out method.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 (infrastructure \$50,000) or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented School Department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	25-40
Other Capital Assets	5-30
Infrastructure:	
Roads	20-40
Bridges	40

5. Compensated Absences

It is the policy of Bradley County's General Fund and Highway/Public Works Fund to permit its employees to accumulate up to 30 days of earned but unused vacation leave that will be paid upon retirement, resignation, or termination. (Any accumulated unused vacation leave exceeding 30 days is transferred to the employee's sick leave balance). All vacation leave is accrued when incurred in the government-wide statements for the General Fund and Highway/Public Works Fund. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

It is the policy of the discretely presented Bradley County School Department to permit its 12-month employees to accumulate up to ten days earned but unused vacation leave, which will be paid upon retirement, resignation, or termination. The policy of Bradley County School Department does not allow for 12-month employees to accumulate vacation days beyond December 31. All vacation leave for 12-month employees is accrued when incurred in the government-wide statements for the School Department. The policy of the discretely presented Bradley County School Department does not allow their ten-month employees to accumulate vacation days beyond June 30. The granting of sick leave has no guaranteed payment attached and therefore is not required to be accrued or recorded.

A liability for vacation leave is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

6. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt.

In 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, claims and judgments, special termination benefits, and landfill closure/postclosure care costs are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

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

Bradley County had outstanding debt totaling \$37,590,542 on June 30, 2005, related to capital purposes for the discretely presented Bradley County School Department. This debt is a liability of Bradley County; however, the corresponding capital assets acquired are reported in the financial statements of the School Department. Also, Bradley County had outstanding debt totaling \$15,620,747 on June 30, 2005, related to capital purposes for the City of Cleveland. When the county issues debt for county school purposes, a portion of the proceeds must be given to the city school system based on the average daily attendance proration. This debt is a liability of Bradley County; however, the corresponding capital assets acquired are reported in the financial statements of the City of Cleveland. Therefore, Bradley County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

8. Prior Period Adjustment

The fund balance of the General Fund was restated (\$40,000) from the prior year due to the elimination of a long-term note receivable for loans made to the Emergency Management Agency to provide funds for equipment in prior periods. During the year, the Emergency Management Agency was consolidated into the county's General Fund which eliminated the note receivable; therefore, the General Fund's fund balance was reduced by the amount of the note receivable at June 30, 2004.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 presents a reconciliation between fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets. One element of that reconciliation explains that long-term liabilities, including debt payable, are not due and payable in the current period and therefore are not reported in the funds. The details of the \$83,725,410 difference are as follows:

Bonds payable	\$ (12,770,000)
Other loans payable	(68,818,489)
Notes payable	(980,000)
Capital leases payable	(214,857)
Interest accrued at balance sheet date	(311,482)
Deferred debt issuance costs	131,968
Compensated absences	<u>(762,550)</u>
Net adjustment to reduce fund balance - total governmental funds to arrive at net assets - governmental activities	<u>\$ (83,725,410)</u>

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 D-2 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One

element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$4,454,370 difference are as follows:

Capital outlay	\$ 6,661,267
Depreciation expense	<u>(2,206,897)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 4,454,370</u>

Another element of that reconciliation states that the net effect of various miscellaneous transactions involving capital assets (i.e., sales, trade-ins, and donations) is to decrease net assets. The details of this \$194,253 difference are as follows:

Loss on disposal of capital assets	\$ (75,967)
Proceeds received on the disposal of capital assets	<u>(118,286)</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (194,253)</u>

Another element of that reconciliation states that the issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. The details of this \$122,714 difference are as follows:

Debt issued or incurred:	
Issuance of capital outlay notes	\$ (565,000)
Issuance of other loan	(2,358,755)
Issuance of capital lease	(215,659)
Related Items:	
Amortization of issuance costs	(6,284)
Principal repayments:	
Notes	60,000
Other loans	1,270,000
Capital leases	228,412
Bonds	<u>1,710,000</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 122,714</u>

Another element of that reconciliation states that 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 governmental funds. The details of this \$3,829 difference are as follows:

Net change in compensated absences	\$ (67,856)
Net change in accrued interest on bonds	20,114
Net change in accrued interest on notes	(3,333)
Net change in accrued interest on capital leases	2,514
Net change in accrued interest on other loans	<u>44,732</u>
Net adjustment to decrease net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ (3,829)</u>

Discretely Presented Bradley County School Department

The discretely presented Bradley County School Department's Exhibit J-4 presents a reconciliation between net changes in fund balances – total governmental funds and changes in net assets of governmental activities as reported in the government-wide statement of activities. One element of that reconciliation explains that governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. The details of this \$1,357,401 difference are as follows:

Capital outlay	\$ 3,173,374
Depreciation expense	<u>(1,815,973)</u>
Net adjustment to increase net changes in fund balances - total governmental funds to arrive at changes in net assets of governmental activities	<u>\$ 1,357,401</u>

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles for all governmental funds except the Constitutional Officers – Fees Fund (special revenue fund) which are 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 State Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, County Mayor, County Attorney, etc.). Management may make revisions within major categories, but only the governing body may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

B. Fund Deficits

The Juvenile Center Capital Projects Fund (a nonmajor governmental fund) had a fund deficit of \$572,108 at June 30, 2005. This fund deficit resulted from the unperformed portions of construction contracts of \$609,074 being

reserved as encumbrances. Funding for these future expenditures is expected to be received from the issuance of debt.

Also, the Local Purpose Fund (a nonmajor special revenue fund) had a fund deficit of \$737 at June 30, 2005. This deficit resulted from expenditures made in excess of revenues and available funds for the year. This deficit should be liquidated by the collections of fund revenues subsequent to June 30, 2005.

C. Cash Overdrafts

The Cities - Sales Tax Fund and the City School ADA – Cleveland Fund (agency funds) had cash overdrafts of \$72,903 and \$10,207, respectively at June 30, 2005. These cash overdrafts resulted from required adjustments to applicable property and other taxes for the current average daily attendance proration. Subsequent to June 30, 2005, these cash overdrafts were liquidated from funds received from various taxes.

The Local Purpose Fund (a nonmajor special revenue fund) had a cash overdraft of \$737 at June 30, 2005. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2005.

D. Expenditures Exceeded Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the General Debt Service Fund by \$58,163. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

E. The Actual Fund Balance Exceeded Estimated Beginning Fund Balance by a Material Amount

The General Fund's actual fund balance at July 1, 2004, was \$5,873,770; however, the estimated fund balance reflected in the county's budget was \$3,736,221. Therefore, the actual fund balance was \$2,137,549 more than the estimated fund balance presented to the County Commission.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Bradley County and the Bradley County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Cash and Investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Public fund accounts covered by the pool are considered to be insured for purposes of custodial credit risk exposure.

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

The county had no pooled and nonpooled investments as of June 30, 2005.

B. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from Bradley County issuing general bonded debt for the Bradley County Memorial Hospital. Bradley County is primarily liable for this debt. However, Bradley County and Bradley County Memorial Hospital entered into a contractual agreement for the hospital to service the debt by making the required principal and interest payments to the county's General Debt Service Fund each year. The balance of notes receivable in the General Debt Service Fund (\$11,095,000), as of June 30, 2005, is the balance of the outstanding principal amount of the general bonded debt for the Bradley County Memorial Hospital as of June 30, 2005. The amount of the notes that is not expected to be collected within one year is \$9,705,000.

Notes receivable in the HUD Capital Projects Fund resulted from idle federal funds being used to finance various low-interest loans for housing assistance to low-income individuals. The amount of the notes that is not expected to be collected within one year is \$33,530.

C. Capital Assets

Capital asset activity for the year ended June 30, 2005, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 4,945,242	\$ 0	\$ (17,600)	\$ 4,927,642
Construction in Progress	100,350	1,531,895	0	1,632,245
Total Capital Assets Not Depreciated	\$ 5,045,592	\$ 1,531,895	\$ (17,600)	\$ 6,559,887
Capital Assets Depreciated:				
Buildings and Improvements	\$ 28,119,945	\$ 0	\$ (61,500)	\$ 28,058,445
Infrastructure	15,165,394	2,826,848	0	17,992,242
Other Capital Assets	7,558,972	2,302,524	(535,557)	9,325,939
Total Capital Assets Depreciated	\$ 50,844,311	\$ 5,129,372	\$ (597,057)	\$ 55,376,626
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 6,564,527	\$ 683,831	\$ (16,273)	\$ 7,232,085
Infrastructure	5,803,411	361,101	0	6,164,512
Other Capital Assets	4,274,046	1,161,965	(404,131)	5,031,880
Total Accumulated Depreciation	\$ 16,641,984	\$ 2,206,897	\$ (420,404)	\$ 18,428,477

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Total Capital Assets Depreciated, Net	\$ 34,202,327	\$ 2,922,475	\$ (176,653)	\$ 36,948,149
Governmental Activities Capital Assets, Net	\$ 39,247,919	\$ 4,454,370	\$ (194,253)	\$ 43,508,036

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

Governmental Activities:

General Government	\$	144,047
Finance		18,893
Administration of Justice		91,371
Public Safety		1,082,591
Public Health and Welfare		165,750
Social, Cultural, and Recreational Services		111,051
Agriculture and Natural Resources		2,079
Highways/Public Works		591,115
Total Depreciation Expense - Governmental Activities	\$	2,206,897

Discretely Presented Bradley County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,294,715	\$ 0	\$ 0	\$ 1,294,715
Construction in Progress	3,775,226	0	(3,775,226)	0
Total Capital Assets Not Depreciated	\$ 5,069,941	\$ 0	\$ (3,775,226)	\$ 1,294,715

Governmental Activities (Cont.):

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Depreciated:				
Buildings and Improvements	\$ 61,089,015	\$ 6,759,268	\$ 0	\$ 67,848,283
Other Capital Assets	850,964	189,332	0	1,040,296
Total Capital Assets Depreciated	\$ 61,939,979	\$ 6,948,600	\$ 0	\$ 68,888,579
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 18,871,211	\$ 1,749,817	\$ 0	\$ 20,621,028
Other Capital Assets	596,239	66,156	0	662,395
Total Accumulated Depreciation	\$ 19,467,450	\$ 1,815,973	\$ 0	\$ 21,283,423
Total Capital Assets Depreciated, Net	\$ 42,472,529	\$ 5,132,627	\$ 0	\$ 47,605,156
Governmental Activities Capital Assets, Net	\$ 47,542,470	\$ 5,132,627	\$ (3,775,226)	\$ 48,899,871

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

Governmental Activities:

Support Services	<u>\$ 1,815,973</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,815,973</u></u>

D. Construction Commitments

At June 30, 2005, the Juvenile Center Capital Projects Fund (a nonmajor governmental fund) had uncompleted construction contracts of \$609,074. Funding for these future expenditures is expected to be received from the issuance of debt.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 6,948
General Debt Service	Nonmajor governmental	10,375
Agency	Agency	362
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	14,331

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.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 153,750	\$ 10,000
Nonmajor governmental funds	169,918	100,042
Total	<u>\$ 323,668</u>	<u>\$ 110,042</u>

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

F. Capital Leases

On August 8, 2003, Bradley County entered into a two-year lease-purchase to purchase of ten patrol cars. The terms of the agreement require total lease payments of \$218,360 plus interest of 3.17 percent. Title to the cars transfers to Bradley County at the end of the lease period. The lease payments are made by the General Fund.

On November 12, 2004, Bradley County entered into a two-year lease-purchase to purchase of ten patrol cars. The terms of the agreement require total lease payments of \$215,659 plus interest of 2.69 percent. Title to the cars transfers to Bradley County at the end of the lease period. The lease payments are made by the General Fund.

The future minimum lease obligation and the net present value of the minimum lease payments as of June 30, 2005, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2006	\$ 149,240
2007	73,992
Total Minimum Lease Payments	\$ 223,232
Less: Amounts Representing Interest	(8,375)
Present Value of Minimum Lease Payments	<u>\$ 214,857</u>

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 14 years for bonds, up to 11 years for notes, and up to 25 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, 2005, will be retired from the General Debt Service Fund. Notes will be retired from the General Debt Service Fund (\$565,000) and the Vocational Building Fund (\$415,000).

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds - Refunding	4.5 to 5.125 %	\$ 3,065,000	\$ 1,675,000
General Obligation Bonds - Hospital Refunding	3 to 5.5	15,905,000	11,095,000
Other Loans - Variable Rate	Variable	45,350,000	36,818,489
Other Loans - Fixed Rate	5.68	12,000,000	12,000,000
Other Loans - Synthetic Fixed by Swap	Variable	20,000,000	20,000,000
Capital Outlay Notes	2.25 to 5	1,192,000	980,000
Capital Leases	2.69 to 4.15	691,640	214,857

The general obligation hospital refunding bonds of \$11,095,000 are a direct liability of the Bradley County Memorial Hospital.

Bradley County has entered into various loan agreements with the Sevier County Public Building Authority (PBA) to finance various capital projects for the county and the discretely presented Bradley County School Department. Under the loan agreements, the PBA issued revenue bonds and made the proceeds available for loan to Bradley County. In addition to repaying the loans, the county pays various other fees (trustee fees, debt remarketing fees, etc.). The following table summarizes loan agreements outstanding at June 30, 2005:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rates as of 6-30-05	Fee Rates as of 6-30-05
School:					
Series II-G-1	\$ 10,000,000	\$ 7,860,000	Variable	2.3%	0.438 %
Series III-A-2	10,000,000	7,850,000	Variable	2.3	0.435
Series III-D-1	10,000,000	8,255,000	Variable	2.3	0.435
Series IV-C-2	10,000,000	10,000,000	Synthetic Fixed by		
			Swap	4.19	0.45
Series IV-D-2	12,000,000	12,000,000	Fixed	5.68	0.43
School and Justice Center:					
Series IV-G-1	10,000,000	10,000,000	Synthetic Fixed by		
			Swap	4.26	0.45
Justice Center and Juvenile Center:					
Series B-1-D	8,050,000	7,900,000	Variable	2.3	0.55
School:					
Series B-4-B	7,300,000	4,953,489 *	Variable	2.3	0.722
		<u>\$ 68,818,489</u>			

*\$2,346,511 remains available for the City of Cleveland School Department for future draws under this loan agreement at June 30, 2005.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 1,780,000	\$ 556,074	\$ 165,000	\$ 36,320
2007	1,855,000	482,862	110,000	30,244
2008	1,935,000	401,674	110,000	25,835
2009	2,025,000	317,004	115,000	21,211
2010	1,630,000	227,142	125,000	16,195
2011-2015	3,545,000	323,218	355,000	27,380
Total	\$ 12,770,000	\$ 2,307,974	\$ 980,000	\$ 157,185

Year Ending June 30	Other Loans		
	Principal	Interest	Other Fees
2006	\$ 1,530,000	\$ 2,034,395	\$ 339,853
2007	1,645,000	1,999,205	332,524
2008	1,715,000	1,961,370	324,593
2009	1,790,000	1,921,925	316,357
2010	2,315,000	1,880,755	307,794
2011-2015	13,560,000	8,549,579	1,362,412
2016-2020	18,235,000	6,813,468	1,003,021
2021-2025	24,640,000	3,665,548	499,276
2026	3,388,489	130,281	28,428
Total	\$ 68,818,489	\$ 28,956,526	\$ 4,514,258

There is \$30,236,743 available in the General Debt Service Fund to service long-term debt. General bonded debt per capita amounted to \$19, based on the 2000 federal census. This per capita debt amount does not include the \$11,095,000 bonded debt of the Bradley County Memorial Hospital. Total debt per capita, including bonds (other than the \$11,095,000 bonded debt of Bradley County Memorial Hospital), notes, capital leases, accrued leave, and other loans, amounted to \$824, based on the 2000 federal census.

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-C-2.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series IV-C-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.38 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a

notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-C-2 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (the "BMA"). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed Payment to Counterparty	Fixed	4.38 %
Variable Payment from Counterparty	70% of LIBOR	<u>(2.45)</u>
Net Interest Rate Swap Payments		1.93 %
Variable-Rate Bond Payments		<u>2.26</u>
Synthetic Interest Rate on Bonds		<u><u>4.19 %</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$1,244,097. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.38 percent and the synthetic rate of 4.19 percent as of June 30, 2005. Also, as of June 30, 2005 the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.45 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination provision. The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2006	\$ 0	\$ 226,000	\$ 193,000	\$ 419,000
2007	0	226,000	193,000	419,000
2008	0	226,000	193,000	419,000
2009	0	226,000	193,000	419,000
2010	425,000	226,000	193,000	844,000
2011-2015	2,565,000	972,704	830,672	4,368,376
2016-2020	7,010,000	606,358	517,819	8,134,177
	<u>\$ 10,000,000</u>	<u>\$ 2,709,062</u>	<u>\$ 2,313,491</u>	<u>\$ 15,022,553</u>

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has entered into an interest rate swap agreement for all of the outstanding Local Government Improvement Bonds, Series IV-G-1.

Objective of the interest rate swap: In order to protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series IV-G-1 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 4.45 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a

notional amount of \$10 million, and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-G-1 Bonds. The bonds' variable-rates have historically approximated the Bond Market Association Municipal Index™ (the "BMA"). The bonds and the related swap agreement mature on June 1, 2026. As of June 30, 2005, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed Payment to Counterparty	Fixed	4.45 %
Variable Payment from Counterparty	70% of LIBOR	<u>(2.45)</u>
Net Interest Rate Swap Payments		2.00 %
Variable-Rate Bond Payments		<u>2.26</u>
Synthetic Interest Rate on Bonds		<u><u>4.26 %</u></u>

Fair value. As of June 30, 2005, the swap had a negative fair value of \$1,720,828. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value, using the zero coupon method.

Credit risk. As of June 30, 2005, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2005. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.45 percent and the synthetic rate of 4.26 percent as of June 30, 2005. Also, as of June 30, 2005 the BMA rate was 2.26 percent whereas 70 percent of LIBOR was 2.45 percent.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an additional termination provision. The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2005, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	<u>Variable Rate Bonds</u>		Net Interest	Total
	Principal	Interest	Rate Swap Payment	
2006	\$ 0	\$ 226,000	\$ 200,000	\$ 426,000
2007	0	226,000	200,000	426,000
2008	0	226,000	200,000	426,000
2009	0	226,000	200,000	426,000
2010	0	226,000	200,000	426,000
2011-2015	0	1,130,000	1,000,000	2,130,000
2016-2020	0	1,130,000	1,000,000	2,130,000
2021-2025	5,940,000	1,000,728	885,600	7,826,328
2026	4,060,000	91,756	81,200	4,232,956
	<u>\$ 10,000,000</u>	<u>\$ 4,482,484</u>	<u>\$ 3,966,800</u>	<u>\$ 18,449,284</u>

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2004	\$ 14,480,000	\$ 475,000	\$ 67,729,734
Additions	0	565,000	2,358,755
Deductions	(1,710,000)	(60,000)	(1,270,000)
Balance, June 30, 2005	<u>\$ 12,770,000</u>	<u>\$ 980,000</u>	<u>\$ 68,818,489</u>
Balance Due Within One Year	<u>\$ 1,780,000</u>	<u>\$ 165,000</u>	<u>\$ 1,530,000</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2004	\$ 227,610	\$ 694,694
Additions	215,659	674,364
Deductions	(228,412)	(606,508)
Balance, June 30, 2005	<u>\$ 214,857</u>	<u>\$ 762,550</u>
Balance Due Within One Year	<u>\$ 149,240</u>	<u>\$ 380,537</u>

Compensated absences will be paid from the employing funds, primarily the General and Highway/Public Works Funds.

Discretely Presented Bradley County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Bradley County School Department for the year ended June 30, 2005, was as follows:

Governmental Activities:

	Compensated Absences
Balance, July 1, 2004	\$ 71,000
Additions	124,600
Deductions	(132,169)
Balance, June 30, 2005	<u>\$ 63,431</u>
Balance Due Within One Year	<u>\$ 63,431</u>

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

H. Other Restricted Net Assets

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the Primary Government consists of various restrictions totaling \$937,961, with the restrictions being for: (1) Alcohol and Drug Treatment (\$70,615); (2) Litigation Tax – Jail, Workhouse, or Courthouse (\$502,280); (3) Drug Court (\$49,740); (4) Sexual Offender Registration (\$1,560); (5) Computer System – Register (\$214,445); (6) Automation Purposes – Circuit Court (\$28,320); (7) Automation Purposes – Criminal Court (\$11,107); (8) Automation Purposes – General Sessions Court (\$37,409); (9) Automation Purposes – Sheriff (\$4,982); and (9) Other General Purposes (\$17,503). For the discretely presented Bradley County School Department, the account balance in Restricted for Other Purposes (\$1,835,034) consists of restrictions for various federal assistance programs, primarily (1) the Special Education – Grants to States (\$277,145); (2) Title I – Grants to Local Educational Agencies (\$166,681); and (3) the School Lunch and Breakfast Program (\$864,318).

V. OTHER INFORMATION

A. Risk Management

Bradley County and the discretely presented Bradley County School Department's risks of loss relating to general liability, property, casualty, and workers' compensation are covered by participation in public entity risk pools. The county and the School Department are members of the Tennessee School Boards Risk Management Trust (TSB-RMT) which is a public entity risk pool established by an association of member schools. The county and School Department pay annual premiums to the TSB-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of the TSB-RMT provides for it to be self-sustaining through member premiums.

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

B. Accounting Change

During the year, Bradley County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Events

Subsequent to June 30, 2005, the county's General Fund loaned \$800,000 to the Juvenile Center Fund to complete the center's renovation. This loan was for 30 days at three percent interest.

On September 19, 2005, the Bradley County Commission approved the sale of the county-owned hospital to Ocoee Hospital Corporation and CHS/Community Health Systems, Inc. for \$76,500,000.

D. Contingent Liabilities

Bradley County is contingently liable for general obligation refunding bonds of the Bradley County Memorial Hospital. Bradley County would become liable for these bonds and the interest thereon, in the event of default by the Bradley County Memorial Hospital. The outstanding balance of these bonds was \$11,095,000 on June 30, 2004.

The county is involved in several pending lawsuits. Attorneys for the county estimate that the potential claims against the county not covered by insurance resulting from such litigation would not materially affect the financial statements of the county.

E. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs generally are paid near the date that the landfill stops accepting waste and postclosure care costs are paid during the 30-year period following closure. Bradley County has contracted with Santek Environmental, Inc., of Bradley County, a private company, to operate the county's landfill. This contract was amended on December 1, 1999, to require Santek to be responsible for all closure and postclosure care costs of both the old and new landfills during the term of the contract. The term of the contract is the permitted life of the new landfill – approximately five years based on current usage. The estimated closure costs of the new landfill and

the postclosure care costs for both landfills, \$4,194,495 at June 30, 2005, were not included in the county's long-term debt due to the uncertainty of what amount, if any, will be paid by the county. Of this amount, \$1,389,600 represents expenditures relating to the old landfill, which was closed in October 1996, and \$2,804,895 relating to the use of 71 percent of the capacity of the new landfill. These amounts are based on estimates of what it would cost to perform all closure and postclosure care in 2005. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Bradley County Emergency Communications District (also known as the Cleveland/Bradley Communications Center) is a joint venture in which the county and the cities of Cleveland and Charleston participate. The district provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bradley County. The governing body of the district includes three members appointed by the county mayor, subject to confirmation by the Bradley County Commission and the Cleveland City Council, and eight ex-officio members who are county and city of Cleveland and Charleston employees that are involved in emergency response management. Before the issuance of most debt instruments, the district must obtain the approval of the Bradley County Commission and Cleveland City Council. The center is funded through a service charge levied on telephone services and appropriations from the cities and county. During the year ended June 30, 2005, the county appropriated an operating subsidy of \$450,000 to the district.

The Hiwassee Utilities Commission is a joint venture that is operated by Bradley and McMinn Counties. The commission is governed by a six-member board that is appointed by the participating governments. Bradley County is contingently liable for certain revenue bond anticipation notes of the Hiwassee Utilities Commission. Bradley County would become liable for these notes, and the interest thereon, in the event of default by the Hiwassee Utilities Commission. The principal of these notes is reflected on the financial statements of the Hiwassee Utilities Commission. As of June 30, 2005, future principal and interest requirements were \$1,540,000 and \$648,000, respectively. Bradley County made no contributions to the Hiwassee Utilities Commission for the year ended June 30, 2005.

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District and the municipalities within the district. The district is composed of Bradley, McMinn, Monroe, and Polk counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors that includes the district attorney

general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Bradley County made no contributions to the DTF for the year ended June 30, 2005.

Bradley County does not have equity interests in any of the above-noted joint ventures. Complete financial statements for the Bradley County Emergency Communications District, the Hiwassee Utilities Commission, and the Tenth Judicial District Drug Task Force can be obtained from their administrative offices at the following addresses:

Administrative Offices:

Bradley County Emergency Communications District
1555 Guthrie Drive N.W.
Cleveland, TN 37312

Hiwassee Utilities Commission
3973 Chatata Valley Road
Charleston, TN 37310

District Attorney General's Office
Tenth Judicial District
130 Washington Avenue N.E. Suite 1
Athens, TN 37371

G. Jointly Governed Organization

Bradley County, in conjunction with McMinn, Monroe, and Polk Counties, participates in the Southeast Tennessee Community Corrections Program. The program's 20-member board comprises the county mayor and the sheriff of each of the four counties, the district attorney general, one member from a nonprofit organization, and ten members from the private sector who are appointed by the board. The program provides alternative sentencing for selected nonviolent offenders and is funded by the Tennessee Department of Correction. The counties that participate in the program do not have any ongoing financial interest or responsibility for the program.

H. Retirement Commitments

Plan Description

Employees of Bradley County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the

age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bradley County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Bradley County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The Bradley County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 11.98 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Bradley County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Bradley County's annual pension cost of \$2,175,368 to TCRS was equal to Bradley County's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Bradley County's unfunded actuarial accrued liability is being amortized as a

level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 13 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost(APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$2,175,368	100%	\$0
6-30-04	1,631,323	100	0
6-30-03	1,526,624	100	0

Required Supplementary Information Schedule of Funding Progress for Bradley County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$29,649	\$32,253	\$2,604	91.93%	\$14,887	17.49%
6-30-01	25,488	28,348	2,860	89.91	13,379	21.38
6-30-99	20,792	22,593	1,801	92.03	11,833	15.22

SCHOOL TEACHERS

Plan Description

The Bradley County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters

34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Bradley County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Bradley County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were, \$1,483,796, \$864,413, and \$838,806, respectively, equal to the required contributions for each year.

I. Purchasing Laws

Office of County Mayor

Purchasing procedures for the County Mayor's Office are governed by provisions of Chapter 313, Private Acts of 1951, as amended. This statute provides for the county mayor to serve as purchasing agent and for all purchases exceeding \$5,000 to be made only after competitive bids have been received from two or more suppliers.

Office of Highway Superintendent

Purchasing procedures for the Highway Department are governed by provisions of Chapter 354, Private Acts of 1947, and the Uniform Road Law, Section 54-7-113, Tennessee Code Annotated, which provides for the highway superintendent to make all purchases and for all purchases exceeding \$10,000 to be made after public advertisement and solicitation of competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Bradley County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$5,000.

VI. OTHER NOTES - COMPONENT UNITS

A. DISCRETELY PRESENTED BRADLEY COUNTY MEMORIAL HOSPITAL

1. ORGANIZATION AND OPERATIONS

Bradley County Memorial Hospital is a general short-term healthcare provider which serves Bradley County, Tennessee, and the surrounding area. The hospital was created by a private act of the legislature of the State of Tennessee and is governed by a Board of Trustees that is vested with control over its financial affairs. Four members of the Board are appointed by the Bradley County Commission; two members are appointed by the City Council of Cleveland, Tennessee; and one member is elected by the hospital's medical staff. The hospital is considered a component unit of Bradley County, Tennessee, as that term is defined in Governmental Accounting Standards Board Statement No. 14, The Financial Reporting Entity.

The financial statements also include the accounts of the Bradley Healthcare Foundation which began operations during 1991 to raise funds for hospital projects. The hospital is the sole corporate member and beneficiary of the foundation.

2. SIGNIFICANT ACCOUNTING POLICIES

A. Basis of Accounting

The hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, as amended, the hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board,

including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

B. Recently Issued Accounting Pronouncements

In November 2003, the GASB issued Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries. This statement establishes accounting and financial reporting standards for impairment of capital assets. A capital asset is considered impaired when its service utility has declined significantly and unexpectedly. The provisions of this statement are effective for fiscal periods beginning after December 15, 2004. Management does not believe that the adoption of this statement will have a material impact on the hospital's financial statements.

In June 2004, the GASB issued Statement No. 44, Economic Condition Reporting: The Statistical Section. This statement enhances and updates the statistical section schedules that accompany a state or local government's basic financial statements to reflect the significant changes that have taken place in government finance, including the more comprehensive government-wide financial information required by GASB Statement No. 34. Statement No. 44 is effective for periods beginning after June 15, 2005. Management does not believe that the adoption of this statement will have a material impact on the financial statements.

In June 2004, the GASB issued Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions. This statement addresses how state and local governments should account for and report their costs and obligations related to postemployment healthcare and other nonpension benefits. This statement also establishes disclosure requirements for information about the plans in which an employer participates. The statement is effective in three phases based on a government's total annual revenues. Management does not believe that the adoption of this statement will have a material impact on the financial statements.

In June 2005, the Governmental Accounting Standards Board issued Statement No. 47, Accounting for Termination Benefits. This statement establishes accounting standards for termination benefits and defines the timing of recognition of both voluntary and involuntary termination benefits. The statement also requires expanded disclosures with respect to termination benefits. The provisions of this statement will be

effective for periods beginning after June 15, 2005. Management is in the process of evaluating the impact of the statement.

C. Cash and Cash Equivalents

The hospital considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. Cash and cash equivalents consist of bank deposits and money market accounts which are insured by the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool.

D. Marketable Securities

Marketable securities are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, Accounting and Financing Reporting for Certain Investments and for External Investment Pools. Interest on these investments is included in nonoperating revenue.

E. Inventories

Inventories consist principally of medical and surgical supplies, general store supplies, pharmacy items and dietary foods and are stated at lower of cost (first-in, first-out method) or market.

F. Property, Plant, and Equipment

Property, plant, and equipment are recorded on the basis of cost. Depreciation is computed by the straight-line method over the estimated useful lives of the assets, generally 5-20 years for land improvements, 5-35 years for buildings and capital equipment, and 5-15 years for equipment. Equipment acquired under capital leases is amortized over the shorter of its estimated useful life or the term of the lease. Such amortization is included in depreciation and amortization expense in the consolidated financial statements. Costs of maintenance and repairs are expensed as incurred. Interest cost incurred on borrowed funds during the period of construction of capital assets is capitalized as a component of the cost of acquiring those assets.

G. Bond Issuance Costs

The costs incurred in issuing certain revenue bonds have been deferred and are being amortized over the term of the bonds using a methodology that approximates the effective interest method.

H. Accrual for Compensated Absences

The hospital recognizes an expense and accrues a liability for compensated future employee vacation and other absences in the period in which employees' rights to such compensated absences are earned. Compensated absences consist of paid days off including holidays, vacation, and bereavement days to regular full-time employees.

I. Net Patient Service Revenue and Receivables

Net patient service revenue is reported on the accrual basis in the period in which services are provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods as final settlements are determined. Current operations are charged with a provision for bad debts based upon prior experience, the age of the receivables and any unusual circumstances which affect the collectibility of receivables.

The hospital's policy does not require collateral or other security for patient accounts receivable. The hospital routinely accepts assignment of, or is otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies such as those related to Medicare, TennCare, Blue Cross, health maintenance organizations, and commercial insurance carriers.

J. Charity Care

The hospital accepts patients regardless of their ability to pay. A patient is classified as a charity patient by reference to certain established policies of the hospital. In assessing a patient's inability to pay, the hospital utilizes generally recognized poverty income levels. Because the hospital does not pursue collection of amounts determined to qualify as charity care, charges related to charity care are not included in net patient service revenue. In addition to these charity care services, the hospital provides a number of other services to benefit the poor for which little or no payment is received, including providing services to TennCare and state indigent patients and providing various public health education, health evaluation, and screening programs.

K. Contributions

From time to time, the hospital or the foundation receives contributions from individuals and private organizations. Revenue from contributions (including contributions of capital assets) are recognized when all eligibility requirements, including time requirements are met. Contributions may be restricted for either specific operating purposes or for capital purposes. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions, if any, are reported as other changes in net assets.

L. Net Assets

Net assets of the hospital are classified in four components. *Net assets invested in capital assets net of related debt* consist of capital assets net of accumulated depreciation and reduced by the balances of any outstanding borrowings used to finance the purchase or construction of those assets. *Restricted expendable net assets* are noncapital net assets that must be used for a particular purpose, as specified by creditors, grantors, or contributors external to the hospital. *Restricted nonexpendable net assets* equal the principal portion of permanent endowments. *Unrestricted net assets* are remaining net assets that do not meet the definition of *invested in capital assets net of related debt* or *restricted*.

M. Federal Income Taxes

The hospital is an organization exempt from federal income taxes as it is a political subdivision of Bradley County. Accordingly, no provision for income taxes has been included in the accompanying financial statements. The foundation is classified as an organization exempt from federal income taxes under Section 501(c) (3) of the Internal Revenue Code.

N. Operating Revenue and Expenses

The hospital's statements of revenue, expenses and changes in net assets distinguishes between operating and nonoperating revenue and expenses. Operating revenue results from exchange transactions associated with providing healthcare services – the hospital's principal activity. Nonexchange revenue, including contributions received for purposes other than capital asset acquisition, are reported as nonoperating revenue. Operating expenses are all expenses incurred to provide healthcare services, other than financing costs.

O. Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as of the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates.

3. NET PATIENT SERVICE REVENUE

A significant portion of the services provided by the hospital are to patients whose bills are reimbursed by third-party payors such as Medicare, TennCare and private insurance carriers.

A reconciliation of the amount of services provided to patients at established rates to net patient service revenue as presented in the statements of revenue, expenses and changes in net assets is as follows:

	<u>Year Ended</u> <u>6-30-05</u>
Gross Patient Revenue	\$ 202,038,408
Less: Medicare contractual adjustments	(54,038,616)
TennCare contractual adjustments	(34,636,479)
Other contractual adjustments	(38,124,716)
Provision for bad debts	(7,252,232)
Net Patient Service Revenue	<u>\$ 67,986,365</u>

Gross charges forgone as a result of providing indigent and charity care were approximately \$2,000,000 for the year ended June 30, 2005.

Patient accounts receivable consist of the following:

	<u>6-30-05</u>
Medicare	\$ 2,841,595
TennCare	1,074,936
Managed Care/commercial plans	3,453,496
Patients, including self-insured	<u>6,396,597</u>
Subtotal	\$ 13,766,624
Less: Allowance for uncollectable accounts	<u>(2,979,275)</u>
Total	<u>\$ 10,787,349</u>

4. THIRD-PARTY PAYOR AGREEMENTS

The hospital renders services to patients under contractual arrangements with the Medicare and Medicaid programs. Effective January 1, 1994, the Medicaid program in Tennessee was replaced with TennCare, a managed care program designed to cover previous Medicaid eligible enrollees as well as other previously uninsured and uninsurable residents. Amounts earned under certain of these contractual arrangements are subject to audit and final determination by fiscal intermediaries and other appropriate governmental authorities or their agents. In the opinion of management, adequate provision has been made for any adjustments which may result from such reviews. In addition, participation in these programs subjects the hospital to significant rules and regulations; failure to adhere to such could result in fines, penalties or expulsion from the programs.

The Medicare program pays for inpatient services on a prospective basis. Payments are based upon diagnostic related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Medicare program reimburses for outpatient services under a prospective method utilizing an ambulatory payment classification system which classifies outpatient services based upon medical procedures and diagnosis codes. Home health services are also paid under a prospective payment system. The Medicare program reimburses other outpatient services and certain other costs on the basis of reasonable cost, subject to various prescribed limitations and reductions. Medicare cost reports have been final settled for years through 2003. While management believes the current estimate of future settlements is adequate, such estimates are subject to change in 2005.

The hospital contracts with various managed care organizations under the TennCare program. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. During 2005 the hospital received distributions from the State of Tennessee related to the TennCare Essential Access program fund totaling approximately \$400,000. These amounts have been included in net patient service revenue and such distributions in the future are not guaranteed.

Net patient service revenue related to Medicare and TennCare was approximately \$30,200,000 and \$11,100,000 respectively in 2005.

The hospital has entered into reimbursement agreements with certain commercial insurance companies, health maintenance organizations and preferred provider organizations. The basis for reimbursement under these agreements includes prospectively determined rates per discharge, per diem rates and discounts from established charges.

5. SETTLEMENT AGREEMENT

In connection with the hospital's participation in the Medicare program and as part of a national focus on Medicare reimbursement for certain diagnoses and procedures, selected medical record and billing files were reviewed by governmental authorities. As a result of this review, governmental authorities alleged that the hospital received payments to which it was not entitled. The hospital entered into a settlement agreement with the United States Office of Inspector General (OIG) totaling \$1,792,033 payable in four annual installments beginning August 9, 2001, plus accrued interest of seven percent from the date of the settlement. The final installment relating to the settlement agreement was paid during 2005.

In conjunction with this settlement, the hospital entered into a Corporate Integrity Agreement (CIA) requiring the maintenance of a compliance program with specified elements including review of billing and coding procedures by an independent review organization. The hospital also has certain implementation and reporting timelines to the OIG. During 2005, the hospital received confirmation from the OIG that the term of the CIA has concluded.

6. DEPOSITS AND INVESTMENTS

Deposits consist of the following at June 30:

	<u>2005</u>
Insured (FDIC/NCUA)	\$ 508,582
Collateralized through State Collateral Pool	3,538,912
Uninsured	<u>19,396</u>
Total	<u>4,066,890</u>
Carrying amount	<u>\$ 2,619,829</u>

Investments, all of which were held in the hospital's name by a custodian that is an agent of the hospital, consist of the following at June 30:

	<u>2005</u>
Money market funds	\$ 60,319
U.S. Government treasury and agency securities	51,719
Corporate bonds (held by the foundation)	32,022
Equity securities (held by the foundation)	<u>121,845</u>
Total	<u>\$ 265,905</u>

The carrying amount of deposits and investments are included in the consolidated balance sheet as follows:

	<u>6-30-05</u>
Cash and cash equivalents	\$ 2,252,579
Marketable securities	541,242
Included in othe long-term assets	91,913
Total	<u>\$ 2,885,734</u>

7. PROPERTY, PLANT, AND EQUIPMENT

Property, plant and equipment additions, retirements, and balances were as follows:

	Balance 7-1-04	Additions	Retirements	Transfers	Balance 6-30-05
Land	\$ 489,925	\$ -	\$ -	\$ -	\$ 489,925
Land Improvements	1,713,382	-	-	-	1,713,382
Buildings and Capital Equipment	53,300,318	98,012	-	520,390	53,918,720
Equipment	28,954,737	879,190	(159,547)	-	29,674,380
Equipment under Capitalized Lease	12,690,789	-	(246,758)	-	12,444,031
Subtotal	\$97,149,151	\$ 977,202	\$ (406,305)	\$ 520,390	\$98,240,438
Less: Allowance for depreciatoion and amortization	(57,396,972)	(4,966,880)	406,305	-	(61,957,547)
Subtotal	\$39,752,179	\$ (3,989,678)	\$ -	\$ 520,390	\$36,282,891
Construction in Progress	142,829	377,561	-	(520,390)	-
Total	<u>\$39,895,008</u>	<u>\$ (3,612,117)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$36,282,891</u>

8. BONDS AND NOTES PAYABLE

A schedule of changes in the hospital's bonds and notes payable is as follows:

	Balance			Amounts	
	6-30-04	Additions	Reductions	6-30-05	Due Within One Year
Hospital Revenue and Tax Refunding Bonds, Series 2002	\$ 3,030,000	\$ -	\$ (460,000)	\$ 2,570,000	\$ 475,000
Hospital Revenue and Tax Refunding Bonds, Series 1999	9,405,000	-	(880,000)	8,525,000	915,000
8.3% Note Payable	-	2,630,000	(86,312)	2,543,688	2,543,688
5.82% Note Payable	1,499,748	-	(378,279)	1,121,469	404,633
6.25% Line of Credit	1,056,776	600,000	(204,303)	1,452,473	1,452,473
Net Bond Premium	27,046	-	(7,739)	19,307	-
Total	\$ 15,018,570	\$ 3,230,000	\$ (2,016,633)	\$ 16,231,937	\$ 5,790,794

On March 1, 2002, Bradley County issued \$3,925,000 in Hospital Revenue and Tax Refunding Bonds, Series 2002. The proceeds of these bonds were used to defease the remaining \$3,890,000 of the Hospital's original \$6,155,000 in Hospital Revenue and Tax Refunding Bonds, Series 1993B which were subsequently redeemed at 100 percent of face value. The Series 2002 Bonds mature annually on March 1 of each year through 2010, with interest payable semi-annually on March 1 and September 1. Interest rates on the 2002 Series Bonds at June 30, 2005, range from 3.5 percent to 4.75 percent. The hospital's advance refunding of the Series 1993B Bonds reduced its total debt service payments by approximately \$191,000 over eight years, which represents a net present value savings of approximately \$166,000 at 3.69 percent.

On March 1, 1999, Bradley County issued \$11,980,000 in Hospital Revenue and Tax Refunding Bonds, Series 1999. The proceeds of these bonds were used to defease \$11,395,000 of the hospital's original \$16,000,000 in Hospital Revenue and Tax Improvement Bonds, Series 1993A. The Series 1999 Serial bonds mature annually on March 1 of each year through 2013, with interest payable semi-annually on March 1 and September 1. Interest rates on the Series 1999 Bonds at June 30, 2005, range from 3.95 percent to 4.55 percent. The bonds maturing March 1, 2011, and thereafter shall be subject to redemption at the option of the county on March 1, 2009, and on any date thereafter, in whole or in part, at the redemption price of par plus interest accrued to the redemption date. The proceeds from the Series 1999 Bonds were deposited in an irrevocable trust with an escrow agent to provide for all future debt service payments on the refunded Series 1993A Bonds. On March 1, 2000, all remaining debt applicable to this portion of the original Series 1993A Bonds was called and retired from funds in the trust. The hospital's advance refunding of a

portion of the Series 1993A Bonds reduced its total debt service payments by approximately \$471,000 over 14 years.

The deferred loss on advance refunding represents the difference between the reacquisition price and the net carrying amount of the Series 1993B Bonds and the Series 1993A Bonds plus the related unamortized issue costs from the Series 1993B and 1993A Bonds. The losses are being amortized through 2013 using a method that approximates the effective interest method.

In the event of a deficiency of net revenues, as defined in their respective bond resolutions, the Series 2002 Bonds and the Series 1999 Bonds will be payable primarily from unlimited *ad valorem* taxes to be levied on all taxable property in the county without limitation as to rate and amount. For the prompt payment of principal of interest on the bonds, the full faith and credit of the county are pledged. The county, through its governing body, can annually levy and collect a tax on all taxable property within the county, in addition to all other taxes authorized by law, sufficient to pay the principal of, premium, if any, and interest on the bonds when due. In these circumstances, a direct annual tax would be levied in a manner deemed necessary each year to pay principal of, premium, if any, and interest coming due on the bonds. Principal and interest due at any time when there are insufficient funds from such a tax would be paid from the current funds of the county and reimbursement to the county would be made out of taxes provided by the bond resolution when subsequent taxes have been collected.

During 1998, the hospital borrowed \$2,800,000 under a term note payable for the purpose of completing various facility construction and renovations. The note was a general, unsecured obligation of the hospital. Payments were due monthly in the amount of \$42,685, including interest at 7.31 percent, through March 2005. This note was extinguished during 2004 and no gain or loss was recognized.

During 2003, the hospital borrowed \$2,000,000 under a term note payable for the purpose of upgrading the hospital's computer system. This note is a general, unsecured obligation of the hospital which is due in monthly amounts of \$36,752 through 2009, including interest at LIBOR plus 2.5 percent. Additionally, the hospital established a \$2,000,000 unsecured line of credit which has a variable interest rate which was 6.25 percent at June 30, 2005. The line expires in February 2006.

During 2005, the hospital borrowed \$2,630,000 under a term note payable for the purpose of settling amounts due under an operating lease agreement. This note is a general, unsecured obligation of the hospital which is due in monthly principal payments of \$12,000 plus interest at 8.3 percent through February 2006 at which time all

outstanding principal and accrued interest shall become due and payable.

Aggregate maturities of bonds and the notes payable and related interest in each of the next five years and in the aggregate at June 30, 2005 are as follows:

Year Ending June 30	Principal Amount	Interest
2006	\$ 5,790,794	\$ 647,308
2007	1,854,422	451,533
2008	1,817,414	367,278
2009	1,575,000	296,756
2010	1,630,000	227,163
Thereafter	3,545,000	323,218
Total	<u>\$ 16,212,630</u>	<u>\$ 2,313,256</u>

No interest was capitalized in 2005 related to construction projects.

9. LEASES

The hospital leases various medical and communication equipment under several capital and operating leases which expire at various times through 2020.

A schedule of changes in the hospital's capital leases is as follows:

Balance 6-30-04	Additions	Reductions	Balance 6-30-05
\$ 3,550,485	\$ -	\$ (1,010,877)	\$ 2,539,608

Future minimum payments, by year and in the aggregate, under these capital leases and non-cancellable operating leases with initial or remaining terms in excess of one year consist of the following:

Year Ending June 30	Capital Leases	Operating Leases
2006	\$ 920,426	\$ 1,837,383
2007	804,650	1,815,067
2008	668,928	1,776,344
2009	316,287	1,572,601
2010	0	1,524,402
Thereafter	0	1,528,104
Total future minimum lease payments	\$ 2,710,291	<u>\$ 10,053,901</u>
Less: amount representing interest (3.75 to 11.7%)	<u>(170,683)</u>	
Present value of minimum lease payments	\$ 2,539,608	
Less: Current portion	<u>(832,296)</u>	
	<u>\$ 1,707,312</u>	

The cost basis of assets held under these capital lease agreements amounted to \$5,020,180 at June 30, 2005, and is included in the balance sheet, net of accumulated amortization of \$2,059,489.

The hospital also has a building lease agreement which commenced in 1998 and which provides for the lease of medical office space for a period of ten years with two options on the part of the hospital for an additional five years each. The minimum annual base rent was approximately \$907,000 in the initial year with increases each year by a CPI factor, based upon the lease of approximately 56,000 square feet. The hospital is also responsible for a share of operating expenses as provided in the agreement.

A separate parking license agreement provides for the hospital's use of certain property adjoining the medical office building property for a parking area. The term of the agreement is for twelve years with four options to renew for a period of five years each by either party. The initial annual license fee was approximately \$452,000 and will be increased by five percent on the fifth and the tenth anniversary and by two percent at the first renewal and by five percent at each subsequent renewal. In addition, the hospital is responsible for certain operating expenses as provided in the agreement.

Additionally, under a tenancy control license agreement the hospital has rights to use or control the use of certain aspects of the leased property for a term of twelve years and either party may renew for four periods of five years. This agreement provides for a potential payment by the Hospital if the lessor's net revenue of the building is less than the license fee of \$850,000, which is adjusted annually based

on a CPI factor. The lessor's net revenue is defined as gross revenues, including those under tenant leases, subleases, late payments and interest, less operating costs incurred by the lessor. The hospital may purchase the medical office building after six years at the higher of fair market value or the minimum purchase price as defined in the agreement.

The hospital has been involved in ongoing negotiations with the lessor to terminate all of the above agreements and settle lease payments in arrears. During 2005, the hospital negotiated a promissory note in the amount of \$2,630,000 for the payment of all lease payments in arrears and prepayment of lease payments through December 2005. Under the terms of the promissory note, both parties agreed to waive their respective rights to extend the tenancy license or the parking agreement beyond their scheduled termination date. The hospital is continuing negotiations with the lessor to terminate the lease agreements.

The future minimum payment schedule for operating leases includes the leasing of 10,618 square feet of a building for an annual rent of \$127,416 through 2005. At June 30, 2005, all of this space was subleased to third parties.

Rental expense was approximately \$2,975,404 in 2005.

10. PENSION PLAN

The hospital sponsors the Bradley Memorial Hospital Pension Plan which is a single-employer, non-contributory defined benefit pension plan covering substantially all employees meeting certain eligibility requirements. The plan provides retirement, disability and death benefits to plan members and beneficiaries. The hospital follows the policy of funding pension costs based on amounts necessary to provide for the benefits under the plan and to comply with government funding standards. Previously, the hospital adopted the provisions of Governmental Accounting Standards Board Statement No. 27 (GASB No. 27), Accounting for Pensions by State and Local Government Employers.

Information related to annual pension cost and the net pension obligation for the years ended June 30, 2005 and 2004, and for the preceding year as calculated under GASB No. 27 for comparative purposes, is as follows:

	<i>Year Ended June 30,</i>		
	<i>2005</i>	<i>2004</i>	<i>2003</i>
Actuarially required contribution	\$ 1,610,326	\$ 948,127	\$ 608,242
Interest on the net pension obligation	289,661	205,847	152,227
Adjustment to the actuarially required contribution	(313,384)	(222,706)	(164,694)
Annual pension cost	1,586,603	931,268	595,775
Contributions made	(1,625,000)	-	-
Increase (decrease) in the net pension obligation	(38,397)	931,268	595,775
Net pension obligation, beginning of year	3,218,454	2,287,186	1,691,411
Net pension obligation, end of year	\$ 3,180,057	\$ 3,218,454	\$ 2,287,186
Contributions made attributable to prior years	\$ -	\$ 190,000	\$ 600,000
Contributions made as a percentage of annual pension costs	102%	0%	0%

Prior to 2005, all amounts contributed reverted to the earliest year that was unfunded due to contribution shortfalls and the amount of contributions due to the Plan was included as a receivable in the Plan assets. Effective for the 2005 plan year, the asset valuation methodology was changed to exclude the receivable from Plan assets and apply the contribution to the year in which they were made. The cumulative contribution deficiencies are being amortized over a ten-year period and included in the actuarially required contribution calculation beginning in 2005.

The interest rate used in determining the interest on the net pension obligation, as well as the investment return rate assumed in the determination of the actuarially required contribution was 9 percent. Actuarial assumptions also include a 3 percent projected salary increase.

The actuarial cost method is the Frozen Entry Age Actuarial Cost Method. The amortization method used with respect to prior service costs is the level percent open method with an amortization period of thirty years.

Additional information, provided by the Plan actuary, related to the plan as of the most recent and past two valuation dates is as follows:

	<i>July 1</i>		
	<i>2005</i>	<i>2004</i>	<i>2003</i>
Actuarial value of assets			
Cash and cash equivalents	\$ 1,481,407	\$ 397,206	\$ 129,487
Common stock	2,683,602	2,448,536	2,386,620
Fixed-income securities	1,113,343	1,060,610	1,222,118
Receivable from sponsor	-	3,264,078	2,505,951
	<u>\$ 5,278,352</u>	<u>\$ 7,170,430</u>	<u>\$ 6,244,176</u>
Actuarial accrued liability (AAL)	12,666,920	3,906,352	3,738,225
Market-related value of assets	5,278,352	3,906,352	3,738,225
Unfunded AAL (UALL)	<u>\$ 7,388,568</u>	<u>\$ -</u>	<u>\$ -</u>
Market-related value of assets as a percentage of AAL	<u>42%</u>	<u>100%</u>	<u>100%</u>
Covered payroll	<u>\$ 21,712,317</u>	<u>\$ 21,079,919</u>	<u>\$ 20,460,068</u>
Unfunded AAL as a percentage of covered payroll	<u>34%</u>	<u>0%</u>	<u>0%</u>

11. COMMITMENTS AND CONTINGENCIES

Medical malpractice liability is limited under provisions of the Tennessee Governmental Tort Liability Act (T.C.A. 29-20-102(3), et seq.), which removed tort liability from governmental entities which, in the opinion of counsel for the hospital, includes the hospital. In addition to requiring claims to be made in conformance with this act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one year statute of limitations, and a requirement that the governmental entity purchase insurance or be self-insured within certain limits. This act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the act (\$250,000 for bodily injury or death of any one person and \$600,000 in the aggregate for all persons in any one accident, occurrence or act) or the amount of insurance purchased by the governmental entity. The limits related to the minimum amounts of insurance are \$130,000 for certain cases filed in prior years. The hospital had no claims paid in excess of insurance coverage in the last three years.

The hospital currently maintains commercial insurance on a claims-made basis for medical malpractice liabilities. Insurance coverage is \$1,000,000 per claim and \$3,000,000 in the aggregate annually, with a deductible of \$50,000 per incident. Management intends to maintain such coverage in the future.

There are known incidents occurring through June 30, 2005 that have resulted in the assertion of claims, and other claims may be asserted arising from services provided to patients in

the past, as well as other actions alleged to have been taken by the hospital. Such claims are for amounts material to the overall financial position of the hospital. Management of the hospital currently estimates that the liability, if any, related to these asserted claims will not have a material effect on the hospital's financial position. An accrual for estimated malpractice liabilities has been provided in the financial statements. It is at least reasonably possible this estimate will change in the near term and the impact may be negative, up to governmental limits discussed above, plus costs of defending the hospital against such claims. No amounts have been accrued for potential losses related to unreported incidents or reported incidents which have not yet resulted in asserted claims as the hospital is not able to estimate such amounts.

The hospital also maintains worker's compensation insurance with a commercial insurance carrier through a large deductible program. The hospital is responsible for the first \$500,000 of each claim, up to an annual aggregate amount of \$500,000 at June 30, 2005. An accrual for estimated workers' compensation claims has been provided in the financial statements. The hospital has accrued an estimate of exposure on outstanding and uninsured workers' compensation based on management's assessment of each claim or potential claim. However, it is at least reasonably possible management's estimate may change in the near term.

The hospital is self-insured for medical and other healthcare benefits provided to its employees and their families. The hospital maintains reinsurance through a commercial excess coverage policy which covers annual individual employee claims paid in excess of \$100,000 for the plan year ending June 30, 2005. A provision for estimated incurred but not reported claims has been provided in the financial statements and totaled approximately \$412,000 at June 30, 2005. The hospital incurred expenses totaling approximately \$3,030,000 related to medical and healthcare benefits for the year ended June 30, 2005.

The hospital has entered into contractual relationships with physicians to provide services to patients in the hospital's service area. These contracts have terms of varying lengths and guarantee certain payments based on the physician's practice.

The healthcare industry is subject to numerous laws and regulations of federal, state and local governments. These laws and regulations include, but are not necessarily limited to,

matters such as licensure, accreditation, government healthcare program participation requirements, reimbursement for patient services, Medicare fraud and abuse, and, most recently under the Health Insurance Portability and Accountability Act of 1996, matters related to patient records privacy and security. Recently, government activity has increased with respect to investigations and allegations concerning possible violations of fraud and abuse statutes and regulations by healthcare providers. Violations of these laws and regulations could result in expulsion from government healthcare programs together with the imposition of significant fines and penalties, as well as significant repayments for patient services previously billed. Management believes the hospital is currently in compliance with fraud and abuse statutes as well as other applicable government laws and regulations. Compliance with such laws and regulations can be subject to future government review and interpretation as well as regulatory actions unknown or unasserted at this time.

12. GOING CONCERN

During 2005, the hospital experienced a significant loss from operations. The operating results have reduced the hospital's cash balances and have limited its ability to acquire needed capital assets and retain qualified employees. Significant uncertainties exist as to the hospital's ability to meet debt payment and other obligations during 2006 and to continue as a going concern.

Management's primary plan with respect to this uncertainty is to consider opportunities with other health care systems to obtain capital, sell or lease assets and operations, or reduce services to limit future operating losses. On this basis, management considers it appropriate to prepare the financial statements on the going concern basis.

13. POTENTIAL SALE OF HOSPITAL

In June 2005, the hospital entered into a non-binding letter of intent from a third party regarding the purchase of the hospital's assets and assumption of certain liabilities, as defined therein. As of August 5, 2005, this agreement is still non-binding and no finalized agreement exists regarding the sale of the hospital.

B. DISCRETELY PRESENTED BRADLEY HEALTHCARE AND REHABILITATION CENTER

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Reporting Entity

Bradley Healthcare & Rehabilitation Center, is a component unit of Bradley County, Tennessee. The nursing center's Board of Trustees is appointed by the County Board of Commissioners. Capital projects are funded primarily from general obligation bonds of the county.

B. Nature of Operations

The nursing center is principally engaged in providing long-term medical and therapeutic care to elderly residents of Bradley County and the surrounding areas.

C. Basis of Accounting

The nursing center uses enterprise fund accounting. Revenues are recorded when earned and expenses are recognized when incurred using the economic resources measurement focus. Based on Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, as amended, the Nursing Center has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board (FASB) issued after November 30, 1989.

D. Use of Estimates

The preparation of financial statements in conformity with U.S. generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

E. Income Taxes

The Internal Revenue Service has ruled that the nursing center, as a component unit of Bradley County, is an exempt organization as described in Section 501(a) of the Internal

Revenue Code; therefore, no provision for income taxes is provided in the financial statements.

F. Patient Service Revenue

Patient service revenue is reported at the nursing center's estimated net realizable amounts from residents, third-party payors, and others for services rendered.

Retroactively calculated contractual adjustments arising under reimbursement agreements with third-party payors are accrued on an estimated basis in the period the related services are rendered and adjusted in future periods, as final settlements are determined.

G. Cash Equivalents

For purposes of the Statements of Cash Flows, the nursing center considers all highly liquid investments with an original maturity of three months or less when purchased to be cash equivalents. Limited use assets include cash held for patients and are not considered cash equivalents for purposes of the Statements of Cash Flows as they are not the property of the nursing center and can only be used at the direction of the patient. The nursing center also holds limited use assets that are restricted by donors for specific purposes that are not considered cash equivalents until the specifications are met. These items are not considered cash equivalents until they are transferred to unrestricted net assets.

H. Inventories

Inventories are stated at the lower of cost (first-in, first-out) or market.

I. Property and Equipment

Property and equipment are recorded at cost. Depreciation is provided over the estimated useful lives of the depreciable assets, ranging from 5 to 40 years, using the straight-line method.

J. Compensated Absences

Accumulated paid time off is accrued when earned.

K. Net Assets

Net assets of the nursing center are classified in two components. Net assets invested in capital assets consist of property and equipment net of accumulated depreciation and reduced by any outstanding borrowings used to finance the purchase or construction of those assets. There was no outstanding debt for property and equipment for 2005. Unrestricted net assets are the remaining net assets that do not meet the definition of net assets invested in capital assets net of related debt.

L. Reclassifications

Certain reclassifications have been made to the 2004 financial statements in order to conform to the provisions of GASB Statement No. 34, Basic Financial Statements—and Management's Discussion and Analysis—for State and Local Governments, as of June 30, 2005.

2. CASH

Various restrictions on deposits are imposed by state statutes. All deposits with financial institutions other than savings and loan associations must be collateralized in an amount equal to 105 percent of the face amount of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the nursing center. Deposits with savings and loan associations must be collateralized by one of the following methods: (1) an amount equal to 105 percent of the face amount of uninsured deposits if the collateral is of the same character as that required for other financial institutions; (2) an irrevocable letter of credit issued by the Federal Home Loan Bank; or (3) notes secured by first mortgages or first deeds of trust upon residential real property located in Tennessee. The promissory notes must be in an amount equal to 150 percent of the amount of uninsured deposits. The nursing center had no deposits with savings and loan associations at year-end.

In 1997, the local bank that serves the nursing center entered the Tennessee Bank Collateral Pool, a multi-entity risk pool that assumes the burden of collateralizing public funds on deposit with local banks. The Treasury Department of the State of Tennessee administers the pool. The Treasury Department, using uniform procedures, centralizes the collateralization of public funds. The funds in the pool are collateralized at 105 percent of the face amount of the uninsured deposits.

Cash on the balance sheets for 2005 includes cash on hand and deposits (including demand deposits) with financial institutions as follows:

	<u>2005</u>
Demand deposits insured by FDIC	\$ 100,000
Demand deposits collateralized by the Tennessee Bank Collateral Pool	745,791
Cash on hand	<u>250</u>
Deposits per bank and cash on hand	<u>\$ 846,041</u>
Carrying value of deposits	\$ 705,593
Cash on hand	<u>250</u>
Total carrying value	<u>\$ 705,843</u>
Total carrying value	\$ 705,843
Less limited use assets	<u>(153,315)</u>
Cash per the balance sheet	<u>\$ 552,528</u>

3. INVENTORIES

Inventories consist of the following:

	<u>2005</u>
General stores	\$ 23,082
Foods and dietary	6,667
Enteral feeding supplies	<u>1,844</u>
	<u>\$ 31,593</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	Balance <u>7-1-04</u>	Increases	Balance <u>6-30-05</u>
Land	\$ 1,250	\$ 0	\$ 1,250
Land improvements	153,162	41,553	194,715
Buildings	4,606,477	244,965	4,851,442
Capital equipment	780,705	0	780,705
Major movable	1,372,710	63,710	1,436,420

	Balance 7-1-04	Increases	Balance 6-30-05
Computer software	\$ 40,144	\$ 0	\$ 40,144
Computer hardware	74,920	8,031	82,951
Vehicles	86,614	0	86,614
	<u>\$ 7,115,982</u>	<u>\$ 358,259</u>	<u>\$ 7,474,241</u>
Less: Accumulated depreciation	(4,114,631)	(267,197)	(4,381,828)
	<u>\$ 3,001,351</u>	<u>\$ 91,062</u>	<u>\$ 3,092,413</u>

5. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited are as follows:

	<u>2005</u>
Patient trust funds	\$ 104,035
Scholarship fund	12,668
Activities fund	25,204
Chapel fund	4,242
Bus fund	4,504
Country store fund	2,662
	<u>\$ 153,315</u>

These assets represent cash and certificates of deposit with a local financial institution. The patient trust funds are patients' personal assets and are reflected in the financial statements as both an asset and a liability. The Scholarship, Activities, Chapel, Bus and Country Store Funds represent restricted cash and are shown on the balance sheet as both limited use assets and restricted net assets.

6. RELATED PARTY

Bradley County advanced cash to the nursing center with the expectation of repayment when the nursing center's cash flow permitted. The entire amount was repaid by the nursing center in 2005.

7. PATIENT SERVICE REVENUE

Medicare

The nursing center is paid for Medicare patients under a prospective payment system that bases payment on categories that are indicative of the amount of resources used to treat the specific patient. The

category is determined based on periodic clinical assessments of the patient's functional ability.

Medicaid

Services rendered to Medicaid recipients are reimbursed at per day rates determined by the Tennessee Comptroller's Office. The rates are subject to ceilings for both skilled and intermediate care. The per day rate is established prospectively, based on the prior year's cost report.

A summary of gross and net patient revenues for the year ended June 30, 2005 follows:

	<u>2005</u>
Medicare	\$ 1,738,623
Medicaid	7,166,476
Other	<u>945,120</u>
Gross patient service revenues	\$ 9,850,219
Contractual adjustments and Uncollectible accounts	<u>530,829</u>
Net patient service revenue	<u><u>\$ 10,381,048</u></u>

8. ACCRUED LEAVE

The nursing center has an all-purpose paid time off ("PTO") policy. Employees who work 30 hours or more per week are eligible to earn and use PTO. Vacation is accrued using a formula based on length of employment at the nursing center. Accrued but unpaid vacation benefits at June 30, 2005, were \$157,536 and are included in accrued payroll as a current liability.

9. PENSION PLAN

The nursing center sponsors a 403(b) salary deferral plan for the benefit of its employees. Under the plan employees are allowed to defer a portion of their earnings up to certain maximum amounts. The nursing center matches the employee contributions at the amount deferred up to four percent. The employer match totaled \$63,397 at June 30, 2005. The accrued liability to the plan at June 30, 2005, was \$10,738 and is included in accrued expenses on the balance sheets.

10. COMMITMENTS AND CONTINGENCIES

The nursing center is insured for professional liability under a claims-made policy with an independent insurance carrier. The policy covers all claims reported to the carrier for incidents that occur during the

coverage period. The coverage period coincides with the nursing center's fiscal year. Coverages were renewed at July 2005 rendering the need for tail coverage unnecessary. Premiums are determined by a variety of factors related to the nursing center.

The nursing center has been named as a defendant in certain litigation involving a former patient. The nursing center has insurance coverage to indemnify it for this type of claim. Management believes that should the outcome be unfavorable the amount of the settlement will not exceed the amount of the coverage. However at this time the litigation has not progressed to a stage where an outcome is determinable.

Leases that do not meet the criteria for capitalization are classified as operating leases with the related rentals charged to operations as incurred.

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2005 that have initial or remaining terms of one year or more.

<u>Year Ending June 30</u>	<u>Minimum Lease Payments</u>
2006	\$ 18,862
2007	13,578
2008	<u>4,928</u>
Total minimum lease payments	<u>\$ 37,368</u>

Total rental expense for all operating leases was \$31,851 for 2005 and is included in the general services expense classification.

11. RISK FINANCING AND RELATED INSURANCE ISSUES

The nursing center is subject to the risks of torts by its employees; theft, destruction or damage to its capital assets; business interruptions; errors or omissions; injury or illness of employees while in the course of their employment and acts of God, such as fires, floods and earthquakes. The nursing center insures itself against losses due to this exposure through the purchase of commercial liability and workers' compensation insurance from reputable insurers. There have been no substantial losses incurred in prior years, and the amount of coverage purchased has not been reduced. Management is unaware of any potential claims that would result in reductions to or cancellation of coverage by the insurer.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 13,505,994	\$ 0	\$ 0	\$ 13,505,994	\$ 12,643,785	\$ 12,975,679	\$ 530,315
Licenses and Permits	268,415	0	0	268,415	381,500	381,500	(113,085)
Fines, Forfeitures and Penalties	437,928	0	0	437,928	358,100	358,100	79,828
Charges for Current Services	3,093,680	0	0	3,093,680	3,025,800	3,157,192	(63,512)
Other Local Revenues	602,878	0	0	602,878	185,703	544,484	58,394
Fees Received from County Officials	2,356,183	0	0	2,356,183	2,157,000	2,157,000	199,183
State of Tennessee	2,480,654	0	0	2,480,654	1,904,343	2,655,824	(175,170)
Federal Government	888,416	0	0	888,416	418,788	1,050,806	(162,390)
Other Governments and Citizens Groups	1,859,713	0	0	1,859,713	1,597,541	1,840,240	19,473
Total Revenues	\$ 25,493,861	\$ 0	\$ 0	\$ 25,493,861	\$ 22,672,560	\$ 25,120,825	\$ 373,036
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 405,333	\$ (270)	\$ 0	\$ 405,063	\$ 431,536	\$ 423,536	\$ 18,473
Board of Equalization	1,260	0	0	1,260	5,500	5,500	4,240
Beer Board	2,170	0	0	2,170	2,500	2,500	330
Other Boards and Committees	28,520	0	200	28,720	29,127	29,127	407
County Mayor	236,232	(200)	1,210	237,242	242,343	242,343	5,101
Personnel Office	300,960	0	6,304	307,264	349,884	349,884	42,620
Election Commission (Including Voter Registration)	314,653	(3,878)	0	310,775	299,769	314,369	3,594
Register of Deeds	63,707	(1,350)	2,407	64,764	62,277	245,201	180,437
Development	125,372	(2,075)	15,577	138,874	159,278	159,278	20,404
Engineering	280,924	(648)	778	281,054	319,978	319,978	38,924
County Buildings	398,038	(34)	17,553	415,557	424,365	424,365	8,808
<u>Finance</u>							
Accounting and Budgeting	78,627	0	1,048	79,675	88,978	88,978	9,303
Property Assessor's Office	584,498	(11,000)	956	574,454	546,026	613,511	39,057

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Reappraisal Program	\$ 136,156	\$ 0	\$ 0	\$ 136,156	\$ 159,688	\$ 159,688	\$ 23,532
County Trustee's Office	83,470	(600)	0	82,870	85,277	85,277	2,407
County Clerk's Office	120,702	(1,041)	1,599	121,260	138,267	138,267	17,007
Data Processing	130,454	0	0	130,454	121,466	130,601	147
<u>Administration of Justice</u>							
Circuit Court	62,698	0	0	62,698	0	62,699	1
Criminal Court	290,872	0	0	290,872	321,620	321,620	30,748
General Sessions Court	579,868	(1,000)	2,045	580,913	659,744	598,987	18,074
General Sessions Judge	399,551	0	437	399,988	420,384	409,535	9,547
Drug Court	89,411	0	1,405	90,816	0	112,900	22,084
Chancery Court	40,975	0	160	41,135	45,380	45,380	4,245
Juvenile Court	365,305	(550)	785	365,540	408,618	409,452	43,912
Judicial Commissioners	35,167	0	0	35,167	38,200	38,200	3,033
Other Administration of Justice	90,431	0	0	90,431	89,804	92,455	2,024
Probation Services	230,152	(73)	0	230,079	180,717	251,066	20,987
<u>Public Safety</u>							
Sheriff's Department	5,352,867	(27,083)	28,225	5,354,009	5,056,426	5,400,076	46,067
Special Patrols	207,817	0	0	207,817	212,950	212,950	5,133
Traffic Control	27,151	0	14,000	41,151	46,200	46,200	5,049
Jail	4,652,892	(25,488)	142,858	4,770,262	4,766,140	4,885,809	115,547
Correctional Incentive Program Improvements	489,036	(504)	2,852	491,384	546,808	546,808	55,424
Juvenile Services	489,455	(110)	455	489,800	475,987	690,550	200,750
Work Release Program	281,533	0	0	281,533	0	312,725	31,192
Civil Defense	356,608	0	11,746	368,354	296,900	394,053	25,699
Rescue Squad	11	0	2,873	2,884	0	5,775	2,891
Disaster Relief	17,118	0	0	17,118	0	19,500	2,382

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Other Emergency Management	\$ 324,296	\$ 0	\$ 209,012	\$ 533,308	\$ 0	\$ 533,317	\$ 9
Inspection and Regulation	181,183	0	0	181,183	205,715	205,715	24,532
County Coroner/Medical Examiner	93,562	0	0	93,562	51,000	98,000	4,438
Public Safety Grant Programs	13,577	0	0	13,577	0	26,929	13,352
Other Public Safety	450,000	0	0	450,000	450,000	450,000	0
<u>Public Health and Welfare</u>							
Local Health Center	339,506	(24,803)	5,595	320,298	383,525	383,525	63,227
Rabies and Animal Control	227,168	0	0	227,168	227,168	227,168	0
Ambulance/Emergency Medical Services	3,133,031	(11,494)	14,681	3,136,218	3,102,313	3,286,539	150,321
Other Local Health Services	597,402	0	840	598,242	562,396	766,829	168,587
General Welfare Assistance	1,000	0	0	1,000	1,000	1,000	0
Aid to Dependent Children	0	0	0	0	1,000	1,000	1,000
Other Local Welfare Services	68,399	0	0	68,399	68,399	68,399	0
Waste Pickup	357	0	550	907	0	1,000	93
Recycling Center	17,417	0	0	17,417	0	25,000	7,583
Other Public Health and Welfare	7,436	0	500	7,936	0	20,000	12,064
<u>Social, Cultural and Recreational Services</u>							
Adult Activities	10,000	0	0	10,000	10,000	10,000	0
Senior Citizens Assistance	84,451	0	0	84,451	84,451	84,451	0
Other Social, Cultural and Recreational	594,211	(4,015)	4,272	594,468	618,101	618,101	23,633
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	224,333	(200)	0	224,133	238,785	238,786	14,653
Soil Conservation	45,090	0	0	45,090	48,750	48,750	3,660
Flood Control	7,254	(7,254)	0	0	0	0	0
Storm Water Management	111,550	0	1,541	113,091	115,563	115,563	2,472

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 149,428	\$ 0	\$ 0	\$ 149,428	\$ 147,125	\$ 150,214	\$ 786
Industrial Development	149,428	0	0	149,428	147,125	150,214	786
Veterans' Services	66,959	(85)	2,170	69,044	71,610	71,810	2,766
Other Charges	271,383	0	0	271,383	356,457	356,457	85,074
Contributions to Other Agencies	91,784	0	0	91,784	95,832	93,282	1,498
Miscellaneous	2,491	(2,491)	0	0	0	0	0
Total Expenditures	\$ 24,612,690	\$ (126,246)	\$ 494,634	\$ 24,981,078	\$ 24,018,452	\$ 26,621,192	\$ 1,640,114
Excess (Deficiency) of Revenues Over Expenditures	\$ 881,171	\$ 126,246	\$ (494,634)	\$ 512,783	\$ (1,345,892)	\$ (1,500,367)	\$ 2,013,150
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 65,000	\$ 0	\$ 0	\$ 65,000	\$ 0	\$ 65,000	\$ 0
Capital Leases Issued	215,659	0	0	215,659	218,360	434,019	(218,360)
Transfers Out	(163,750)	0	0	(163,750)	(10,000)	(163,750)	0
Total Other Financing Sources (Uses)	\$ 116,909	\$ 0	\$ 0	\$ 116,909	\$ 208,360	\$ 335,269	\$ (218,360)
Net Change in Fund Balance	\$ 998,080	\$ 126,246	\$ (494,634)	\$ 629,692	\$ (1,137,532)	\$ (1,165,098)	\$ 1,794,790
Fund Balance, July 1, 2004	6,000,016	(126,246)	0	5,873,770	3,736,221	3,736,221	2,137,549
Prior Period Adjustment	(40,000)	0	0	(40,000)	0	0	(40,000)
Fund Balance, June 30, 2005	\$ 6,958,096	\$ 0	\$ (494,634)	\$ 6,463,462	\$ 2,598,689	\$ 2,571,123	\$ 3,892,339

Exhibit F-2

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,082,555	\$ 2,030,816	\$ 2,052,220	\$ 30,335
Charges for Current Services	0	10	0	0
Other Local Revenues	150,822	32,810	132,472	18,350
State of Tennessee	2,375,498	2,628,500	2,642,100	(266,602)
Total Revenues	<u>\$ 4,608,875</u>	<u>\$ 4,692,136</u>	<u>\$ 4,826,792</u>	<u>\$ (217,917)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 412,063	\$ 425,239	\$ 421,914	\$ 9,851
Highway and Bridge Maintenance	2,362,134	2,755,533	2,412,483	50,349
Operation and Maintenance of Equipment	417,118	410,199	427,199	10,081
Quarry Operations	0	2,500	0	0
Litter and Trash Collection	74,506	80,091	77,859	3,353
Other Charges	139,541	149,200	141,100	1,559
Employee Benefits	522,437	666,877	528,783	6,346
Capital Outlay	582,741	823,100	820,000	237,259
<u>Capital Projects</u>				
Highway & Street Capital Projects	331,731	444,414	420,314	88,583
Total Expenditures	<u>\$ 4,842,271</u>	<u>\$ 5,757,153</u>	<u>\$ 5,249,652</u>	<u>\$ 407,381</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (233,396)</u>	<u>\$ (1,065,017)</u>	<u>\$ (422,860)</u>	<u>\$ 189,464</u>
Net Change in Fund Balance	\$ (233,396)	\$ (1,065,017)	\$ (422,860)	\$ 189,464
Fund Balance, July 1, 2004	<u>1,246,145</u>	<u>1,106,245</u>	<u>1,108,453</u>	<u>137,692</u>
Fund Balance, June 30, 2005	<u>\$ 1,012,749</u>	<u>\$ 41,228</u>	<u>\$ 685,593</u>	<u>\$ 327,156</u>

BRADLEY COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

A. BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

B. THE ACTUAL FUND BALANCE EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT

The General Fund's actual fund balance at July 1, 2004, was \$5,873,770; however, the estimated fund balance reflected in the county's budget was \$3,736,221. Therefore, the actual fund balance was \$2,137,549 more than the estimated fund balance presented to the County Commission.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Law Library Fund – The Law Library Fund is used to account for a special tax levied by private act on litigation. Proceeds of the tax must be expended for the benefit of the county's law library.

Public Library Fund – The Public Library Fund is used to account for transactions for the Bradley County/Cleveland Public Library, which is jointly funded by Bradley County and the City of Cleveland.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions relating to Bradley County trash collection and waste disposal.

Local Purpose Fund – The Local Purpose Fund is used to account for revenues restricted to investigative operations of the Sheriff's Department.

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

Agri-Business Fund – The Agri-Business Fund is used to account for revenues and expenditures associated with the Agri-business Center's operations.

Special Purpose - Fire Tax Fund – The Special Purpose - Fire Tax Fund is used to account for transactions of the county's Fire Department. A property tax rate is assessed on citizens living in Bradley County, but outside of the cities of Cleveland and Charleston. Proceeds of the tax must be expended on fire protection for those citizens.

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

Vocational Building Fund – The Vocational Building Fund is used to account for transactions of a vocational building owned by the county and leased to the State of Tennessee.

Capital Projects Funds

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

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 industrial park projects.

Justice Center Projects Fund – The Justice Center Fund is used to account for the justice center building project.

Juvenile Center Projects Fund – The Juvenile Center Fund is used to account for the juvenile center building project.

HUD Grant Projects Fund – The HUD Grant Projects Fund is used to account for Housing and Urban Development projects.

Waterline Projects Fund – The Waterline Projects Fund is used to account for waterline projects funded by a community development block grant.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for other loan proceeds issued by Bradley County that are paid to the Bradley County School Department.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account for the County/City of Cleveland Greenway project.

	Special Revenue Funds							
	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control	Agri- Business	Special Purpose Fire Tax	Constitu- tional Officers - Fees
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	345,643
Equity in Pooled Cash and Investments	6,884	120,316	301,333	0	1,113,215	31,062	1,314,608	0
Accounts Receivable	0	0	0	0	890	0	0	0
Due from Other Governments	0	0	4,922	0	0	0	0	0
Property Taxes Receivable	0	438,214	0	0	0	0	541,305	0
Allowance for Uncollectible Property Taxes	0	(19,001)	0	0	0	0	(50,085)	0
Notes Receivable - Long-Term	0	0	0	0	0	0	0	0
Total Assets	\$ 6,884	\$ 539,529	\$ 306,255	\$ 0	\$ 1,114,105	\$ 31,062	\$ 1,805,828	\$ 345,643
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 206	\$ 0	\$ 0	\$ 0	\$ 517	\$ 0	\$ 1,047	\$ 0
Cash Overdraft	0	0	0	737	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0	6,948
Deferred Revenue - Current Property Taxes	0	409,898	0	0	0	0	448,430	0
Deferred Revenue - Delinquent Property Taxes	0	9,315	0	0	0	0	42,790	0
Total Liabilities	\$ 206	\$ 419,213	\$ 0	\$ 737	\$ 517	\$ 0	\$ 492,267	\$ 6,948
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 164,252	\$ 0	\$ 29,410	\$ 0
Reserved for Long-Term Notes Receivable	0	0	0	0	0	0	0	0
Unreserved (Deficit)	6,678	120,316	306,255	(737)	949,336	31,062	1,284,151	338,695
Total Fund Balances	\$ 6,678	\$ 120,316	\$ 306,255	\$ (737)	\$ 1,113,588	\$ 31,062	\$ 1,313,561	\$ 338,695
Total Liabilities and Fund Balances	\$ 6,884	\$ 539,529	\$ 306,255	\$ 0	\$ 1,114,105	\$ 31,062	\$ 1,805,828	\$ 345,643

(Continued)

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

Exhibit G-1

	Special Revenue Funds (Cont.)		Capital Projects Funds					Total Nonmajor Governmental Funds	
	Vocational Building	Total	General Capital Projects	Community Development/ Industrial Park	Juvenile Center Projects	HUD Grant Projects	Other Capital Projects		Total
ASSETS									
Cash	\$ 0	\$ 345,643	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 345,643
Equity in Pooled Cash and Investments	51,464	2,938,882	132,460	380,308	36,966	94,565	22,220	666,519	3,605,401
Accounts Receivable	0	890	0	0	0	331	0	331	1,221
Due from Other Governments	0	4,922	0	0	0	0	0	0	4,922
Property Taxes Receivable	0	979,519	0	0	0	0	0	0	979,519
Allowance for Uncollectible Property Taxes	0	(69,086)	0	0	0	0	0	0	(69,086)
Notes Receivable - Long-Term	0	0	0	0	0	33,530	0	33,530	33,530
Total Assets	\$ 51,464	\$ 4,200,770	\$ 132,460	\$ 380,308	\$ 36,966	\$ 128,426	\$ 22,220	\$ 700,380	\$ 4,901,150
LIABILITIES AND FUND BALANCES									
Liabilities									
Accounts Payable	\$ 0	\$ 1,770	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,770
Cash Overdraft	0	737	0	0	0	0	0	0	737
Due to Other Funds	10,375	17,323	0	0	0	0	0	0	17,323
Deferred Revenue - Current Property Taxes	0	858,328	0	0	0	0	0	0	858,328
Deferred Revenue - Delinquent Property Taxes	0	52,105	0	0	0	0	0	0	52,105
Total Liabilities	\$ 10,375	\$ 930,263	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 930,263
Fund Balances									
Reserved for Encumbrances	\$ 0	\$ 193,662	\$ 0	\$ 0	\$ 609,074	\$ 0	\$ 0	\$ 609,074	\$ 802,736
Reserved for Long-Term Notes Receivable	0	0	0	0	0	33,530	0	33,530	33,530
Unreserved (Deficit)	41,089	3,076,845	132,460	380,308	(572,108)	94,896	22,220	57,776	3,134,621
Total Fund Balances	\$ 41,089	\$ 3,270,507	\$ 132,460	\$ 380,308	\$ 36,966	\$ 128,426	\$ 22,220	\$ 700,380	\$ 3,970,887
Total Liabilities and Fund Balances	\$ 51,464	\$ 4,200,770	\$ 132,460	\$ 380,308	\$ 36,966	\$ 128,426	\$ 22,220	\$ 700,380	\$ 4,901,150

Exhibit G-2

Bradley County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds						
	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control	Agri- Business	Special Purpose Fire Tax
<u>Revenues</u>							
Local Taxes	\$ 436	\$ 412,080	\$ 0	\$ 0	\$ 0	\$ 146,336	\$ 470,339
Fines, Forfeitures and Penalties	1,231	0	0	4,908	406,233	0	0
Charges for Current Services	2,641	0	63,129	0	0	0	0
Other Local Revenues	0	15,847	0	5,912	16,854	2,153	74,758
State of Tennessee	0	8,544	69,873	0	0	0	0
Federal Government	0	0	0	0	0	0	213,791
Other Governments and Citizens Groups	0	0	0	0	0	0	0
Total Revenues	\$ 4,308	\$ 436,471	\$ 133,002	\$ 10,820	\$ 423,087	\$ 148,489	\$ 758,888
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	0	0
Public Safety	0	0	0	30,430	702,543	0	664,468
Public Health and Welfare	0	0	68,074	0	15,531	0	0
Social, Cultural, and Recreational Services	4,224	407,031	0	0	0	128,094	0
Other Operations	43	8,373	0	20	775	1,366	15,268
Debt Service:							
Principal	0	0	0	0	0	0	0
Interest	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	\$ 4,267	\$ 415,404	\$ 68,074	\$ 30,450	\$ 718,849	\$ 129,460	\$ 679,736
Excess (Deficiency) of Revenues Over Expenditures	\$ 41	\$ 21,067	\$ 64,928	\$ (19,630)	\$ (295,762)	\$ 19,029	\$ 79,152
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	0
Transfers Out	0	0	0	0	0	0	(169,918)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ (169,918)

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)						
	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control	Agri- Business	Special Purpose Fire Tax
Net Change in Fund Balances	\$ 41	\$ 21,067	\$ 64,928	\$ (19,630)	\$ (295,762)	\$ 19,029	\$ (90,766)
Fund Balance, July 1, 2004	6,637	99,249	241,327	18,893	1,409,350	12,033	1,404,327
Fund Balance, June 30, 2005	\$ 6,678	\$ 120,316	\$ 306,255	\$ (737)	\$ 1,113,588	\$ 31,062	\$ 1,313,561

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Funds			
	Constitu- tional Officers - Fees	Vocational Building	Total	General Capital Projects	Community Development/ Industrial Park	Justice Center Projects	Juvenile Center Projects
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 1,029,191	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures and Penalties	0	0	412,372	0	0	0	0
Charges for Current Services	1,422,956	0	1,488,726	0	0	0	0
Other Local Revenues	0	77,932	193,456	0	0	7,423	1,246
State of Tennessee	0	0	78,417	0	0	0	0
Federal Government	0	0	213,791	0	0	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0	0
Total Revenues	\$ 1,422,956	\$ 77,932	\$ 3,415,953	\$ 0	\$ 0	\$ 7,423	\$ 1,246
<u>Expenditures</u>							
Current:							
General Government	\$ 263,974	\$ 1,819	\$ 265,793	\$ 0	\$ 0	\$ 0	\$ 0
Finance	916,350	0	916,350	0	0	0	0
Administration of Justice	199,658	0	199,658	0	0	0	0
Public Safety	0	0	1,397,441	0	0	0	0
Public Health and Welfare	0	0	83,605	0	0	0	0
Social, Cultural, and Recreational Services	0	0	539,349	0	0	0	0
Other Operations	0	779	26,624	0	0	0	0
Debt Service:							
Principal	0	60,000	60,000	0	0	0	0
Interest	0	22,250	22,250	0	0	0	0
Capital Projects	0	0	0	0	0	20,724	1,654,668
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	\$ 1,379,982	\$ 84,848	\$ 3,511,070	\$ 0	\$ 0	\$ 20,724	\$ 1,654,668
Excess (Deficiency) of Revenues Over Expenditures	\$ 42,974	\$ (6,916)	\$ (95,117)	\$ 0	\$ 0	\$ (13,301)	\$ (1,653,422)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	0	0
Transfers In	0	0	0	0	0	0	100,042
Transfers Out	0	0	(169,918)	0	0	(100,042)	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (169,918)	\$ 0	\$ 0	\$ (100,042)	\$ 1,547,308

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Funds			
	Constitu - tional Officers - Fees	Vocational Building	Total	General Capital Projects	Community Development/ Industrial Park	Justice Center Projects	Juvenile Center Projects
Net Change in Fund Balances	\$ 42,974	\$ (6,916)	\$ (265,035)	\$ 0	\$ 0	\$ (113,343)	\$ (106,114)
Fund Balance, July 1, 2004	295,721	48,005	3,535,542	132,460	380,308	113,343	143,080
Fund Balance, June 30, 2005	\$ 338,695	\$ 41,089	\$ 3,270,507	\$ 132,460	\$ 380,308	\$ 0	\$ 36,966

(Continued)

Exhibit G-2

Bradley 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	Waterline Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,029,191
Fines, Forfeitures and Penalties	0	0	0	0	0	412,372
Charges for Current Services	0	0	0	0	0	1,488,726
Other Local Revenues	4,194	0	0	0	12,863	206,319
State of Tennessee	114,057	251,605	0	0	365,662	444,079
Federal Government	0	0	0	0	0	213,791
Other Governments and Citizens Groups	0	0	0	200	200	200
Total Revenues	\$ 118,251	\$ 251,605	\$ 0	\$ 200	\$ 378,725	\$ 3,794,678
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 265,793
Finance	0	0	0	0	0	916,350
Administration of Justice	0	0	0	0	0	199,658
Public Safety	0	0	0	0	0	1,397,441
Public Health and Welfare	0	0	0	0	0	83,605
Social, Cultural, and Recreational Services	0	0	0	0	0	539,349
Other Operations	127,465	251,605	0	26,338	405,408	432,032
Debt Service:						
Principal	0	0	0	0	0	60,000
Interest	0	0	0	0	0	22,250
Capital Projects	0	0	0	0	1,675,392	1,675,392
Capital Projects - Donated	0	0	1,411,489	0	1,411,489	1,411,489
Total Expenditures	\$ 127,465	\$ 251,605	\$ 1,411,489	\$ 26,338	\$ 3,492,289	\$ 7,003,359
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,214)	\$ 0	\$ (1,411,489)	\$ (26,138)	\$ (3,113,564)	\$ (3,208,681)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 500,000	\$ 0	\$ 500,000	\$ 500,000
Other Loans Issued	0	0	911,489	0	2,358,755	2,358,755
Transfers In	0	0	0	10,000	110,042	110,042
Transfers Out	0	0	0	0	(100,042)	(269,960)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 1,411,489	\$ 10,000	\$ 2,868,755	\$ 2,698,837

(Continued)

Exhibit G-2

Bradley 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	Waterline Projects	Education Capital Projects	Other Capital Projects	Total	
Net Change in Fund Balances	\$ (9,214)	\$ 0	\$ 0	\$ (16,138)	\$ (244,809)	\$ (509,844)
Fund Balance, July 1, 2004	137,640	0	0	38,358	945,189	4,480,731
Fund Balance, June 30, 2005	\$ 128,426	\$ 0	\$ 0	\$ 22,220	\$ 700,380	\$ 3,970,887

Exhibit G-3

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Law Library Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 436	\$ 500	\$ 500	\$ (64)
Fines, Forfeitures and Penalties	1,231	1,625	1,625	(394)
Charges for Current Services	2,641	2,300	2,300	341
Total Revenues	<u>\$ 4,308</u>	<u>\$ 4,425</u>	<u>\$ 4,425</u>	<u>\$ (117)</u>
<u>Expenditures</u>				
<u>Social, Cultural and Recreational Services</u>				
Libraries	\$ 4,224	\$ 5,500	\$ 5,500	\$ 1,276
<u>Other Operations</u>				
Other Charges	43	100	100	57
Total Expenditures	<u>\$ 4,267</u>	<u>\$ 5,600</u>	<u>\$ 5,600</u>	<u>\$ 1,333</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41</u>	<u>\$ (1,175)</u>	<u>\$ (1,175)</u>	<u>\$ 1,216</u>
Net Change in Fund Balance	\$ 41	\$ (1,175)	\$ (1,175)	1,216
Fund Balance, July 1, 2004	<u>6,637</u>	<u>4,797</u>	<u>3,622</u>	<u>3,015</u>
Fund Balance, June 30, 2005	<u><u>\$ 6,678</u></u>	<u><u>\$ 3,622</u></u>	<u><u>\$ 2,447</u></u>	<u><u>\$ 4,231</u></u>

Exhibit G-4

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 412,080	\$ 394,659	\$ 404,640	\$ 7,440
Other Local Revenues	15,847	2,500	8,900	6,947
State of Tennessee	8,544	6,500	6,500	2,044
Total Revenues	<u>\$ 436,471</u>	<u>\$ 403,659</u>	<u>\$ 420,040</u>	<u>\$ 16,431</u>
<u>Expenditures</u>				
<u>Social, Cultural and Recreational Services</u>				
Libraries	\$ 407,031	\$ 407,031	\$ 407,031	\$ 0
<u>Other Operations</u>				
Other Charges	8,373	4,037	8,900	527
Total Expenditures	<u>\$ 415,404</u>	<u>\$ 411,068</u>	<u>\$ 415,931</u>	<u>\$ 527</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 21,067</u>	<u>\$ (7,409)</u>	<u>\$ 4,109</u>	<u>\$ 16,958</u>
Net Change in Fund Balance	\$ 21,067	\$ (7,409)	\$ 4,109	\$ 16,958
Fund Balance, July 1, 2004	99,249	96,136	100,245	(996)
Fund Balance, June 30, 2005	<u>\$ 120,316</u>	<u>\$ 88,727</u>	<u>\$ 104,354</u>	<u>\$ 15,962</u>

Exhibit G-5

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 63,129	\$ 46,000	\$ 46,000	\$ 17,129
State of Tennessee	69,873	84,840	84,840	(14,967)
Total Revenues	<u>\$ 133,002</u>	<u>\$ 130,840</u>	<u>\$ 130,840</u>	<u>\$ 2,162</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Waste Collection	\$ 68,074	\$ 84,000	\$ 84,000	\$ 15,926
<u>Other Operations</u>				
Other Charges	0	840	840	840
Total Expenditures	<u>\$ 68,074</u>	<u>\$ 84,840</u>	<u>\$ 84,840</u>	<u>\$ 16,766</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 64,928</u>	<u>\$ 46,000</u>	<u>\$ 46,000</u>	<u>\$ 18,928</u>
Net Change in Fund Balance	\$ 64,928	\$ 46,000	\$ 46,000	\$ 18,928
Fund Balance, July 1, 2004	241,327	218,226	264,226	(22,899)
Fund Balance, June 30, 2005	<u><u>\$ 306,255</u></u>	<u><u>\$ 264,226</u></u>	<u><u>\$ 310,226</u></u>	<u><u>\$ (3,971)</u></u>

Exhibit G-6

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Local Purpose Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures and Penalties	\$ 4,908	\$ 0	\$ 4,908	\$ 10,000	\$ 20,650	\$ (15,742)
Other Local Revenues	5,912	0	5,912	1,750	3,125	2,787
Other Governments and Citizens Groups	0	0	0	500	500	(500)
Total Revenues	\$ 10,820	\$ 0	\$ 10,820	\$ 12,250	\$ 24,275	\$ (13,455)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 30,430	\$ (799)	\$ 29,631	\$ 20,250	\$ 35,532	\$ 5,901
<u>Other Operations</u>						
Other Charges	20	0	20	150	150	130
Total Expenditures	\$ 30,450	\$ (799)	\$ 29,651	\$ 20,400	\$ 35,682	\$ 6,031
Excess (Deficiency) of Revenues Over Expenditures	\$ (19,630)	\$ 799	\$ (18,831)	\$ (8,150)	\$ (11,407)	\$ (7,424)
Net Change in Fund Balance	\$ (19,630)	\$ 799	\$ (18,831)	\$ (8,150)	\$ (11,407)	\$ (7,424)
Fund Balance, July 1, 2004	18,893	(799)	18,094	18,762	18,762	(668)
Fund Balance, June 30, 2005	\$ (737)	\$ 0	\$ (737)	\$ 10,612	\$ 7,355	\$ (8,092)

Exhibit G-7

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures and Penalties	\$ 406,233	\$ 0	\$ 0	\$ 406,233	\$ 108,000	\$ 125,626	\$ 280,607
Other Local Revenues	16,854	0	0	16,854	600	23,575	(6,721)
Federal Government	0	0	0	0	0	58,406	(58,406)
Total Revenues	\$ 423,087	\$ 0	\$ 0	\$ 423,087	\$ 108,600	\$ 207,607	\$ 215,480
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 323,251	\$ (37,743)	\$ 162,299	\$ 447,807	\$ 41,000	\$ 451,489	\$ 3,682
Special Patrols	67,511	0	953	68,464	0	79,225	10,761
Drug Enforcement	311,781	(12)	0	311,769	262,916	330,317	18,548
<u>Public Health and Welfare</u>							
Alcohol and Drug Programs	15,531	0	1,000	16,531	21,000	31,000	14,469
<u>Other Operations</u>							
Other Charges	775	0	0	775	1,466	1,466	691
Total Expenditures	\$ 718,849	\$ (37,755)	\$ 164,252	\$ 845,346	\$ 326,382	\$ 893,497	\$ 48,151
Excess (Deficiency) of Revenues Over Expenditures	\$ (295,762)	\$ 37,755	\$ (164,252)	\$ (422,259)	\$ (217,782)	\$ (685,890)	\$ 263,631
Net Change in Fund Balance	\$ (295,762)	\$ 37,755	\$ (164,252)	\$ (422,259)	\$ (217,782)	\$ (685,890)	\$ 263,631
Fund Balance, July 1, 2004	1,409,350	(37,755)	0	1,371,595	1,317,782	1,317,782	53,813
Fund Balance, June 30, 2005	\$ 1,113,588	\$ 0	\$ (164,252)	\$ 949,336	\$ 1,100,000	\$ 631,892	\$ 317,444

Exhibit G-8

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Agri-Business Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 146,336	\$ 130,000	\$ 130,000	\$ 16,336
Other Local Revenues	2,153	0	2,153	0
Total Revenues	<u>\$ 148,489</u>	<u>\$ 130,000</u>	<u>\$ 132,153</u>	<u>\$ 16,336</u>
<u>Expenditures</u>				
<u>Social, Cultural and Recreational Services</u>				
Other Social, Cultural and Recreational	\$ 128,094	\$ 128,471	\$ 135,558	\$ 7,464
<u>Other Operations</u>				
Other Charges	1,366	1,300	1,366	0
Total Expenditures	<u>\$ 129,460</u>	<u>\$ 129,771</u>	<u>\$ 136,924</u>	<u>\$ 7,464</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 19,029</u>	<u>\$ 229</u>	<u>\$ (4,771)</u>	<u>\$ 23,800</u>
Net Change in Fund Balance	\$ 19,029	\$ 229	\$ (4,771)	\$ 23,800
Fund Balance, July 1, 2004	12,033	13,601	13,601	(1,568)
Fund Balance, June 30, 2005	<u>\$ 31,062</u>	<u>\$ 13,830</u>	<u>\$ 8,830</u>	<u>\$ 22,232</u>

Exhibit G-9

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose - Fire Tax Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 470,339	\$ 0	\$ 0	\$ 470,339	\$ 471,741	\$ 471,741	\$ (1,402)
Other Local Revenues	74,758	0	0	74,758	15,000	15,500	59,258
State of Tennessee	0	0	0	0	500	500	(500)
Federal Government	213,791	0	0	213,791	0	213,791	0
Total Revenues	<u>\$ 758,888</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 758,888</u>	<u>\$ 487,241</u>	<u>\$ 701,532</u>	<u>\$ 57,356</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Fire Prevention and Control	\$ 664,468	\$ (49,337)	\$ 29,410	\$ 644,541	\$ 627,800	\$ 680,862	\$ 36,321
<u>Other Operations</u>							
Other Charges	15,268	0	0	15,268	44,600	44,600	29,332
Total Expenditures	<u>\$ 679,736</u>	<u>\$ (49,337)</u>	<u>\$ 29,410</u>	<u>\$ 659,809</u>	<u>\$ 672,400</u>	<u>\$ 725,462</u>	<u>\$ 65,653</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 79,152</u>	<u>\$ 49,337</u>	<u>\$ (29,410)</u>	<u>\$ 99,079</u>	<u>\$ (185,159)</u>	<u>\$ (23,930)</u>	<u>\$ 123,009</u>
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (169,918)	\$ 0	\$ 0	\$ (169,918)	\$ (169,918)	\$ (169,918)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (169,918)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (169,918)</u>	<u>\$ (169,918)</u>	<u>\$ (169,918)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (90,766)	\$ 49,337	\$ (29,410)	\$ (70,839)	\$ (355,077)	\$ (193,848)	\$ 123,009
Fund Balance, July 1, 2004	1,404,327	(49,337)	0	1,354,990	1,266,290	1,266,290	88,700
Fund Balance, June 30, 2005	<u>\$ 1,313,561</u>	<u>\$ 0</u>	<u>\$ (29,410)</u>	<u>\$ 1,284,151</u>	<u>\$ 911,213</u>	<u>\$ 1,072,442</u>	<u>\$ 211,709</u>

Exhibit G-10

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Vocational Building Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 77,932	\$ 85,017	\$ 85,017	\$ (7,085)
Total Revenues	\$ 77,932	\$ 85,017	\$ 85,017	\$ (7,085)
<u>Expenditures</u>				
<u>General Government</u>				
Other Facilities	\$ 1,819	\$ 3,000	\$ 3,000	\$ 1,181
<u>Other Operations</u>				
Other Charges	779	851	851	72
<u>Principal</u>				
General Government	60,000	82,250	60,000	0
<u>Interest</u>				
General Government	22,250	0	22,250	0
Total Expenditures	\$ 84,848	\$ 86,101	\$ 86,101	\$ 1,253
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,916)	\$ (1,084)	\$ (1,084)	\$ (5,832)
Net Change in Fund Balance	\$ (6,916)	\$ (1,084)	\$ (1,084)	\$ (5,832)
Fund Balance, July 1, 2004	48,005	47,149	47,149	856
Fund Balance, June 30, 2005	\$ 41,089	\$ 46,065	\$ 46,065	\$ (4,976)

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,216,770	\$ 6,059,583	\$ 6,059,583	\$ 157,187
Other Local Revenues	1,030,038	2,086,043	2,086,043	(1,056,005)
State of Tennessee	128,523	92,900	92,900	35,623
Other Governments and Citizens Groups	71,875	0	0	71,875
Total Revenues	<u>\$ 7,447,206</u>	<u>\$ 8,238,526</u>	<u>\$ 8,238,526</u>	<u>\$ (791,320)</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 269,545	\$ 149,000	\$ 149,000	\$ (120,545)
<u>Principal</u>				
General Government	1,785,000	1,795,000	1,845,000	60,000
Education	1,195,000	1,195,000	1,195,000	0
<u>Interest</u>				
General Government	1,147,851	1,420,647	1,146,447	(1,404)
Education	1,789,174	2,909,600	1,790,000	826
<u>Other Debt Service</u>				
General Government	37,727	25,000	40,000	2,273
Education	139,313	25,000	140,000	687
Total Expenditures	<u>\$ 6,363,610</u>	<u>\$ 7,519,247</u>	<u>\$ 6,305,447</u>	<u>\$ (58,163)</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,083,596</u>	<u>\$ 719,279</u>	<u>\$ 1,933,079</u>	<u>\$ (849,483)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 323,668	\$ 323,668	\$ 323,668	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 323,668</u>	<u>\$ 323,668</u>	<u>\$ 323,668</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 1,407,264	\$ 1,042,947	\$ 2,256,747	\$ (849,483)
Fund Balance, July 1, 2004	39,924,479	39,606,978	39,606,978	317,501
Fund Balance, June 30, 2005	<u>\$ 41,331,743</u>	<u>\$ 40,649,925</u>	<u>\$ 41,863,725</u>	<u>\$ (531,982)</u>

Agency Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of 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.

Inside Urban Fringe Area Fire Tax Fund – The Inside Urban Fringe Area Fire Tax Fund is used to account for property taxes collected on property that lies within five miles of the City of Cleveland. These taxes are remitted to the City of Cleveland, which provides fire protection for this property.

City School ADA - Cleveland Fund – The City School ADA - Cleveland Fund is used to account for the city school system's share of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

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

Exhibit I-1

Bradley County, Tennessee
Combining Statement of Assets and Liabilities
All Agency Funds
June 30, 2005

	Agency Funds				Total
	Cities-Sales Tax	Inside Urban Fringe Area Fire Tax	City School ADA-Cleveland	Constitutional Officers-Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 4,755,308	\$ 4,755,308
Equity in Pooled Cash and Investments	0	10,823	26,104	0	36,927
Due from Other Governments	1,238,926	0	602,458	0	1,841,384
Due from Other Funds	0	0	362	0	362
Property Taxes Receivable	0	1,842,275	5,182,728	0	7,025,003
Allowance for Uncollectible Property Taxes	0	(189,377)	(224,726)	0	(414,103)
Total Assets	<u>\$ 1,238,926</u>	<u>\$ 1,663,721</u>	<u>\$ 5,586,926</u>	<u>\$ 4,755,308</u>	<u>\$ 13,244,881</u>
<u>LIABILITIES</u>					
Cash Overdraft	\$ 72,903	\$ 10,207	\$ 0	\$ 0	\$ 83,110
Due to Other Funds	0	0	0	362	362
Due to Component Unit	0	0	0	266	266
Due to Other Taxing Units	1,166,023	1,653,514	5,586,926	0	8,406,463
Due to Litigants, Heirs, and Others	0	0	0	4,754,680	4,754,680
Total Liabilities	<u>\$ 1,238,926</u>	<u>\$ 1,663,721</u>	<u>\$ 5,586,926</u>	<u>\$ 4,755,308</u>	<u>\$ 13,244,881</u>

Exhibit I-2

Bradley County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 57,367	\$ 7,225,735	\$ 7,283,102	\$ 0
Due from Other Governments	1,195,548	1,238,926	1,195,548	1,238,926
Total Assets	\$ 1,252,915	\$ 8,464,661	\$ 8,478,650	\$ 1,238,926
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 72,903	\$ 0	\$ 72,903
Due to Other Taxing Units	1,252,915	8,391,758	8,478,650	1,166,023
Total Liabilities	\$ 1,252,915	\$ 8,464,661	\$ 8,478,650	\$ 1,238,926
<u>Inside Urban Fringe Area Fire Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 54,052	\$ 1,626,049	\$ 1,669,278	\$ 10,823
Taxes Receivable	1,646,543	1,842,275	1,646,543	1,842,275
Allowance for Uncollectible Taxes	(83,843)	(189,377)	(83,843)	(189,377)
Total Assets	\$ 1,616,752	\$ 3,278,947	\$ 3,231,978	\$ 1,663,721
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 10,207	\$ 0	\$ 10,207
Due to Other Taxing Units	1,616,752	3,268,740	3,231,978	1,653,514
Total Liabilities	\$ 1,616,752	\$ 3,278,947	\$ 3,231,978	\$ 1,663,721
<u>City School ADA - Cleveland Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 0	\$ 8,556,404	\$ 8,530,300	\$ 26,104
Due from Other Governments	573,486	602,458	573,486	602,458
Due from Other Funds	418	362	418	362
Taxes Receivable	4,933,338	5,182,728	4,933,338	5,182,728
Allowance for Uncollectible Taxes	(271,025)	(224,726)	(271,025)	(224,726)
Total Assets	\$ 5,236,217	\$ 14,117,226	\$ 13,766,517	\$ 5,586,926
<u>Liabilities</u>				
Cash Overdraft	\$ 2,890	\$ 0	\$ 2,890	\$ 0
Due to Other Taxing Units	5,233,327	14,117,226	13,763,627	5,586,926
Total Liabilities	\$ 5,236,217	\$ 14,117,226	\$ 13,766,517	\$ 5,586,926
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,893,744	\$ 19,384,871	\$ 19,523,307	\$ 4,755,308
Total Assets	\$ 4,893,744	\$ 19,384,871	\$ 19,523,307	\$ 4,755,308

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Other Funds	\$ 418	\$ 362	\$ 418	\$ 362
Due to Component Unit	849	266	849	266
Due to Litigants, Heirs, and Others	4,892,477	19,384,243	19,522,040	4,754,680
Total Liabilities	\$ 4,893,744	\$ 19,384,871	\$ 19,523,307	\$ 4,755,308
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,893,744	\$ 19,384,871	\$ 19,523,307	\$ 4,755,308
Equity in Pooled Cash	111,419	17,408,188	17,482,680	36,927
Due from Other Governments	1,769,034	1,841,384	1,769,034	1,841,384
Due from Other Funds	418	362	418	362
Taxes Receivable	6,579,881	7,025,003	6,579,881	7,025,003
Allowance for Uncollectible Taxes	(354,868)	(414,103)	(354,868)	(414,103)
Total Assets	\$ 12,999,628	\$ 45,245,705	\$ 45,000,452	\$ 13,244,881
<u>Liabilities</u>				
Cash Overdraft	\$ 2,890	\$ 83,110	\$ 2,890	\$ 83,110
Due to Other Funds	418	362	418	362
Due to Component Unit	849	266	849	266
Due to Other Taxing Units	8,102,994	25,777,724	25,474,255	8,406,463
Due to Litigants, Heirs, and Others	4,892,477	19,384,243	19,522,040	4,754,680
Total Liabilities	\$ 12,999,628	\$ 45,245,705	\$ 45,000,452	\$ 13,244,881

Bradley County School Department

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

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

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

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

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building projects of the county school system.

Exhibit J-1

Bradley County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Bradley County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 0	\$ 788,606	\$ 788,606
Equity in Pooled Cash and Investments	8,196,433	304,805	8,501,238
Inventories	0	137,357	137,357
Accounts Receivable	2,746	169	2,915
Due from Other Governments	1,486,071	537,221	2,023,292
Due from Other Funds	0	14,331	14,331
Due from Primary Government	266	0	266
Property Taxes Receivable	10,713,478	0	10,713,478
Allowance for Uncollectible Property Taxes	(464,547)	0	(464,547)
Total Assets	\$ 19,934,447	\$ 1,782,489	\$ 21,716,936
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 534,102	\$ 61,645	\$ 595,747
Accrued Payroll	3,959,367	261,665	4,221,032
Payroll Deductions Payable	0	3,199	3,199
Due to Other Funds	14,331	0	14,331
Deferred Revenue - Current Property Taxes	10,021,191	0	10,021,191
Deferred Revenue - Delinquent Property Taxes	227,740	0	227,740
Other Deferred Revenues	582,022	0	582,022
Total Liabilities	\$ 15,338,753	\$ 326,509	\$ 15,665,262
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 460,660	\$ 0	\$ 460,660
Reserved for Inventory	0	137,357	137,357
Reserved for Career Ladder - Extended Contract	3,339	0	3,339
Reserved for Career Ladder Program	27,048	0	27,048
Reserved for Title I Grants to Local Education Agencies	0	166,681	166,681
Reserved for Special Education - Grants to States	0	277,145	277,145
Other Federal Reserves	0	35,843	35,843
Unreserved, Reported In:			
General Fund	4,104,647	0	4,104,647
Special Revenue Funds	0	726,961	726,961
Capital Projects Funds	0	111,993	111,993
Total Fund Balances	\$ 4,595,694	\$ 1,455,980	\$ 6,051,674
Total Liabilities and Fund Balances	\$ 19,934,447	\$ 1,782,489	\$ 21,716,936

Exhibit J-2

Bradley County, Tennessee
Discretely Presented Bradley County School Department
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit J-1)	\$	6,051,674
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		48,899,871
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		(63,431)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>809,762</u>
Net assets of governmental activities (Exhibit A)	\$	<u><u>55,697,876</u></u>

Exhibit J-3

Bradley County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Bradley County School Department
For the Year Ended June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 17,289,577	\$ 0	\$ 17,289,577
Licenses and Permits	5,769	0	5,769
Charges for Current Services	21,110	1,915,188	1,936,298
Other Local Revenues	601,837	18,451	620,288
State of Tennessee	28,403,055	0	28,403,055
Federal Government	1,076,159	5,341,550	6,417,709
Other Governments and Citizens Groups	0	1,411,489	1,411,489
Total Revenues	<u>\$ 47,397,507</u>	<u>\$ 8,686,678</u>	<u>\$ 56,084,185</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 31,505,449	\$ 2,465,896	\$ 33,971,345
Support Services	14,292,563	1,076,780	15,369,343
Operation of Non-Instructional Services	264,660	3,519,327	3,783,987
Capital Outlay	535,794	0	535,794
Capital Projects	0	2,038,514	2,038,514
Total Expenditures	<u>\$ 46,598,466</u>	<u>\$ 9,100,517</u>	<u>\$ 55,698,983</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 799,041</u>	<u>\$ (413,839)</u>	<u>\$ 385,202</u>
Net Change in Fund Balances	\$ 799,041	\$ (413,839)	\$ 385,202
Fund Balance, July 1, 2004	3,796,653	1,869,819	5,666,472
Fund Balance, June 30, 2005	<u>\$ 4,595,694</u>	<u>\$ 1,455,980</u>	<u>\$ 6,051,674</u>

Exhibit J-4

Bradley County, Tennessee
Discretely Presented Bradley County School Department
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, 2005

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-3)	\$ 385,202
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current assets.	1,357,401
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.	(48,988)
(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 governmental funds. This is the change in compensated absences.	<u>7,569</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 1,701,184</u></u>

Exhibit J-5

Bradley County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Bradley County School Department
June 30, 2005

	<u>Special Revenue Funds</u>			<u>Capital</u> <u>Projects</u> <u>Fund</u>	<u>Total</u> <u>Nonmajor</u> <u>Governmental</u> <u>Funds</u>
	<u>School</u> <u>Federal</u> <u>Projects</u>	<u>Central</u> <u>Cafeteria</u>	<u>Total</u>	<u>Education</u> <u>Capital</u> <u>Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 788,606	\$ 788,606	\$ 0	\$ 788,606
Equity in Pooled Cash and Investments	192,812	0	192,812	111,993	304,805
Inventories	0	137,357	137,357	0	137,357
Accounts Receivable	169	0	169	0	169
Due from Other Governments	537,221	0	537,221	0	537,221
Due from Other Funds	14,331	0	14,331	0	14,331
Total Assets	<u>\$ 744,533</u>	<u>\$ 925,963</u>	<u>\$ 1,670,496</u>	<u>\$ 111,993</u>	<u>\$ 1,782,489</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 61,645	\$ 61,645	\$ 0	\$ 61,645
Accrued Payroll	261,665	0	261,665	0	261,665
Payroll Deductions Payable	3,199	0	3,199	0	3,199
Total Liabilities	<u>\$ 264,864</u>	<u>\$ 61,645</u>	<u>\$ 326,509</u>	<u>\$ 0</u>	<u>\$ 326,509</u>
<u>Fund Balances</u>					
Reserved for Inventory	\$ 0	\$ 137,357	\$ 137,357	\$ 0	\$ 137,357
Reserved for Title I Grants to Local Education Agencies	166,681	0	166,681	0	166,681
Reserved for Special Education - Grants to States	277,145	0	277,145	0	277,145
Other Federal Reserves	35,843	0	35,843	0	35,843
Unreserved	0	726,961	726,961	111,993	838,954
Total Fund Balances	<u>\$ 479,669</u>	<u>\$ 864,318</u>	<u>\$ 1,343,987</u>	<u>\$ 111,993</u>	<u>\$ 1,455,980</u>
Total Liabilities and Fund Balances	<u>\$ 744,533</u>	<u>\$ 925,963</u>	<u>\$ 1,670,496</u>	<u>\$ 111,993</u>	<u>\$ 1,782,489</u>

Exhibit J-6

Bradley County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Bradley County School Department
For the Year Ended June 30, 2005

	Special Revenue Funds			Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	
<u>Revenues</u>					
Charges for Current Services	\$ 0	\$ 1,915,188	\$ 1,915,188	\$ 0	\$ 1,915,188
Other Local Revenues	0	14,351	14,351	4,100	18,451
Federal Government	3,643,550	1,698,000	5,341,550	0	5,341,550
Other Governments and Citizens Groups	0	0	0	1,411,489	1,411,489
Total Revenues	\$ 3,643,550	\$ 3,627,539	\$ 7,271,089	\$ 1,415,589	\$ 8,686,678
<u>Expenditures</u>					
Current:					
Instruction	\$ 2,465,896	\$ 0	\$ 2,465,896	\$ 0	\$ 2,465,896
Support Services	1,076,780	0	1,076,780	0	1,076,780
Operation of Non-Instructional Services	0	3,519,327	3,519,327	0	3,519,327
Capital Projects	0	0	0	2,038,514	2,038,514
Total Expenditures	\$ 3,542,676	\$ 3,519,327	\$ 7,062,003	\$ 2,038,514	\$ 9,100,517
Excess (Deficiency) of Revenues Over Expenditures	\$ 100,874	\$ 108,212	\$ 209,086	\$ (622,925)	\$ (413,839)
Net Change in Fund Balances	\$ 100,874	\$ 108,212	\$ 209,086	\$ (622,925)	\$ (413,839)
Fund Balance, July 1, 2004	378,795	756,106	1,134,901	734,918	1,869,819
Fund Balance, June 30, 2005	\$ 479,669	\$ 864,318	\$ 1,343,987	\$ 111,993	\$ 1,455,980

Exhibit J-7

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bradley County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 17,289,577	\$ 0	\$ 0	\$ 17,289,577	\$ 16,452,049	\$ 16,452,049	\$ 837,528
Licenses and Permits	5,769	0	0	5,769	7,000	7,000	(1,231)
Charges for Current Services	21,110	0	0	21,110	14,500	14,500	6,610
Other Local Revenues	601,837	0	0	601,837	210,000	310,000	291,837
State of Tennessee	28,403,055	0	0	28,403,055	28,178,000	28,149,493	253,562
Federal Government	1,076,159	0	0	1,076,159	274,000	1,049,007	27,152
Total Revenues	\$ 47,397,507	\$ 0	\$ 0	\$ 47,397,507	\$ 45,135,549	\$ 45,982,049	\$ 1,415,458
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 27,064,617	\$ 0	\$ 0	\$ 27,064,617	\$ 26,681,219	\$ 27,227,719	\$ 163,102
Special Education Program	2,399,304	0	45,470	2,444,774	2,465,800	2,465,800	21,026
Vocational Education Program	1,871,492	0	0	1,871,492	1,880,500	1,880,500	9,008
Adult Education Program	170,036	0	0	170,036	180,000	180,000	9,964
<u>Support Services</u>							
Attendance	87,623	0	0	87,623	91,250	91,250	3,627
Health Services	241,259	0	0	241,259	244,460	244,460	3,201
Other Student Support	1,191,963	0	0	1,191,963	1,193,075	1,193,075	1,112
Regular Instruction Program	1,329,020	0	0	1,329,020	1,369,450	1,369,450	40,430
Special Education Program	600,935	0	0	600,935	600,850	600,950	15
Vocational Education Program	97,183	0	0	97,183	97,550	97,550	367
Board of Education	776,663	0	0	776,663	815,715	815,615	38,952
Director of Schools	297,995	0	0	297,995	325,055	325,055	27,060
Office of the Principal	2,551,452	0	0	2,551,452	2,556,575	2,566,575	15,123
Fiscal Services	233,537	0	0	233,537	237,650	237,650	4,113
Operation of Plant	3,355,251	0	0	3,355,251	3,367,450	3,367,450	12,199

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	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	\$ 1,482,052	\$ 0	\$ 0	\$ 1,482,052	\$ 924,875	\$ 1,479,580	\$ (2,472)
Transportation	1,658,631	0	0	1,658,631	1,670,775	1,712,775	54,144
Central and Other	388,999	0	0	388,999	372,600	397,600	8,601
<u>Operation of Non-Instructional Services</u>							
Food Service	73,872	0	0	73,872	74,700	74,700	828
Community Services	190,788	0	0	190,788	0	200,000	9,212
<u>Capital Outlay</u>							
Regular Capital Outlay	535,794	(185,671)	415,190	765,313	750,000	803,008	37,695
Total Expenditures	\$ 46,598,466	\$ (185,671)	\$ 460,660	\$ 46,873,455	\$ 45,899,549	\$ 47,330,762	\$ 457,307
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 799,041	\$ 185,671	\$ (460,660)	\$ 524,052	\$ (764,000)	\$ (1,348,713)	\$ 1,872,765
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,000	\$ 14,000	\$ (14,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,000	\$ 14,000	\$ (14,000)
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2004	\$ 3,796,653	(185,671)	0	3,610,982	3,187,580	3,187,580	423,402
Fund Balance, June 30, 2005	\$ 4,595,694	\$ 0	\$ (460,660)	\$ 4,135,034	\$ 2,437,580	\$ 1,852,867	\$ 2,282,167

Exhibit J-8

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bradley County School Department
School Federal Projects Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Federal Government	\$ 3,643,550	\$ 0	\$ 3,643,550	\$ 4,772,234	\$ 4,772,234	\$ (1,128,684)
Total Revenues	\$ 3,643,550	\$ 0	\$ 3,643,550	\$ 4,772,234	\$ 4,772,234	\$ (1,128,684)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 1,146,009	\$ 0	\$ 1,146,009	\$ 1,146,049	\$ 1,146,049	\$ 40
Special Education Program	1,187,001	0	1,187,001	2,237,933	2,237,933	1,050,932
Vocational Education Program	132,886	0	132,886	133,391	133,391	505
<u>Support Services</u>						
Other Student Support	25,352	0	25,352	26,327	26,327	975
Regular Instruction Program	349,504	0	349,504	448,624	448,624	99,120
Special Education Program	568,229	0	568,229	773,549	773,549	205,320
Fiscal Services	10,765	0	10,765	10,765	10,765	0
Transportation	86,503	(43,373)	43,130	46,627	46,627	3,497
Central and Other	36,427	0	36,427	36,472	36,472	45
Total Expenditures	\$ 3,542,676	\$ (43,373)	\$ 3,499,303	\$ 4,859,737	\$ 4,859,737	\$ 1,360,434
Excess (Deficiency) of Revenues Over Expenditures	\$ 100,874	\$ 43,373	\$ 144,247	\$ (87,503)	\$ (87,503)	\$ 231,750
Net Change in Fund Balance Fund Balance, July 1, 2004	\$ 100,874	\$ 43,373	\$ 144,247	\$ (87,503)	\$ (87,503)	\$ 231,750
	378,795	(43,373)	335,422	380,000	378,795	(43,373)
Fund Balance, June 30, 2005	\$ 479,669	\$ 0	\$ 479,669	\$ 292,497	\$ 291,292	\$ 188,377

Exhibit J-9

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bradley County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,915,188	\$ 1,985,000	\$ 1,985,000	\$ (69,812)
Other Local Revenues	14,351	28,000	28,000	(13,649)
Federal Government	1,698,000	1,585,000	1,725,000	(27,000)
Total Revenues	<u>\$ 3,627,539</u>	<u>\$ 3,598,000</u>	<u>\$ 3,738,000</u>	<u>\$ (110,461)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,519,327	\$ 3,645,000	\$ 3,835,000	\$ 315,673
Total Expenditures	<u>\$ 3,519,327</u>	<u>\$ 3,645,000</u>	<u>\$ 3,835,000</u>	<u>\$ 315,673</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 108,212</u>	<u>\$ (47,000)</u>	<u>\$ (97,000)</u>	<u>\$ 205,212</u>
Net Change in Fund Balance	\$ 108,212	\$ (47,000)	\$ (97,000)	\$ 205,212
Fund Balance, July 1, 2004	756,106	750,000	750,000	6,106
Fund Balance, June 30, 2005	<u>\$ 864,318</u>	<u>\$ 703,000</u>	<u>\$ 653,000</u>	<u>\$ 211,318</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Bradley County, Tennessee
Schedule of Changes in Long-term Notes,
Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-05
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Heart Monitors	\$ 65,000	3 %	11-2-04	11-5-05	\$ 0	\$ 65,000	\$ 0	\$ 65,000
Baseball Facility - BCHS	500,000	2.25 to 3.7	11-18-04	11-1-14	0	500,000	0	500,000
Total Payable through General Debt Service					\$ 0	\$ 565,000	\$ 0	\$ 565,000
<u>Payable through Vocational Building Fund</u>								
Vocational Building	627,000	5	12-1-00	6-1-11	\$ 475,000	\$ 0	\$ 60,000	\$ 415,000
Total Notes Payable					\$ 475,000	\$ 565,000	\$ 60,000	\$ 980,000
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School - Series II-G-1	10,000,000	Variable	12-11-1997	6-1-20	\$ 8,270,000	\$ 0	\$ 410,000	\$ 7,860,000
School - Series III-A-2	10,000,000	Variable	3-19-1998	6-1-20	8,255,000	0	405,000	7,850,000
School - Series III-D-1	10,000,000	Variable	1-21-1999	6-1-20	8,635,000	0	380,000	8,255,000
School - Series IV-C-2	10,000,000	Variable	6-26-00	6-1-20	10,000,000	0	0	10,000,000
School - Series IV-D-2	12,000,000	5.68	6-22-00	6-1-25	12,000,000	0	0	12,000,000
School and Justice Center - Series IV-G-1	10,000,000	Variable	6-1-01	6-1-26	10,000,000	0	0	10,000,000
Justice Center and Juvenile Center - Series B-1-D	8,050,000	Variable	2-28-03	6-1-26	6,527,734	1,447,266	75,000	7,900,000
School - Series B-4-B	7,300,000	Variable	1-29-04	6-1-26	4,042,000	911,489	0	4,953,489 (2)
Total Other Loans Payable					\$ 67,729,734	\$ 2,358,755	\$ 1,270,000	\$ 68,818,489
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Patrol Cars	231,121	4.15	9-5-02	9-6-04	\$ 76,998	\$ 0	\$ 76,998	\$ 0
Patrol Cars	218,360	3.17	8-8-03	8-8-05	143,112	0	70,406	72,706
Patrol Cars	215,659	2.69	11-12-04	12-10-06	0	215,659	73,508	142,151
Mower	26,500	3.07	11-7-03	11-7-04	7,500	0	7,500	0
Total Capital Leases					\$ 227,610	\$ 215,659	\$ 228,412	\$ 214,857
GENERAL BONDED DEBT								
<u>Payable through General Debt Service Fund</u>								
Refunding Bond, Series 1999 - Hospital	11,980,000	4.7 to 5.5	2-1-1999	3-1-13	\$ 9,405,000	\$ 0	\$ 880,000	\$ 8,525,000 (1)
Refunding Bond, Series 1999	3,065,000	4.5 to 5.125	2-1-1999	5-1-09	2,045,000	0	370,000	1,675,000
Refunding Bond, Series 2002 - Hospital	3,925,000	3 to 4.75	3-1-03	3-1-10	3,030,000	0	460,000	2,570,000 (1)
Total General Bonded Debt					\$ 14,480,000	\$ 0	\$ 1,710,000	\$ 12,770,000

(1) These amounts are a direct liability of the Bradley County Memorial Hospital.

(2) There is an additional \$2,346,511 available as of June 30, 2005, to be used for the City of Cleveland School Projects.

Exhibit K-2

Bradley County, Tennessee
Schedule of Bond and Interest Requirements by Year

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 1,780,000	\$ 556,074	\$ 2,336,074
2007	1,855,000	482,861	2,337,861
2008	1,935,000	401,674	2,336,674
2009	2,025,000	317,005	2,342,005
2010	1,630,000	227,142	1,857,142
2011	1,125,000	157,868	1,282,868
2012	1,180,000	108,930	1,288,930
2013	1,240,000	56,420	1,296,420
	<u>\$ 12,770,000</u>	<u>\$ 2,307,974</u>	<u>\$ 15,077,974</u>

Exhibit K-3

Bradley County, Tennessee
Schedule of Notes Receivable - All Funds
June 30, 2005

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-05
<u>HUD Grant Projects Fund</u>						
H.O.U.S.E. Down Payment Assistance	Hugh Wilson	\$ 4,000	12-2-1992	12-2-22	0 %	\$ 3,311
H.O.U.S.E. Down Payment Assistance	Paula Payne	5,000	5-5-1993	5-5-23	0	3,028
H.O.U.S.E. Down Payment Assistance	Timmie Varner	3,500	10-5-1993	10-5-23	0	2,168
H.O.U.S.E. Down Payment Assistance	Rebecca Young	2,200	4-27-1994	4-27-24	0	1,626
H.O.U.S.E. Down Payment Assistance	Beryl Paul Jr.	3,600	5-25-1994	5-25-24	0	2,540
H.O.U.S.E. Down Payment Assistance	Donna Yarber	1,800	10-4-1994	10-4-24	0	1,175
H.O.U.S.E. Down Payment Assistance	Robin Sharp	14,700	10-24-1994	10-24-24	0	11,638
H.O.U.S.E. Down Payment Assistance	Patricia Kendrick	2,300	1-17-1995	1-17-25	0	1,770
H.O.U.S.E. Down Payment Assistance	Angela Thornton	1,300	3-2-1995	3-2-25	0	866
H.O.U.S.E. Down Payment Assistance	Kim Swinford	5,000	5-12-1995	5-12-25	0	3,583
H.O.U.S.E. Down Payment Assistance	Yolanda Thomas	2,100	5-22-1995	5-22-25	0	1,825
<u>General Debt Service Fund</u>						
Refunding Bond, Series 1999 - Repayment	Bradley County Memorial Hospital	11,980,000	2-1-1999	3-1-13	4.7 to 5.5	8,525,000
Refunding Bond, Series 2002 - Repayment	Bradley County Memorial Hospital	3,925,000	3-1-02	3-1-10	3 to 4.75	<u>2,570,000</u>
Total						<u>\$ 11,128,530</u>

Exhibit K-4

Bradley County, Tennessee
Schedule of Transfers - All Funds
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
General	Other Capital Projects	Capital project expenditures (Greenway Project)	\$ 10,000
General	General Debt Service	Debt retirement	153,750
Special Purpose - Fire Tax	General Debt Service	Debt retirement	169,918
Justice Center Projects	Juvenile Center Projects	Operations	<u>100,042</u>
Total Transfers			<u>\$ 433,710</u>

Exhibit K-5

Bradley County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period (5)	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u> and County Commission	\$ 75,476 (1) \$	50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u> and County Commission	68,968	100,000	"
Director of Schools	State Board of Education and Bradley County Board of Education	95,441 (2)	(4)	
Trustee	Section 8-24-102, <u>TCA</u> and County Commission	62,698	1,640,500	"
Assessor of Property	Section 8-24-102, <u>TCA</u> and County Commission	62,698	10,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, <u>TCA</u> and County Commission	62,698	50,000	The Cincinnati Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u> and County Commission	62,698	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> and County Commission	62,698	50,000	"
Register	Section 8-24-102, <u>TCA</u> and County Commission	62,698	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> and County Commission	69,486 (3)	25,000	"
Other Bonds:				
	Public Employee Dishonesty		150,000	Tennessee School Boards Risk Management Trust
	School Employee Dishonesty		150,000	"

- (1) Includes compensation as county purchasing agent of \$3,000.
- (2) Includes chief executive officer training supplement of \$1,000.
- (3) Includes law enforcement training supplement of \$518.
- (4) The director of schools is covered under the school employee dishonesty bond.
- (5) All of the salaries reflected in this schedule, with the exception of the director of schools, include a two percent salary increase approved by the County Commission on September 7, 2004.

Exhibit K-6

Bradley County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2005

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 7,481,652	\$ 0	\$ 381,940	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	334,640	0	17,078	0	0	0
Circuit/Clerk & Master Collections - Prior Years	147,676	0	7,373	0	0	0
Interest and Penalty	51,704	0	2,639	0	0	0
Payments in Lieu of Taxes - T.V.A.	7,243	0	370	0	0	0
Payments in Lieu of Taxes - Local Utilities	2,809	0	143	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,464,100	0	0	0	0	0
Hotel/Motel Tax	404,183	0	0	0	0	0
Local Amusement Tax	475	0	0	0	0	0
Litigation Tax - General	316,690	0	0	0	0	0
Litigation Tax - Special Purpose	65,823	436	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	59,002	0	0	0	0	0
Business Tax	848,165	0	0	0	0	0
Other County Local Option Taxes	23	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	49,703	0	2,537	0	0	0
Wholesale Beer Tax	263,886	0	0	0	0	0
Interstate Telecommunications Tax	8,220	0	0	0	0	0
Total Local Taxes	<u>\$ 13,505,994</u>	<u>\$ 436</u>	<u>\$ 412,080</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 52,823	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>						
Beer Permits	3,000	0	0	0	0	0
Building Permits	207,976	0	0	0	0	0
Electrical Permits	4,616	0	0	0	0	0
Total Licenses and Permits	<u>\$ 268,415</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 21,273	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	12,679	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	28,053
Data Entry Fee - Circuit Court	16,952	0	0	0	0	0
<u>Criminal Court</u>						
Fines	119,018	1,231	0	0	0	0
Officers Costs	67,653	0	0	0	0	0
Drug Control Fines	29,701	0	0	0	0	32,592
Jail Fees	72,849	0	0	0	0	0
DUI Treatment Fines	24,344	0	0	0	0	0
Data Entry Fee - Criminal Court	5,898	0	0	0	0	0
<u>General Sessions Court</u>						
Officers Costs	11,781	0	0	0	0	0
Data Entry Fee - General Sessions Court	29,165	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,757	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	533	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	24,325	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	4,908	345,588
Total Fines, Forfeitures and Penalties	\$ 437,928	\$ 1,231	\$ 0	\$ 0	\$ 4,908	\$ 406,233
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	63,129	\$ 0	0
Water Treatment Charges	6,275	0	0	0	0	0
Patient Charges	2,700,919	0	0	0	0	0
Zoning Studies	1,510	0	0	0	0	0
Work Release Charges for Board	5,599	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Subdivision Lot Fees	\$ 2,085	\$ 0	\$ 0	\$ 0	\$ 0	0
Engineer Review Fees	4,772	0	0	0	0	0
Copy Fees	14,005	0	0	0	0	0
Library Fees	0	2,641	0	0	0	0
Telephone Commissions	45,372	0	0	0	0	0
Vending Machine Collections	716	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Data Processing Fee - Register	46,934	0	0	0	0	0
Probation Fees	223,691	0	0	0	0	0
Data Processing Fee - Sheriff	1,628	0	0	0	0	0
Sexual Offender Registration Fee	1,560	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	22,518	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	16,096	0	0	0	0	0
Total Charges for Current Services	\$ 3,093,680	\$ 2,641	\$ 0	\$ 63,129	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 330,887	\$ 0	\$ 15,847	\$ 0	\$ 0	0
Lease/Rentals	20,930	0	0	0	0	2,670
Sale of Materials and Supplies	6,548	0	0	0	0	0
Commissary Sales	68,403	0	0	0	0	0
Sale of Maps	5,520	0	0	0	0	0
Miscellaneous Refunds	14,300	0	0	0	170	359
<u>Nonrecurring Items</u>						
Insurance Recovery	0	0	0	0	0	0
Sale of Equipment	79,782	0	0	0	5,742	3,825
Sale of Property	50,000	0	0	0	0	0
Damages Recovered from Individuals	240	0	0	0	0	0
Contributions & Gifts	19,423	0	0	0	0	10,000

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 6,845	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 602,878	\$ 0	\$ 15,847	\$ 0	\$ 5,912	\$ 16,854
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 177,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	37,145	0	0	0	0	0
General Sessions Court Clerk	13,212	0	0	0	0	0
Clerk and Master	4,738	0	0	0	0	0
Register	350,547	0	0	0	0	0
Trustee	831,083	0	0	0	0	0
<u>Fees In Lieu of Salary</u>						
Circuit Court Clerk	292,780	0	0	0	0	0
Criminal Court Clerk	396,032	0	0	0	0	0
General Sessions Court Clerk	230,791	0	0	0	0	0
Sheriff	22,355	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,356,183	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 424,641	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	793	0	0	0	0	0
Solid Waste Grants	0	0	0	69,873	0	0
Other General Government Grants	0	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	767,087	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	0	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	887	0	815	0	0	0
Beer Tax	16,778	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose	Drug Control
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 31,402	\$ 0	\$ 0	\$ 0	\$ 0	0
Mixed Drink Tax	12,571	0	0	0	0	0
State Revenue Sharing - T.V.A.	151,412	0	7,729	0	0	0
Contracted Prisoner Boarding	665,729	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Reappraisal Program Reimbursement	45,156	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	347,818	0	0	0	0	0
Total State of Tennessee	\$ 2,480,654	\$ 0	\$ 8,544	\$ 69,873	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 37,153	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	229,348	0	0	0	0	0
Law Enforcement Grants	202,154	0	0	0	0	0
Other Federal through State	5,581	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	414,180	0	0	0	0	0
Total Federal Government	\$ 888,416	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 1,543,041	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	0	0	0	0	0	0
Contracted Services	211,512	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	1,000	0	0	0	0	0
<u>Other</u>						
Other	104,160	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,859,713	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 25,493,861	\$ 4,308	\$ 436,471	\$ 133,002	\$ 10,820	\$ 423,087

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	Agri-Business	Special Purpose Fire Tax	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 411,646	\$ 0	\$ 1,930,311	\$ 0	\$ 5,772,394
Trustee's Collections - Prior Year	0	19,035	0	86,221	0	255,847
Circuit/Clerk & Master Collections - Prior Years	0	33,870	0	37,267	0	103,354
Interest and Penalty	0	3,127	0	13,337	0	39,471
Payments in Lieu of Taxes - T.V.A.	0	1,698	0	1,869	0	5,540
Payments in Lieu of Taxes - Local Utilities	0	963	0	725	0	2,149
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Hotel/Motel Tax	146,336	0	0	0	0	0
Local Amusement Tax	0	0	0	0	0	0
Litigation Tax - General	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	0	0	0	0	0	0
Other County Local Option Taxes	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	12,825	0	38,015
Wholesale Beer Tax	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 146,336	\$ 470,339	\$ 0	\$ 2,082,555	\$ 0	\$ 6,216,770
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Permits</u>						
Beer Permits	0	0	0	0	0	0
Building Permits	0	0	0	0	0	0
Electrical Permits	0	0	0	0	0	0
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	Agri-Business	Special Purpose Fire Tax	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0	0
<u>Criminal Court</u>						
Fines	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0
Data Entry Fee - Criminal Court	0	0	0	0	0	0
<u>General Sessions Court</u>						
Officers Costs	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	0
<u>Other Courts - In-county</u>						
Drug Court Fees	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	0
Total Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Water Treatment Charges	0	0	0	0	0	0
Patient Charges	0	0	0	0	0	0
Zoning Studies	0	0	0	0	0	0
Work Release Charges for Board	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	Agri-Business	Special Purpose Fire Tax	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Subdivision Lot Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Engineer Review Fees	0	0	0	0	0	0
Copy Fees	0	0	0	0	0	0
Library Fees	0	0	0	0	0	0
Telephone Commissions	0	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	1,422,956	0	0	0
Data Processing Fee - Register	0	0	0	0	0	0
Probation Fees	0	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0	0
Sexual Offender Registration Fee	0	0	0	0	0	0
<u>Education Charges</u>						
Community Service Fees - Adults	0	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	0
Total Charges for Current Services	\$ 0	\$ 0	\$ 1,422,956	\$ 0	\$ 0	0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 74,008	\$ 0	\$ 83,149	\$ 0	262,311
Lease/Rentals	0	0	0	0	77,932	0
Sale of Materials and Supplies	0	0	0	1,026	0	0
Commissary Sales	0	0	0	0	0	0
Sale of Maps	0	0	0	0	0	0
Miscellaneous Refunds	0	0	0	47,153	0	0
<u>Nonrecurring Items</u>						
Insurance Recovery	0	0	0	1,434	0	0
Sale of Equipment	0	0	0	0	0	0
Sale of Property	0	0	0	0	0	0
Damages Recovered from Individuals	0	500	0	0	0	0
Contributions & Gifts	2,153	250	0	0	0	13,267

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	Agri-Business	Special Purpose Fire Tax	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 18,060	\$ 0	\$ 754,460
Total Other Local Revenues	\$ 2,153	\$ 74,758	\$ 0	\$ 150,822	\$ 77,932	\$ 1,030,038
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	0	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0
Register	0	0	0	0	0	0
Trustee	0	0	0	0	0	0
<u>Fees In Lieu of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	0
Criminal Court Clerk	0	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0	0
Sheriff	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Child Restraint Program	0	0	0	0	0	0
Solid Waste Grants	0	0	0	0	0	0
Other General Government Grants	0	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	163,295	0	0
Litter Program	0	0	0	48,847	0	0
<u>Other State Revenues</u>						
Income Tax	0	0	0	4,119	0	12,209
Beer Tax	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds					Debt Service Fund
	Agri-Business	Special Purpose Fire Tax	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Mixed Drink Tax	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	0	0	0	39,069	0	116,314
Contracted Prisoner Boarding	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	2,049,406	0	0
Petroleum Special Tax	0	0	0	70,762	0	0
Reappraisal Program Reimbursement	0	0	0	0	0	0
Registrar's Salary Supplement	0	0	0	0	0	0
Other State Grants	0	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 2,375,498	\$ 0	\$ 128,523
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	0	0	0	0	0	0
Law Enforcement Grants	0	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	213,791	0	0	0	0
Total Federal Government	\$ 0	\$ 213,791	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	0	0	0	0	0	0
Contracted Services	0	0	0	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	0
<u>Other</u>						
Other	0	0	0	0	0	71,875
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71,875
Total	\$ 148,489	\$ 758,888	\$ 1,422,956	\$ 4,608,875	\$ 77,932	\$ 7,447,206

(Continued)

Exhibit K-6

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

	Capital Projects Funds					Total
	Justice Center Projects	Juvenile Center Projects	HUD Grant Projects	Waterline Projects	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,977,943
Trustee's Collections - Prior Year	0	0	0	0	0	712,821
Circuit/Clerk & Master Collections - Prior Years	0	0	0	0	0	329,540
Interest and Penalty	0	0	0	0	0	110,278
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	16,720
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	0	6,789
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	3,464,100
Hotel/Motel Tax	0	0	0	0	0	550,519
Local Amusement Tax	0	0	0	0	0	475
Litigation Tax - General	0	0	0	0	0	316,690
Litigation Tax - Special Purpose	0	0	0	0	0	66,259
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	59,002
Business Tax	0	0	0	0	0	848,165
Other County Local Option Taxes	0	0	0	0	0	23
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	0	0	0	103,080
Wholesale Beer Tax	0	0	0	0	0	263,886
Interstate Telecommunications Tax	0	0	0	0	0	8,220
Total Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,834,510
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 52,823
<u>Permits</u>						
Beer Permits	0	0	0	0	0	3,000
Building Permits	0	0	0	0	0	207,976
Electrical Permits	0	0	0	0	0	4,616
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 268,415

(Continued)

Exhibit K-6

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

	Capital Projects Funds					Total
	Justice Center Projects	Juvenile Center Projects	HUD Grant Projects	Waterline Projects	Other Capital Projects	
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,273
Officers Costs	0	0	0	0	0	12,679
Drug Control Fines	0	0	0	0	0	28,053
Data Entry Fee - Circuit Court	0	0	0	0	0	16,952
<u>Criminal Court</u>						
Fines	0	0	0	0	0	120,249
Officers Costs	0	0	0	0	0	67,653
Drug Control Fines	0	0	0	0	0	62,293
Jail Fees	0	0	0	0	0	72,849
DUI Treatment Fines	0	0	0	0	0	24,344
Data Entry Fee - Criminal Court	0	0	0	0	0	5,898
<u>General Sessions Court</u>						
Officers Costs	0	0	0	0	0	11,781
Data Entry Fee - General Sessions Court	0	0	0	0	0	29,165
<u>Juvenile Court</u>						
Fines	0	0	0	0	0	1,757
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	533
<u>Other Courts - In-county</u>						
Drug Court Fees	0	0	0	0	0	24,325
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	350,496
Total Fines, Forfeitures and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	850,300
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	63,129
Water Treatment Charges	0	0	0	0	0	6,275
Patient Charges	0	0	0	0	0	2,700,919
Zoning Studies	0	0	0	0	0	1,510
Work Release Charges for Board	0	0	0	0	0	5,599

(Continued)

Exhibit K-6

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

	Capital Projects Funds					Total
	Justice Center Projects	Juvenile Center Projects	HUD Grant Projects	Waterline Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees</u>						
Subdivision Lot Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,085
Engineer Review Fees	0	0	0	0	0	4,772
Copy Fees	0	0	0	0	0	14,005
Library Fees	0	0	0	0	0	2,641
Telephone Commissions	0	0	0	0	0	45,372
Vending Machine Collections	0	0	0	0	0	716
Constitutional Officers' Fees and Commissions	0	0	0	0	0	1,422,956
Data Processing Fee - Register	0	0	0	0	0	46,934
Probation Fees	0	0	0	0	0	223,691
Data Processing Fee - Sheriff	0	0	0	0	0	1,628
Sexual Offender Registration Fee	0	0	0	0	0	1,560
<u>Education Charges</u>						
Community Service Fees - Adults	0	0	0	0	0	22,518
<u>Other Charges for Services</u>						
Other Charges for Services	0	0	0	0	0	16,096
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,582,406
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	4,194	\$ 0	\$ 0	770,396
Lease/Rentals	0	0	0	0	0	101,532
Sale of Materials and Supplies	0	0	0	0	0	7,574
Commissary Sales	0	0	0	0	0	68,403
Sale of Maps	0	0	0	0	0	5,520
Miscellaneous Refunds	7,423	1,246	0	0	0	70,651
<u>Nonrecurring Items</u>						
Insurance Recovery	0	0	0	0	0	1,434
Sale of Equipment	0	0	0	0	0	89,349
Sale of Property	0	0	0	0	0	50,000
Damages Recovered from Individuals	0	0	0	0	0	740
Contributions & Gifts	0	0	0	0	0	45,093

(Continued)

Exhibit K-6

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

	Capital Projects Funds					Total
	Justice Center Projects	Juvenile Center Projects	HUD Grant Projects	Waterline Projects	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	779,365
Total Other Local Revenues	\$ 7,423	\$ 1,246	\$ 4,194	\$ 0	\$ 0	1,990,057
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	177,500
Circuit Court Clerk	0	0	0	0	0	37,145
General Sessions Court Clerk	0	0	0	0	0	13,212
Clerk and Master	0	0	0	0	0	4,738
Register	0	0	0	0	0	350,547
Trustee	0	0	0	0	0	831,083
<u>Fees In Lieu of Salary</u>						
Circuit Court Clerk	0	0	0	0	0	292,780
Criminal Court Clerk	0	0	0	0	0	396,032
General Sessions Court Clerk	0	0	0	0	0	230,791
Sheriff	0	0	0	0	0	22,355
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	2,356,183
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	424,641
Child Restraint Program	0	0	0	0	0	793
Solid Waste Grants	0	0	0	0	0	69,873
Other General Government Grants	0	0	114,057	0	0	114,057
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	767,087
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	163,295
Litter Program	0	0	0	0	0	48,847
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	18,030
Beer Tax	0	0	0	0	0	16,778

(Continued)

Exhibit K-6

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

	Capital Projects Funds					Total
	Justice Center Projects	Juvenile Center Projects	HUD Grant Projects	Waterline Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	31,402
Mixed Drink Tax	0	0	0	0	0	12,571
State Revenue Sharing - T.V.A.	0	0	0	0	0	314,524
Contracted Prisoner Boarding	0	0	0	0	0	665,729
Gasoline and Motor Fuel Tax	0	0	0	0	0	2,049,406
Petroleum Special Tax	0	0	0	0	0	70,762
Reappraisal Program Reimbursement	0	0	0	0	0	45,156
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	251,605	0	599,423
Total State of Tennessee	\$ 0	\$ 0	\$ 114,057	\$ 251,605	\$ 0	\$ 5,428,754
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	37,153
Homeland Security Grants	0	0	0	0	0	229,348
Law Enforcement Grants	0	0	0	0	0	202,154
Other Federal through State	0	0	0	0	0	5,581
<u>Direct Federal Revenue</u>						
Other Direct Federal Revenue	0	0	0	0	0	627,971
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,102,207
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,543,041
Contributions	0	0	0	0	200	200
Contracted Services	0	0	0	0	0	211,512
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	1,000
<u>Other</u>						
Other	0	0	0	0	0	176,035
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 200	\$ 1,931,788
Total	\$ 7,423	\$ 1,246	\$ 118,251	\$ 251,605	\$ 200	\$ 41,344,620

Exhibit K-7

Bradley County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Bradley County School Department
For the Year Ended June 30, 2005

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 9,337,742	\$ 0	\$ 0	\$ 0	\$ 9,337,742
Trustee's Collections - Prior Year	419,025	0	0	0	419,025
Circuit/Clerk & Master Collections - Prior Years	184,314	0	0	0	184,314
Interest and Penalty	64,810	0	0	0	64,810
Payments in Lieu of Taxes - T.V.A.	13,461	0	0	0	13,461
Payments in Lieu of Taxes - Local Utilities	3,519	0	0	0	3,519
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,194,986	0	0	0	7,194,986
<u>Statutory Local Taxes</u>					
Bank Excise Tax	62,258	0	0	0	62,258
Interstate Telecommunications Tax	9,462	0	0	0	9,462
Total Local Taxes	\$ 17,289,577	\$ 0	\$ 0	\$ 0	\$ 17,289,577
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,769	\$ 0	\$ 0	\$ 0	\$ 5,769
Total Licenses and Permits	\$ 5,769	\$ 0	\$ 0	\$ 0	\$ 5,769
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 1,087,503	\$ 0	\$ 1,087,503
Lunch Payments - Adults	0	0	109,750	0	109,750
Income from Breakfast	0	0	111,175	0	111,175
A la carte Sales	0	0	583,701	0	583,701
TBI Criminal Background Fee	11,649	0	0	0	11,649
<u>Other Charges for Services</u>					
Other Charges for Services	9,461	0	23,059	0	32,520
Total Charges for Current Services	\$ 21,110	\$ 0	\$ 1,915,188	\$ 0	\$ 1,936,298
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 405,131	\$ 0	\$ 9,210	\$ 0	\$ 414,341
Miscellaneous Refunds	42,772	0	5,141	4,100	52,013
<u>Nonrecurring Items</u>					
Insurance Recovery	100,806	0	0	0	100,806
Sale of Equipment	405	0	0	0	405
Contributions & Gifts	51,442	0	0	0	51,442
<u>Other Local Revenues</u>					
Other Local Revenues	1,281	0	0	0	1,281
Total Other Local Revenues	\$ 601,837	\$ 0	\$ 14,351	\$ 4,100	\$ 620,288
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 26,896,043	\$ 0	\$ 0	\$ 0	\$ 26,896,043
School Food Service	48,660	0	0	0	48,660
Driver Education	24,230	0	0	0	24,230
Other State Education Funds	389,317	0	0	0	389,317
Career Ladder Program	518,043	0	0	0	518,043
Career Ladder - Extended Contract	\$ 244,948	\$ 0	\$ 0	\$ 0	\$ 244,948
<u>Other State Revenues</u>					
Income Tax	918	0	0	0	918
State Revenue Sharing - T.V.A.	280,896	0	0	0	280,896
Total State of Tennessee	\$ 28,403,055	\$ 0	\$ 0	\$ 0	\$ 28,403,055

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,303,234	\$ 0	\$ 1,303,234
Breakfast	0	0	394,766	0	394,766
Adult Education State Grant Program	151,853	0	0	0	151,853
Vocational Education - Basic Grants to States	0	145,476	0	0	145,476
Title I Grants to Local Education Agencies	0	1,141,287	0	0	1,141,287
Innovative Education Program Strategies	0	40,859	0	0	40,859
Special Education - Grants to States	76,772	1,763,036	0	0	1,839,808
Special Education Preschool Grants	0	76,998	0	0	76,998
Eisenhower Professional Development State Grants	0	435,080	0	0	435,080
Other Federal through State	791,579	40,814	0	0	832,393
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	55,955	0	0	0	55,955
Total Federal Government	\$ 1,076,159	\$ 3,643,550	\$ 1,698,000	\$ 0	\$ 6,417,709
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 1,411,489	\$ 1,411,489
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 1,411,489	\$ 1,411,489
Total	\$ 47,397,507	\$ 3,643,550	\$ 3,627,539	\$ 1,415,589	\$ 56,084,185

Exhibit K-8

Bradley County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	129,120	
Social Security		8,952	
State Retirement		12,610	
Life Insurance		307	
Medical Insurance		28,137	
Audit Services		26,532	
Dues and Memberships		1,750	
Legal Services		16,026	
Other Charges		32,473	
Building Improvements		49,426	
Other Capital Outlay		100,000	
Total County Commission			\$ 405,333

Board of Equalization

Board and Committee Members Fees	\$	1,260	
Total Board of Equalization			1,260

Beer Board

Board and Committee Members Fees	\$	2,170	
Total Beer Board			2,170

Other Boards and Committees

Clerical Personnel	\$	17,989	
Social Security		1,329	
State Retirement		2,151	
Life Insurance		24	
Medical Insurance		4,777	
Communication		59	
Other Contracted Services		400	
Office Supplies		791	
Office Equipment		1,000	
Total Other Boards and Committees			28,520

County Mayor

County Official/Administrative Officer	\$	75,476	
Assistant(s)		48,819	
Clerical Personnel		41,477	
Social Security		11,974	
State Retirement		19,644	
Life Insurance		98	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor (Cont.)

Medical Insurance	\$	19,451	
Advertising		1,472	
Communication		1,868	
Dues and Memberships		1,636	
Maintenance & Repair Services- Office Equipment		1,113	
Travel		857	
Tuition		75	
Office Supplies		10,884	
Periodicals		225	
Vehicle and Equipment Insurance		678	
Other Charges		294	
Office Equipment		191	
Total County Mayor			\$ 236,232

Personnel Office

Supervisor/Director	\$	15,534	
Accountants/Bookkeepers		23,656	
Social Security		2,924	
State Retirement		4,687	
Life Insurance		28	
Medical Insurance		5,761	
Unemployment Compensation		22,539	
Advertising		1,675	
Dues and Memberships		168	
Maintenance & Repair Services- Office Equipment		2,100	
Travel		500	
Tuition		200	
Office Supplies		3,300	
Periodicals		805	
Workers' Compensation Insurance		208,744	
Other Charges		6,939	
Office Equipment		1,400	
Total Personnel Office			300,960

Election Commission

County Official/Administrative Officer	\$	56,429	
Deputy(ies)		30,570	
Clerical Personnel		41,246	
Overtime Pay		2,757	
Board and Committee Members Fees		310	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Election Commission	\$	13,886	
Election Workers		84,819	
Social Security		10,623	
State Retirement		13,789	
Life Insurance		72	
Medical Insurance		14,332	
Accounting Services		6,380	
Advertising		3,427	
Communication		1,563	
Maintenance & Repair Services- Equipment		5,312	
Printing, Stationery and Forms		10,884	
Travel		4,590	
Tuition		490	
Office Supplies		4,352	
Other Charges		3,239	
Data Processing Equipment		381	
Furniture and Fixtures		209	
Office Equipment		4,993	
Total Election Commission			\$ 314,653

Register of Deeds

Life Insurance	\$	168	
Medical Insurance		33,509	
Communication		540	
Data Processing Services		15,315	
Maintenance & Repair Services- Equipment		1,457	
Travel		1,518	
Office Supplies		9,075	
Office Equipment		2,125	
Total Register of Deeds			63,707

Development

Supervisor/Director	\$	51,702	
Social Security		3,955	
State Retirement		6,184	
Life Insurance		24	
Medical Insurance		4,759	
Communication		1,668	
Data Processing Services		21,151	
Dues and Memberships		255	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Maintenance & Repair Services- Equipment	\$	450	
Travel		1,726	
Tuition		3,700	
Other Supplies and Materials		917	
Data Processing Equipment		1,069	
Other Equipment		27,812	
Total Development			\$ 125,372

Engineering

Assistant(s)	\$	117,394	
Supervisor/Director		50,920	
Clerical Personnel		22,835	
Social Security		13,850	
State Retirement		18,931	
Life Insurance		120	
Medical Insurance		19,091	
Communication		1,080	
Dues and Memberships		650	
Legal Services		5,648	
Legal Notices, Recording and Court Costs		1,653	
Maintenance & Repair Services- Vehicles		698	
Travel		1,250	
Tuition		2,999	
Other Contracted Services		11,221	
Gasoline		1,955	
Office Supplies		3,400	
Periodicals		497	
Vehicle and Equipment Insurance		1,357	
Other Charges		662	
Data Processing Equipment		1,994	
Office Equipment		2,222	
Other Equipment		497	
Total Engineering			280,924

County Buildings

Custodial Personnel	\$	40,576	
Social Security		3,104	
State Retirement		4,853	
Life Insurance		24	
Medical Insurance		4,777	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Communication	\$	42,013	
Maintenance & Repair Services- Office Equipment		519	
Postal Charges		106,072	
Travel		85	
Other Contracted Services		26,700	
Custodial Supplies		13,481	
Drugs and Medical Supplies		1,663	
Office Supplies		78	
Utilities		90,236	
Other Supplies and Materials		15,164	
Other Charges		982	
Building Improvements		37,711	
Office Equipment		10,000	
Total County Buildings			\$ 398,038

Finance

Accounting and Budgeting

Accountants/Bookkeepers	\$	49,870	
Social Security		4,000	
State Retirement		6,353	
Life Insurance		28	
Medical Insurance		5,591	
Accounting Services		5,685	
Dues and Memberships		985	
Maintenance & Repair Services- Office Equipment		2,397	
Tuition		410	
Office Supplies		3,308	
Total Accounting and Budgeting			78,627

Property Assessor's Office

County Official/Administrative Officer	\$	62,698	
Paraprofessionals		180,699	
Clerical Personnel		90,342	
Overtime Pay		1,287	
Social Security		24,972	
State Retirement		36,696	
Life Insurance		256	
Medical Insurance		46,733	
Communication		1,035	
Dues and Memberships		2,140	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Maintenance & Repair Services- Vehicles	\$	386	
Travel		1,451	
Tuition		390	
Other Contracted Services		110,485	
Gasoline		2,663	
Office Supplies		10,450	
Vehicle and Equipment Insurance		3,072	
Office Equipment		8,743	
Total Property Assessor's Office			\$ 584,498

Reappraisal Program

Paraprofessionals	\$	23,929	
Clerical Personnel		23,929	
Temporary Personnel		27,543	
Social Security		5,241	
State Retirement		5,724	
Life Insurance		48	
Medical Insurance		9,554	
Data Processing Services		20,063	
Maintenance & Repair Services- Vehicles		285	
Postal Charges		12,939	
Rentals		6,371	
Other Contracted Services		30	
Office Supplies		500	
Total Reappraisal Program			136,156

County Trustee's Office

Life Insurance	\$	168	
Medical Insurance		33,509	
Communication		349	
Travel		2,559	
Tuition		597	
Other Contracted Services		19,288	
Office Supplies		7,000	
Data Processing Equipment		14,848	
Office Equipment		5,152	
Total County Trustee's Office			83,470

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Life Insurance	\$	432	
Medical Insurance		70,515	
Communication		912	
Dues and Memberships		760	
Travel		3,000	
Office Supplies		34,641	
Office Equipment		10,442	
Total County Clerk's Office			\$ 120,702

Data Processing

Data Processing Personnel	\$	49,999	
Social Security		3,747	
State Retirement		5,980	
Life Insurance		24	
Medical Insurance		4,777	
Communication		29,366	
Travel		597	
Data Processing Equipment		35,964	
Total Data Processing			130,454

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	62,698	
Total Circuit Court			62,698

Criminal Court

Deputy(ies)	\$	38,069	
Clerical Personnel		140,717	
Social Security		13,603	
State Retirement		20,225	
Life Insurance		213	
Medical Insurance		37,037	
Communication		216	
Contracts with Private Agencies		1,379	
Janitorial Services		4,518	
Travel		1,200	
Data Processing Supplies		4,000	
Office Supplies		15,231	
Data Processing Equipment		10,636	
Office Equipment		3,828	
Total Criminal Court			290,872

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

Assistant(s)	\$	21,659	
Deputy(ies)		128,524	
Clerical Personnel		220,188	
Social Security		32,776	
State Retirement		52,098	
Life Insurance		271	
Medical Insurance		90,534	
Communication		1,816	
Dues and Memberships		170	
Data Processing Supplies		10,000	
Office Supplies		17,075	
Data Processing Equipment		600	
Office Equipment		4,157	
Total General Sessions Court			\$ 579,868

General Sessions Judge

Judge(s)	\$	224,405	
Guards		41,989	
Clerical Personnel		41,135	
Part-time Personnel		5,410	
Social Security		20,301	
State Retirement		34,791	
Life Insurance		129	
Medical Insurance		25,647	
Communication		600	
Dues and Memberships		300	
Travel		1,475	
Tuition		1,225	
Office Supplies		574	
Periodicals		590	
Data Processing Equipment		480	
Furniture and Fixtures		500	
Total General Sessions Judge			399,551

Drug Court

Supervisor/Director	\$	2,085	
Communication		680	
Consultants		4,000	
Postal Charges		246	
Printing, Stationery and Forms		36	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Rentals	\$	7,350	
Travel		9,044	
Tuition		3,450	
Other Contracted Services		45,567	
Office Supplies		2,900	
Utilities		1,688	
Data Processing Equipment		9,042	
Furniture and Fixtures		3,323	
Total Drug Court			\$ 89,411

Chancery Court

Jury and Witness Fees	\$	2,175	
Life Insurance		112	
Medical Insurance		21,826	
Communication		894	
Dues and Memberships		545	
Maintenance & Repair Services- Office Equipment		7,948	
Travel		1,540	
Tuition		365	
Office Supplies		5,570	
Total Chancery Court			40,975

Juvenile Court

County Official/Administrative Officer	\$	42,371	
Probation Officer(s)		195,643	
Clerical Personnel		27,991	
Social Security		20,072	
State Retirement		30,327	
Life Insurance		206	
Medical Insurance		31,728	
Communication		2,500	
Maintenance & Repair Services- Equipment		554	
Maintenance & Repair Services- Vehicles		790	
Medical and Dental Services		113	
Travel		1,632	
Tuition		2,450	
Gasoline		500	
Office Supplies		1,215	
Vehicle and Equipment Insurance		3,392	
Other Charges		500	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Data Processing Equipment	\$	2,321	
Office Equipment		<u>1,000</u>	
Total Juvenile Court			\$ 365,305

Judicial Commissioners

Jury and Witness Fees	\$	32,224	
Office Supplies		2,037	
Other Charges		<u>906</u>	
Total Judicial Commissioners			35,167

Other Administration of Justice

Assistant(s)	\$	23,000	
Supervisor/Director		27,000	
Clerical Personnel		11,998	
Social Security		4,722	
State Retirement		7,415	
Life Insurance		62	
Medical Insurance		12,224	
Communication		450	
Maintenance & Repair Services- Vehicles		1,436	
Office Supplies		96	
Other Supplies and Materials		1,019	
Liability Insurance		331	
Vehicle and Equipment Insurance		<u>678</u>	
Total Other Administration of Justice			90,431

Probation Services

Assistant(s)	\$	29,900	
Supervisor/Director		41,341	
Probation Officer(s)		38,349	
Clerical Personnel		6,500	
Social Security		8,826	
State Retirement		10,717	
Life Insurance		96	
Medical Insurance		19,261	
Communication		47	
Contracts with Government Agencies		18,760	
Contributions		25,000	
Rentals		2,400	
Travel		428	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Tuition	\$	121	
Other Contracted Services		11,300	
Office Supplies		2,319	
Other Supplies and Materials		13,811	
Other Charges		976	
Total Probation Services			\$ 230,152

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	69,486
Deputy(ies)		2,956,251
Clerical Personnel		126,902
Custodial Personnel		18,646
Part-time Personnel		4,199
Overtime Pay		37,600
Other Salaries & Wages		959
Social Security		246,453
State Retirement		367,749
Life Insurance		2,177
Medical Insurance		426,410
Communication		51,463
Contracts with Vehicle Owners		4,915
Dues and Memberships		1,810
Maintenance & Repair Services- Equipment		12
Maintenance & Repair Services- Vehicles		94,551
Tow-in Services		2,327
Travel		8,925
Tuition		10,987
Other Contracted Services		19,497
Gasoline		229,063
Law Enforcement Supplies		11,207
Office Supplies		11,798
Uniforms		28,998
Other Supplies and Materials		10,796
Liability Insurance		47,065
Vehicle and Equipment Insurance		42,731
Other Charges		6,595
Principal on Capitalized Leases		213,911
Interest on Capitalized Leases		8,230
Data Processing Equipment		20,366

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Law Enforcement Equipment	\$	55,129	
Motor Vehicles		215,659	
Total Sheriff's Department			\$ 5,352,867

Special Patrols

Deputy(ies)	\$	136,665	
Overtime Pay		13,124	
Social Security		12,084	
State Retirement		18,872	
Life Insurance		118	
Medical Insurance		23,413	
Communication		246	
Uniforms		3,295	
Total Special Patrols			207,817

Traffic Control

Maintenance & Repair Services- Equipment	\$	22,850	
Utilities		4,301	
Total Traffic Control			27,151

Jail

Deputy(ies)	\$	2,255,384	
Accountants/Bookkeepers		34,011	
Mechanic(s)		56,751	
Clerical Personnel		144,304	
Custodial Personnel		751	
Maintenance Personnel		30,648	
Other Salaries & Wages		35,092	
Social Security		192,322	
State Retirement		255,692	
Life Insurance		2,101	
Medical Insurance		404,317	
Communication		9,089	
Maintenance & Repair Services- Equipment		10,772	
Maintenance & Repair Services- Vehicles		2,400	
Medical and Dental Services		356,905	
Transportation - Other than Students		10,918	
Travel		4,122	
Tuition		1,600	
Other Contracted Services		23,967	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Custodial Supplies	\$	41,999	
Food Supplies		379,343	
Office Supplies		19,783	
Prisoners Clothing		9,668	
Uniforms		14,758	
Utilities		283,422	
Other Supplies and Materials		40,374	
Principal on Capitalized Leases		7,001	
Interest on Capitalized Leases		290	
Data Processing Equipment		6,712	
Law Enforcement Equipment		14,896	
Other Capital Outlay		3,500	
Total Jail			\$ 4,652,892

Correctional Incentive Program Improvements

Supervisor/Director	\$	31,836
Guards		228,009
Part-time Personnel		49,792
Overtime Pay		18,407
Social Security		24,714
State Retirement		23,359
Life Insurance		260
Medical Insurance		47,727
Communication		1,210
Maintenance & Repair Services- Buildings		1,436
Maintenance & Repair Services- Equipment		1,478
Maintenance & Repair Services- Office Equipment		589
Medical and Dental Services		800
Travel		4,645
Tuition		5,877
Custodial Supplies		7,200
Food Supplies		15,847
Gasoline		1,717
Office Supplies		2,000
Prisoners Clothing		1,500
Utilities		5,898
Other Supplies and Materials		2,000
Other Charges		2,000
Data Processing Equipment		3,000
Law Enforcement Equipment		5,235

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Office Equipment	\$ 2,500	
Total Correctional Incentive Program Improvements		\$ 489,036

Juvenile Services

Assistant(s)	\$ 73,416	
Supervisor/Director	70,424	
Probation Officer(s)	23,592	
Teachers	52,999	
Clerical Personnel	82,096	
Part-time Personnel	23,830	
Other Salaries & Wages	5,420	
Social Security	16,427	
State Retirement	18,021	
Life Insurance	159	
Medical Insurance	28,658	
Communication	4,073	
Contracts with Government Agencies	19,775	
Postal Charges	111	
Rentals	18,473	
Travel	13,948	
Tuition	4,815	
Other Contracted Services	1,550	
Food Supplies	400	
Instructional Supplies and Materials	46	
Office Supplies	6,321	
Other Supplies and Materials	12,302	
Other Charges	668	
Office Equipment	11,931	
Total Juvenile Services		489,455

Work Release Program

Assistant(s)	\$ 20,836
Supervisor/Director	41,475
Probation Officer(s)	67,794
Clerical Personnel	19,055
Longevity Pay	5,000
Social Security	11,793
State Retirement	18,024
Life Insurance	143
Medical Insurance	31,293

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

Unemployment Compensation	\$	129	
Accounting Services		1,200	
Communication		4,749	
Evaluation and Testing		2,911	
Maintenance & Repair Services- Equipment		655	
Postal Charges		259	
Printing, Stationery and Forms		323	
Rentals		16,800	
Travel		12,825	
Tuition		509	
Custodial Supplies		404	
Office Supplies		3,170	
Periodicals		241	
Utilities		3,241	
Other Supplies and Materials		3,167	
Liability Insurance		2,036	
Vehicle and Equipment Insurance		678	
Other Charges		12,726	
Interest on Other Loans Payable		97	
Total Work Release Program			\$ 281,533

Civil Defense

Supervisor/Director	\$	25,961
Accountants/Bookkeepers		17,836
Paraprofessionals		28,614
Clerical Personnel		609
Social Security		5,307
State Retirement		6,125
Life Insurance		47
Medical Insurance		10,191
Audit Services		4,022
Communication		9,415
Contributions		148,450
Dues and Memberships		1,200
Janitorial Services		577
Maintenance & Repair Services- Buildings		1,600
Maintenance & Repair Services- Equipment		1,230
Maintenance & Repair Services- Office Equipment		200
Maintenance & Repair Services- Vehicles		15,488
Medical and Dental Services		550

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Postal Charges	\$	180	
Printing, Stationery and Forms		471	
Travel		2,306	
Tuition		4,710	
Maintenance and Repair Services - Records		424	
Drugs and Medical Supplies		1,325	
Gasoline		5,965	
Office Supplies		1,300	
Uniforms		2,946	
Utilities		12,144	
Building and Contents Insurance		11,116	
Other Charges		14,697	
Other Equipment		21,602	
Total Civil Defense			\$ 356,608

Rescue Squad

Other Charges	\$	11	
Total Rescue Squad			11

Disaster Relief

Data Processing Equipment	\$	17,118	
Total Disaster Relief			17,118

Other Emergency Management

Contracts with Government Agencies	\$	324,296	
Total Other Emergency Management			324,296

Inspection and Regulation

Investigator(s)	\$	17,753	
Clerical Personnel		2,622	
Social Security		1,550	
State Retirement		2,437	
Life Insurance		8	
Medical Insurance		2,261	
Dues and Memberships		340	
Travel		800	
Tuition		298	
Periodicals		311	
Building and Contents Insurance		32,372	
Liability Insurance		120,431	
Total Inspection and Regulation			181,183

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner

Medical Personnel	\$ 93,562	
Total County Coroner/Medical Examiner		\$ 93,562

Public Safety Grant Programs

Advertising	\$ 5,830	
Law Enforcement Supplies	2,166	
Law Enforcement Equipment	5,581	
Total Public Safety Grant Programs		13,577

Other Public Safety

Contributions	\$ 450,000	
Total Other Public Safety		450,000

Public Health and Welfare

Local Health Center

Paraprofessionals	\$ 61,021	
Custodial Personnel	26,937	
Social Security	6,570	
State Retirement	9,017	
Life Insurance	109	
Medical Insurance	22,260	
Communication	6,967	
Maintenance & Repair Services- Buildings	205	
Postal Charges	5,000	
Rentals	2,332	
Travel	6,052	
Tuition	796	
Custodial Supplies	2,680	
Drugs and Medical Supplies	6,289	
Office Supplies	6,941	
Utilities	22,000	
Other Supplies and Materials	1,400	
Other Charges	150,490	
Building Improvements	2,440	
Total Local Health Center		339,506

Rabies and Animal Control

Contracts with Government Agencies	\$ 227,168	
Total Rabies and Animal Control		227,168

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Supervisor/Director	\$	52,484	
Accountants/Bookkeepers		88,492	
Paraprofessionals		1,606,340	
Part-time Personnel		186,119	
Overtime Pay		65,050	
Social Security		150,412	
State Retirement		207,100	
Life Insurance		1,198	
Medical Insurance		225,401	
Communication		17,284	
Dues and Memberships		425	
Laundry Service		10,271	
Licenses		1,250	
Maintenance & Repair Services- Buildings		5,161	
Maintenance & Repair Services- Equipment		3,622	
Maintenance & Repair Services- Vehicles		81,599	
Medical and Dental Services		518	
Travel		1,345	
Tuition		2,877	
Custodial Supplies		3,152	
Drugs and Medical Supplies		97,735	
Gasoline		59,860	
Office Supplies		12,476	
Uniforms		11,326	
Utilities		14,935	
Other Supplies and Materials		3,889	
Vehicle and Equipment Insurance		12,220	
Data Processing Equipment		12,000	
Motor Vehicles		107,323	
Office Equipment		1,219	
Other Equipment		89,948	
Total Ambulance/Emergency Medical Services	\$		3,133,031

Other Local Health Services

Medical Personnel	\$	82,651
Paraprofessionals		256,402
Clerical Personnel		74,644
Part-time Personnel		24,208
Social Security		32,675
State Retirement		30,669

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Life Insurance	\$	369	
Medical Insurance		66,827	
Contracts with Government Agencies		14,813	
Travel		13,244	
Office Supplies		900	
Total Other Local Health Services			\$ 597,402

General Welfare Assistance

Contributions	\$	1,000	
Total General Welfare Assistance			1,000

Other Local Welfare Services

Contracts with Government Agencies	\$	68,399	
Total Other Local Welfare Services			68,399

Waste Pickup

Other Supplies and Materials	\$	357	
Total Waste Pickup			357

Recycling Center

Part-time Personnel	\$	13,230	
Social Security		1,012	
Other Supplies and Materials		3,175	
Total Recycling Center			17,417

Other Public Health and Welfare

Paraprofessionals	\$	5,558	
Social Security		425	
Postal Charges		400	
Travel		484	
Office Supplies		569	
Total Other Public Health and Welfare			7,436

Social, Cultural and Recreational Services

Adult Activities

Contracts with Government Agencies	\$	10,000	
Total Adult Activities			10,000

Senior Citizens Assistance

Contracts with Other Public Agencies	\$	2,500	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Senior Citizens Assistance (Cont.)

Contributions	\$ 81,951	
Total Senior Citizens Assistance		\$ 84,451

Other Social, Cultural and Recreational

Assistant(s)	\$ 28,590	
Supervisor/Director	42,283	
Foremen	24,997	
Clerical Personnel	7,875	
Cafeteria Personnel	4,117	
Maintenance Personnel	68,564	
Temporary Personnel	2,928	
Overtime Pay	1,522	
Other Salaries & Wages	28,942	
Social Security	15,890	
State Retirement	16,060	
Life Insurance	146	
Medical Insurance	24,238	
Communication	4,050	
Maintenance & Repair Services- Buildings	72,655	
Travel	1,657	
Food Supplies	13,956	
Gasoline	7,466	
Office Supplies	1,815	
Uniforms	1,876	
Utilities	90,064	
Other Supplies and Materials	69,445	
Vehicle and Equipment Insurance	983	
Principal on Capitalized Leases	7,500	
Interest on Capitalized Leases	550	
Other Equipment	14,887	
Other Capital Outlay	41,155	
Total Other Social, Cultural and Recreational		594,211

Agriculture & Natural Resources

Agriculture Extension Service

Clerical Personnel	\$ 17,185
Part-time Personnel	14,626
Other Salaries & Wages	139,540
Board and Committee Members Fees	280
Social Security	8,997

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Extension Service Medicare	\$	773	
State Retirement		14,928	
Life Insurance		24	
Medical Insurance		16,232	
Other Fringe Benefits		2,063	
Communication		2,282	
Maintenance & Repair Services- Buildings		1,709	
Office Supplies		414	
Utilities		4,307	
Office Equipment		973	
Total Agriculture Extension Service			\$ 224,333

Soil Conservation

Contracts with Government Agencies	\$	34,890	
Contracts with Other Public Agencies		200	
Other Charges		10,000	
Total Soil Conservation			45,090

Flood Control

Evaluation and Testing	\$	200	
Legal Services		854	
Other Contracted Services		6,200	
Total Flood Control			7,254

Storm Water Management

Assistant(s)	\$	25,500	
Social Security		1,913	
State Retirement		3,050	
Life Insurance		24	
Medical Insurance		4,049	
Advertising		1,145	
Communication		740	
Data Processing Services		4,608	
Dues and Memberships		137	
Evaluation and Testing		2,474	
Legal Services		4,000	
Legal Notices, Recording and Court Costs		1,491	
Maintenance & Repair Services- Vehicles		765	
Travel		2,829	
Tuition		1,445	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Storm Water Management (Cont.)

Permits	\$	2,500	
Other Contracted Services		33,790	
Gasoline		499	
Instructional Supplies and Materials		2,000	
Office Supplies		993	
Testing		2,500	
Other Supplies and Materials		654	
Other Charges		486	
Data Processing Equipment		1,988	
Motor Vehicles		10,000	
Other Equipment		<u>1,970</u>	
Total Storm Water Management			\$ 111,550

Other Operations

Tourism

Contributions	\$	<u>149,428</u>	
Total Tourism			149,428

Industrial Development

Contributions	\$	<u>149,428</u>	
Total Industrial Development			149,428

Veterans' Services

Supervisor/Director	\$	25,862	
Clerical Personnel		20,891	
Social Security		3,520	
State Retirement		5,175	
Life Insurance		44	
Medical Insurance		5,987	
Communication		750	
Dues and Memberships		95	
Travel		1,000	
Other Contracted Services		350	
Office Supplies		1,180	
Other Supplies and Materials		239	
Data Processing Equipment		1,700	
Office Equipment		<u>166</u>	
Total Veterans' Services			66,959

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Other Charges

Trustee's Commission	\$ 271,383	
Total Other Charges		\$ 271,383

Contributions to Other Agencies

Contributions	\$ 70,950	
Dues and Memberships	20,834	
Total Contributions to Other Agencies		91,784

Miscellaneous

Unemployment Compensation	\$ 2,251	
Advertising	240	
Total Miscellaneous		2,491

Total General Fund		\$ 24,612,690
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Law Library Fund

Social, Cultural and Recreational Services

Libraries

Library Books/Media	\$ 2,424	
Utilities	1,800	
Total Libraries		\$ 4,224

Other Operations

Other Charges

Trustee's Commission	\$ 43	
Total Other Charges		43

Total Law Library Fund		4,267
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Public Library Fund

Social, Cultural and Recreational Services

Libraries

Library Books/Media	\$ 407,031	
Total Libraries		\$ 407,031

Other Operations

Other Charges

Trustee's Commission	\$ 8,373	
Total Other Charges		8,373

Total Public Library Fund		415,404
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(Continued)

Exhibit K-8

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Other Waste Collection

Other Contracted Services	\$ 68,074	
Total Other Waste Collection		\$ 68,074

Total Solid Waste/Sanitation Fund \$ 68,074

Local Purpose Fund

Public Safety

Sheriff's Department

Rentals	\$ 15,624	
Tow-in Services	427	
Tuition	2,000	
Other Supplies and Materials	552	
Law Enforcement Equipment	11,827	
Total Sheriff's Department		\$ 30,430

Other Operations

Other Charges

Trustee's Commission	\$ 20	
Total Other Charges		20

Total Local Purpose Fund 30,450

Drug Control Fund

Public Safety

Sheriff's Department

Maintenance & Repair Services- Vehicles	\$ 604	
Tow-in Services	1,204	
Travel	6,668	
Tuition	5,990	
Other Contracted Services	1,108	
Other Supplies and Materials	407	
Law Enforcement Equipment	54,768	
Motor Vehicles	234,418	
Other Capital Outlay	18,084	
Total Sheriff's Department		\$ 323,251

Special Patrols

Investigator(s)	\$ 24,583
Social Security	2,229
State Retirement	3,348

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Special Patrols (Cont.)

Life Insurance	\$	15	
Medical Insurance		5,410	
Communication		873	
Printing, Stationery and Forms		157	
Travel		494	
Other Supplies and Materials		789	
Other Capital Outlay		29,613	
Total Special Patrols			\$ 67,511

Drug Enforcement

Investigator(s)	\$	124,541	
Clerical Personnel		62,971	
Overtime Pay		4,614	
Social Security		14,893	
State Retirement		21,542	
Life Insurance		160	
Medical Insurance		29,311	
Communication		4,118	
Confidential Drug Enforcement Payments		10,000	
Other Contracted Services		34,065	
Uniforms		759	
Other Supplies and Materials		4,807	
Total Drug Enforcement			311,781

Public Health and Welfare

Alcohol and Drug Programs

Other Supplies and Materials	\$	15,531	
Total Alcohol and Drug Programs			15,531

Other Operations

Other Charges

Trustee's Commission	\$	775	
Total Other Charges			775

Total Drug Control Fund \$ 718,849

Agri-Business Fund

Social, Cultural and Recreational Services

<u>Other Social, Cultural and Recreational</u> County Official/Administrative Officer	\$	40,000	
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(Continued)

Exhibit K-8

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

Agri-Business Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Other Social, Cultural and Recreational (Cont.)

Clerical Personnel	\$	39,520	
Part-time Personnel		12,157	
Social Security		7,068	
State Retirement		8,047	
Life Insurance		70	
Medical Insurance		8,779	
Communication		2,934	
Dues and Memberships		530	
Rentals		1,278	
Gasoline		576	
Utilities		5,109	
Office Equipment		2,026	
Total Other Social, Cultural and Recreational			\$ 128,094

Other Operations

Other Charges

Trustee's Commission	\$	1,366	
Total Other Charges			1,366

Total Agri-Business Fund \$ 129,460

Special Purpose - Fire Tax Fund

Public Safety

Fire Prevention and Control

Supervisor/Director	\$	37,885	
Investigator(s)		29,714	
Part-time Personnel		11,952	
Social Security		6,279	
State Retirement		8,085	
Life Insurance		48	
Medical Insurance		9,558	
Communication		13,348	
Contributions		29,354	
Maintenance & Repair Services- Vehicles		19,490	
Medical and Dental Services		182	
Travel		2,764	
Tuition		5,528	
Other Contracted Services		20,003	
Custodial Supplies		508	
Gasoline		12,188	

(Continued)

Exhibit K-8

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

Special Purpose - Fire Tax Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Office Supplies	\$	1,390	
Utilities		28,969	
Other Supplies and Materials		14,873	
Building and Contents Insurance		1,181	
Liability Insurance		3,304	
Vehicle and Equipment Insurance		18,892	
Workers' Compensation Insurance		10,368	
Building Improvements		4,145	
Law Enforcement Equipment		2,804	
Motor Vehicles		285	
Other Equipment		353,088	
Other Capital Outlay		<u>18,283</u>	
Total Fire Prevention and Control			\$ 664,468

Other Operations

Other Charges

Accounting Services	\$	5,500	
Trustee's Commission		<u>9,768</u>	
Total Other Charges			<u>15,268</u>

Total Special Purpose - Fire Tax Fund \$ 679,736

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>263,974</u>	
Total Register of Deeds			\$ 263,974

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	<u>292,342</u>	
Total County Trustee's Office			292,342

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>624,008</u>	
Total County Clerk's Office			624,008

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$	<u>199,658</u>	
Total Chancery Court			<u>199,658</u>

Total Constitutional Officers - Fees Fund 1,379,982

(Continued)

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	68,968	
Assistant(s)		45,045	
Supervisor/Director		36,211	
Accountants/Bookkeepers		36,024	
Dispatchers/Radio Operators		25,319	
Secretary(s)		24,466	
Overtime Pay		7,038	
Other Salaries & Wages		142,954	
Accounting Services		425	
Data Processing Services		5,578	
Dues and Memberships		2,936	
Legal Notices, Recording and Court Costs		1,277	
Maintenance & Repair Services- Office Equipment		463	
Travel		1,414	
Office Supplies		3,192	
Communication Equipment		6,596	
Office Equipment		4,157	
Total Administration			\$ 412,063

Highway and Bridge Maintenance

Foremen	\$	32,350	
Equipment Operators		253,620	
Truck Drivers		248,452	
Laborers		141,072	
Overtime Pay		15,115	
Rentals		864	
Other Contracted Services		43,418	
Asphalt - Hot Mix		1,416,167	
Asphalt - Liquid		18,239	
Concrete		2,161	
Crushed Stone		92,754	
Fertilizer, Lime and Seed		388	
General Construction Materials		39,119	
Pipe - Metal		27,118	
Road Signs		24,263	
Sand		430	
Small Tools		3,138	
Wood Products		437	
Other Supplies and Materials		3,029	
Total Highway and Bridge Maintenance			2,362,134

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment

Foremen	\$	31,742	
Mechanic(s)		93,276	
Overtime Pay		432	
Laundry Service		9,800	
Other Contracted Services		164	
Diesel Fuel		85,282	
Equipment and Machinery Parts		122,811	
Garage Supplies		8,334	
Gasoline		33,599	
Lubricants		6,020	
Propane Gas		1,937	
Small Tools		3,623	
Tires and Tubes		19,735	
Other Supplies and Materials		363	
Total Operation and Maintenance of Equipment	\$		417,118

Litter and Trash Collection

Truck Drivers	\$	24,768	
Guards		25,869	
Other Salaries & Wages		6,500	
Other Contracted Services		2,507	
Other Supplies and Materials		14,862	
Total Litter and Trash Collection			74,506

Other Charges

Communication	\$	8,267	
Electricity		8,021	
Water and Sewer		2,150	
Liability Insurance		57,688	
Trustee's Commission		63,415	
Total Other Charges			139,541

Employee Benefits

Social Security	\$	94,468	
State Retirement		142,049	
Life Insurance		1,188	
Medical Insurance		231,786	
Workers' Compensation Insurance		52,946	
Total Employee Benefits			522,437

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Capital Outlay

Engineering Services	\$	25,836	
Bridge Construction		167,834	
Building Improvements		20,405	
Highway Construction		189,266	
Other Equipment		179,400	
Total Capital Outlay			\$ 582,741

Capital Projects

Highway & Street Capital Projects

Equipment Operators	\$	33,464	
Truck Drivers		44,978	
Laborers		20,677	
Overtime Pay		3,274	
Social Security		8,450	
State Retirement		8,746	
Rentals		427	
Other Contracted Services		2,268	
Concrete		9,293	
Crushed Stone		17,092	
Diesel Fuel		4,422	
Equipment and Machinery Parts		4,984	
General Construction Materials		2,163	
Pipe - Metal		4,398	
Small Tools		789	
Workers' Compensation Insurance		6,775	
Bridge Construction		68,059	
Other Equipment		91,472	
Total Highway & Street Capital Projects			\$ 331,731

Total Highway/Public Works Fund \$ 4,842,271

Vocational Building Fund

General Government

Other Facilities

Maintenance & Repair Services- Buildings	\$	1,819	
Total Other Facilities			\$ 1,819

Other Operations

Other Charges

Trustee's Commission	\$	779	
Total Other Charges			779

(Continued)

Exhibit K-8

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

Vocational Building Fund (Cont.)

Principal

General Government

Principal on Notes	\$ 60,000	
Total General Government		\$ 60,000

Interest

General Government

Interest on Notes	\$ 22,250	
Total General Government		<u>22,250</u>

Total Vocational Building Fund		\$ 84,848
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General Debt Service Fund

Other Operations

Other Charges

Accounting Services	\$ 2,500	
Trustee's Commission	<u>267,045</u>	
Total Other Charges		\$ 269,545

Principal

General Government

Principal on Bonds	\$ 1,710,000	
Principal on Other Loans Payable	<u>75,000</u>	
Total General Government		1,785,000

Education

Principal on Other Loans Payable	\$ 1,195,000	
Total Education		1,195,000

Interest

General Government

Interest on Bonds	\$ 625,896	
Interest on Notes	7,050	
Interest on Other Loans Payable	<u>514,905</u>	
Total General Government		1,147,851

Education

Interest on Other Loans Payable	\$ 1,789,174	
Total Education		1,789,174

(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Other Debt Service	\$ 37,727	
Total General Government		\$ 37,727

Education

Other Debt Service	\$ 139,313	
Total Education		<u>139,313</u>

Total General Debt Service Fund		\$ 6,363,610
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Justice Center Projects Fund

Capital Projects

Administration of Justice Projects

Building Construction	\$ 7,423	
Other Construction	13,301	
Total Administration of Justice Projects		<u>\$ 20,724</u>

Total Justice Center Projects Fund		20,724
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Juvenile Center Projects Fund

Capital Projects

Administration of Justice Projects

Architects	\$ 15,000	
Building Construction	1,639,668	
Total Administration of Justice Projects		<u>\$ 1,654,668</u>

Total Juvenile Center Projects Fund		1,654,668
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HUD Grant Projects Fund

Other Operations

Other Economic and Community Development

Evaluation and Testing	\$ 2,674	
Other Construction	124,745	
Total Other Economic and Community Development		\$ 127,419

Other Charges

Trustee's Commission	\$ 46	
Total Other Charges		<u>46</u>

Total HUD Grant Projects Fund		127,465
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(Continued)

Exhibit K-8

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

<u>Waterline Projects Fund</u>		
<u>Other Operations</u>		
<u>Other Economic and Community Development</u>		
Contracts with Government Agencies	<u>\$ 251,605</u>	
Total Other Economic and Community Development		<u>\$ 251,605</u>
Total Waterline Projects Fund		\$ 251,605
<u>Education Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	<u>\$ 1,411,489</u>	
Total Capital Projects Donated to School Department		<u>\$ 1,411,489</u>
Total Education Capital Projects Fund		1,411,489
<u>Other Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Other Economic and Community Development</u>		
Other Contracted Services	<u>\$ 26,338</u>	
Total Other Economic and Community Development		<u>\$ 26,338</u>
Total Other Capital Projects Fund		<u>26,338</u>
Total Governmental Funds - Primary Government		<u>\$ 42,821,930</u>

Bradley County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Bradley County School Department
For the Year Ended June 30, 2005

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 18,782,393	
Career Ladder Program	334,017	
Career Ladder Extended Contracts	257,700	
Homebound Teachers	48,056	
Educational Assistants	729,252	
Other Salaries & Wages	56,902	
Certified Substitute Teachers	283,156	
Social Security	1,237,011	
State Retirement	1,138,906	
Life Insurance	14,711	
Medical Insurance	2,461,830	
Employer Medicare	289,023	
Maintenance & Repair Services- Equipment	34,900	
Travel	26,981	
Other Contracted Services	97,597	
Instructional Supplies and Materials	461,687	
Textbooks	475,794	
Other Supplies and Materials	24,911	
Other Charges	23,908	
Regular Instruction Equipment	285,882	
Total Regular Instruction Program		\$ 27,064,617

Special Education Program

Teachers	\$ 1,404,585	
Career Ladder Program	21,118	
Educational Assistants	139,090	
Other Salaries & Wages	141,525	
Certified Substitute Teachers	11,592	
Social Security	101,264	
State Retirement	100,897	
Life Insurance	1,294	
Medical Insurance	217,291	
Employer Medicare	23,683	
Other Contracted Services	10,243	
Instructional Supplies and Materials	58,263	
Other Supplies and Materials	73,254	
Other Charges	21,420	
Special Education Equipment	73,785	
Total Special Education Program		2,399,304

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	1,416,166	
Career Ladder Program		10,000	
Certified Substitute Teachers		12,816	
Social Security		86,697	
State Retirement		78,439	
Life Insurance		1,009	
Medical Insurance		170,344	
Employer Medicare		20,276	
Maintenance & Repair Services- Equipment		8,859	
Travel		1,500	
Other Contracted Services		386	
Instructional Supplies and Materials		65,000	
Total Vocational Education Program	\$		1,871,492

Adult Education Program

Teachers	\$	48,565	
Other Salaries & Wages		77,459	
Social Security		7,521	
State Retirement		5,897	
Life Insurance		49	
Medical Insurance		8,763	
Employer Medicare		1,759	
Travel		4,512	
Instructional Supplies and Materials		4,400	
Other Charges		11,111	
Total Adult Education Program			170,036

Support Services

Attendance

Supervisor/Director	\$	32,396	
Career Ladder Program		1,000	
Clerical Personnel		27,385	
Social Security		3,569	
State Retirement		5,112	
Life Insurance		39	
Medical Insurance		7,090	
Employer Medicare		835	
Travel		1,374	
Other Supplies and Materials		3,111	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Attendance Equipment	\$ 5,712	
Total Attendance		\$ 87,623

Health Services

Medical Personnel	\$ 138,973	
Other Salaries & Wages	32,108	
Social Security	10,476	
State Retirement	20,461	
Life Insurance	197	
Medical Insurance	27,261	
Employer Medicare	2,450	
Travel	835	
Drugs and Medical Supplies	8,206	
Other Supplies and Materials	292	
Total Health Services		241,259

Other Student Support

Career Ladder Program	\$ 16,000	
Guidance Personnel	940,611	
Social Security	57,822	
State Retirement	52,613	
Life Insurance	594	
Medical Insurance	92,383	
Employer Medicare	13,523	
Evaluation and Testing	18,417	
Total Other Student Support		1,191,963

Regular Instruction Program

Supervisor/Director	\$ 136,554
Career Ladder Program	16,000
Librarians	661,526
Secretary(s)	42,138
Social Security	51,625
State Retirement	49,836
Life Insurance	559
Medical Insurance	87,923
Employer Medicare	12,074
Maintenance & Repair Services- Equipment	771
Travel	2,416

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Library Books/Media	\$	267,348	
In Service/Staff Development		250	
Total Regular Instruction Program			\$ 1,329,020

Special Education Program

Supervisor/Director	\$	68,277	
Career Ladder Program		14,000	
Psychological Personnel		191,234	
Assessment Personnel		16,809	
Secretary(s)		27,785	
Other Salaries & Wages		140,886	
Social Security		28,367	
State Retirement		26,104	
Life Insurance		225	
Medical Insurance		31,969	
Employer Medicare		6,634	
Other Supplies and Materials		2,883	
In Service/Staff Development		38,732	
Other Charges		7,030	
Total Special Education Program			600,935

Vocational Education Program

Supervisor/Director	\$	50,987	
Career Ladder Program		1,000	
Secretary(s)		20,685	
Social Security		4,922	
State Retirement		5,730	
Life Insurance		56	
Medical Insurance		9,169	
Employer Medicare		1,151	
Travel		2,915	
Other Supplies and Materials		120	
Other Charges		448	
Total Vocational Education Program			97,183

Board of Education

Board and Committee Members Fees	\$	20,000	
Social Security		1,240	
State Retirement		1,866	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Unemployment Compensation	\$	11,965	
Employer Medicare		290	
Audit Services		20,500	
Dues and Memberships		6,850	
Legal Services		24,653	
Travel		6,561	
Other Contracted Services		3,000	
Liability Insurance		69,861	
Premiums on Corporate Surety Bonds		3,583	
Trustee's Commission		372,419	
Workers' Compensation Insurance		204,533	
Criminal Investigation of Applicants - TBI		21,560	
Refund to Applicant for Criminal Investigation		7,168	
Other Charges		614	
Total Board of Education			\$ 776,663

Director of Schools

County Official/Administrative Officer	\$	94,441	
Career Ladder Program		1,000	
Secretary(s)		57,125	
Other Salaries & Wages		4,536	
Social Security		9,310	
State Retirement		16,602	
Life Insurance		354	
Medical Insurance		20,273	
Employer Medicare		2,272	
Other Fringe Benefits		7,047	
Communication		48,250	
Dues and Memberships		3,864	
Postal Charges		6,000	
Travel		7,376	
Office Supplies		2,806	
Other Charges		13,079	
Administration Equipment		3,660	
Total Director of Schools			297,995

Office of the Principal

Assistant(s)	\$	426,245	
Principals		1,032,849	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Career Ladder Program	\$	24,000	
Secretary(s)		526,438	
Social Security		121,136	
State Retirement		139,138	
Life Insurance		1,404	
Medical Insurance		245,864	
Employer Medicare		28,330	
Dues and Memberships		6,048	
Total Office of the Principal			\$ 2,551,452

Fiscal Services

Supervisor/Director	\$	67,523	
Career Ladder Program		3,600	
Accountants/Bookkeepers		103,110	
Social Security		10,596	
State Retirement		19,677	
Life Insurance		112	
Medical Insurance		13,631	
Employer Medicare		2,478	
Data Processing Services		6,321	
Dues and Memberships		265	
Travel		517	
Data Processing Supplies		3,606	
Office Supplies		1,527	
Other Charges		59	
Administration Equipment		515	
Total Fiscal Services			233,537

Operation of Plant

Supervisor/Director	\$	56,787	
Guards		10,584	
Custodial Personnel		503,698	
Social Security		34,245	
State Retirement		60,896	
Life Insurance		792	
Medical Insurance		124,890	
Employer Medicare		8,009	
Janitorial Services		370,231	
Rentals		1,609	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Disposal Fees	\$	24,647	
Custodial Supplies		94,099	
Electricity		1,252,765	
Fuel Oil		91,056	
Natural Gas		282,611	
Water and Sewer		204,166	
Boiler Insurance		11,464	
Building and Contents Insurance		201,702	
Other Charges		21,000	
Total Operation of Plant			\$ 3,355,251

Maintenance of Plant

Supervisor/Director	\$	49,010	
Maintenance Personnel		386,023	
Other Salaries & Wages		17,768	
Social Security		27,416	
State Retirement		52,968	
Life Insurance		407	
Medical Insurance		60,495	
Employer Medicare		6,412	
Other Contracted Services		23,284	
Other Supplies and Materials		247,122	
Other Charges		4,354	
Maintenance Equipment		49,088	
Other Capital Outlay		557,705	
Total Maintenance of Plant			1,482,052

Transportation

Supervisor/Director	\$	31,930	
Clerical Personnel		25,925	
Social Security		3,357	
State Retirement		4,857	
Life Insurance		43	
Medical Insurance		7,090	
Employer Medicare		785	
Contracts with Vehicle Owners		1,435,219	
Maintenance & Repair Services- Vehicles		41,439	
Medical and Dental Services		2,169	
Travel		1,346	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Gasoline	\$	39,895	
Other Supplies and Materials		1,294	
Vehicle and Equipment Insurance		61,487	
Other Charges		1,795	
Total Transportation			\$ 1,658,631

Central and Other

Supervisor/Director	\$	64,821	
Data Processing Personnel		97,535	
Other Salaries & Wages		32,462	
Social Security		11,494	
State Retirement		15,786	
Life Insurance		116	
Medical Insurance		19,923	
Employer Medicare		2,688	
Maintenance & Repair Services- Equipment		8,138	
Travel		5,473	
Other Contracted Services		56,870	
Other Supplies and Materials		18,795	
Other Charges		1,702	
Data Processing Equipment		53,196	
Total Central and Other			388,999

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,146	
Social Security		3,106	
State Retirement		5,997	
Life Insurance		1,821	
Medical Insurance		4,585	
Employer Medicare		726	
Travel		2,068	
Other Contracted Services		1,600	
Other Supplies and Materials		1,700	
Other Charges		332	
Food Service Equipment		1,791	
Total Food Service			73,872

(Continued)

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Supervisor/Director	\$	36,000	
Other Salaries & Wages		80,402	
Social Security		7,197	
State Retirement		8,201	
Life Insurance		76	
Employer Medicare		1,683	
Travel		1,237	
Other Contracted Services		10,631	
Instructional Supplies and Materials		23,659	
Other Charges		13,400	
Regular Instruction Equipment		3,233	
Other Equipment		5,069	
Total Community Services			\$ 190,788

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	323,366	
Other Capital Outlay		212,428	
Total Regular Capital Outlay			<u>535,794</u>

Total General Purpose School Fund \$ 46,598,466

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	717,584	
Educational Assistants		82,841	
Certified Substitute Teachers		17,952	
Social Security		45,761	
State Retirement		51,866	
Life Insurance		645	
Medical Insurance		78,622	
Employer Medicare		11,654	
Instructional Supplies and Materials		51,115	
Regular Instruction Equipment		87,969	
Total Regular Instruction Program			\$ 1,146,009

Special Education Program

Teachers	\$	75,098	
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(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Educational Assistants	\$	380,022	
Other Salaries & Wages		165,285	
Social Security		36,515	
State Retirement		65,216	
Life Insurance		767	
Medical Insurance		122,011	
Employer Medicare		8,540	
Other Contracted Services		54,404	
Instructional Supplies and Materials		139,709	
Textbooks		2,693	
Other Supplies and Materials		62,700	
Special Education Equipment		74,041	
Total Special Education Program			\$ 1,187,001

Vocational Education Program

Other Supplies and Materials	\$	9,213	
Other Charges		20,195	
Vocational Instruction Equipment		103,478	
Total Vocational Education Program			132,886

Support Services

Other Student Support

Other Supplies and Materials	\$	3,595	
Indirect Cost		12,573	
In Service/Staff Development		5,369	
Other Charges		3,815	
Total Other Student Support			25,352

Regular Instruction Program

Supervisor/Director	\$	68,355	
Secretary(s)		13,793	
Social Security		4,644	
State Retirement		5,409	
Life Insurance		28	
Medical Insurance		7,420	
Employer Medicare		1,086	
Travel		6,210	
Other Supplies and Materials		44,734	
In Service/Staff Development		190,292	

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Other Charges	\$ 7,533	
Total Regular Instruction Program		\$ 349,504

Special Education Program

Psychological Personnel	\$ 45,099	
Assessment Personnel	46,642	
Secretary(s)	88,760	
Other Salaries & Wages	190,453	
Social Security	22,466	
State Retirement	24,231	
Life Insurance	225	
Medical Insurance	36,657	
Employer Medicare	5,254	
Travel	38,422	
In Service/Staff Development	70,020	
Total Special Education Program		568,229

Fiscal Services

Accountants/Bookkeepers	\$ 10,000	
Social Security	620	
Employer Medicare	145	
Total Fiscal Services		10,765

Transportation

Transportation Equipment	\$ 86,503	
Total Transportation		86,503

Central and Other

Other Contracted Services	\$ 3,388	
Other Supplies and Materials	6,968	
In Service/Staff Development	9,950	
Data Processing Equipment	16,121	
Total Central and Other		36,427

Total School Federal Projects Fund		\$ 3,542,676
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(Continued)

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	27,316	
Cafeteria Personnel		1,318,932	
In-Service Training		590	
Social Security		82,212	
State Retirement		112,850	
Medical Insurance		233,118	
Unemployment Compensation		114	
Employer Medicare		19,227	
Communication		3,561	
Contracts with Government Agencies		20	
Dues and Memberships		757	
Freight Expenses		359	
Maintenance & Repair Services- Equipment		31,584	
Pest Control		3,832	
Travel		3,086	
Permits		1,200	
Contracts for Postclosure Care Costs		16	
Other Contracted Services		128,389	
Food Preparation Supplies		1,161	
Food Supplies		1,358,926	
Ice		29,983	
Other Supplies and Materials		90,621	
Refunds		539	
Criminal Investigation of Applicants - TBI		1,064	
Refund to Applicant for Criminal Investigation		336	
Other Charges		35,678	
Food Service Equipment		33,856	
Total Food Service		<u>33,856</u>	\$ <u>3,519,327</u>

Total Central Cafeteria Fund \$ 3,519,327

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Building Construction	\$	<u>2,038,514</u>	
Total Education Capital Projects			\$ <u>2,038,514</u>

Total Education Capital Projects Fund 2,038,514

Total Governmental Funds - Bradley County School Department \$ 55,698,983

Exhibit K-10

Bradley County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	Inside Urban Fringe Area Fire Tax Fund	City School ADA - Cleveland Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 1,406,718	\$ 4,516,737	\$ 5,923,455
Trustee's Collections - Prior Years	0	64,385	202,712	267,097
Circuit/Clerk and Master Collections - Prior Years	0	135,859	93,022	228,881
Interest and Penalty	0	11,398	31,353	42,751
Payments in Lieu of Taxes - Local Utilities	0	0	1,740	1,740
Local Option Sales Tax	7,225,735	0	3,482,843	10,708,578
Bank Excise Tax	0	0	30,117	30,117
Interstate Telecommunications Tax	0	0	4,920	4,920
Marriage Licenses	0	0	2,865	2,865
Investment Income	0	0	182,811	182,811
Other Local Revenue	0	0	501	501
Income Tax	0	0	9,673	9,673
Total Cash Receipts	\$ 7,225,735	\$ 1,618,360	\$ 8,559,294	\$ 17,403,389
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 7,355,205	\$ 1,640,638	\$ 8,431,320	\$ 17,427,163
Trustee's Commission	800	31,158	98,980	130,938
Total Cash Disbursements	\$ 7,356,005	\$ 1,671,796	\$ 8,530,300	\$ 17,558,101
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ (130,270)	\$ (53,436)	\$ 28,994	\$ (154,712)
Cash Balance, July 1, 2004	57,367	54,052	(2,890)	108,529
Cash Balance, June 30, 2005	\$ (72,903)	\$ 616	\$ 26,104	\$ (46,183)

STATISTICAL SECTION

Table 1

Bradley County, Tennessee
Government Wide Revenues (1)
Last Ten Fiscal Years (2)

	FY 2003	FY 2004	FY 2005
Revenues:			
Program Revenues:			
Charges for Services	\$ 9,573,289	\$ 11,741,695	\$ 12,883,519
Operating Grants & Contributions	9,560,745	9,372,439	11,734,477
Capital Grants & Contributions	2,954,512	5,341,436	3,938,140
General Revenues:			
Taxes	36,990,629	38,386,671	39,836,441
Grants & Contributions Not			
Restricted to Specific Programs	25,255,635	26,127,808	28,947,087
Unrestricted Investment Earnings	613,200	448,749	1,184,737
Other	555,617	203,039	419,105
Totals (3)	<u>\$ 85,503,627</u>	<u>\$ 91,621,837</u>	<u>\$ 98,943,506</u>

- Notes: (1) Does not include Discretely Presented Bradley Memorial Hospital or Discretely Presented Bradley Healthcare & Rehabilitation Center Component Units.
- (2) Due to the implementation of GASB 34 in fiscal year 2003, only three years are listed. Additional years will be added in the future.
- (3) Due to the implementation of GASB 14, the School Department is reflected in this report as a discretely presented component unit. However, for comparability purposes, the School Department is included in this table.

Table 2

Bradley County, Tennessee
Governmental Revenues by Source
All Governmental Funds and Discretely Presented School Department
Last Ten Fiscal Years

	(1) FY 1996	(1) FY 1997	(1) FY 1998	(1) FY 1999	(1) FY 2000	(1) FY 2001	(1) FY 2002	(1) FY 2003	(1) FY 2004	(1) FY 2005
Revenues:										
Local Taxes	\$ 25,952,065	\$ 26,575,344	\$ 28,754,950	\$ 29,912,427	\$ 34,290,854	\$ 34,731,121	\$ 36,010,247	\$ 37,398,729	\$ 38,549,381	\$ 40,124,087
Licenses and Permits	307,355	283,117	275,248	279,607	330,330	273,383	357,549	349,992	492,751	274,184
Fines and Forfeitures	282,183	339,246	462,007	338,175	320,628	421,752	433,250	684,843	1,923,364	850,300
Charges for Services	4,332,401	4,589,343	5,040,888	5,549,577	6,527,573	5,747,259	6,963,633	7,488,457	8,489,447	6,518,704
Other Local	3,132,396	3,232,709	3,535,254	3,814,615	3,767,342	4,901,523	4,421,545	2,200,042	1,942,191	4,966,528
State of Tennessee	22,192,390	23,962,806	24,992,460	26,601,523	27,112,138	27,602,532	27,891,688	29,342,005	30,885,536	33,831,809
Federal Government	3,516,451	3,151,968	4,270,160	3,463,850	4,377,180	4,513,579	4,713,483	7,729,067	5,134,084	7,519,916
Other Govts. & Groups	606,907	486,021	331,721	52,806	188,924	83,633	59,690	203,246	4,125,778	3,343,277
Totals (2)	\$ 60,322,148	\$ 62,620,554	\$ 67,662,688	\$ 70,012,580	\$ 76,914,969	\$ 78,274,782	\$ 80,851,085	\$ 85,396,381	\$ 91,542,532	\$ 97,428,805

- Notes:
- (1) Due to the implementation of GASB14, the School Department is reflected in this report as a discretely presented component unit. However, for comparability purposes, the School Department is included in this table.
- (2) Includes General, Special Revenue, Debt Service, Capital Projects and School Department Funds.

Table 3

Bradley County, Tennessee
Government Wide Expenses by Function (1)
Last Ten Fiscal Years (2)

	<u>FY 2003</u>	<u>FY 2004</u>	<u>FY 2005</u>
Expenses:			
General Government	\$ 2,199,215	\$ 2,326,274	\$ 2,508,007
Finance	1,719,385	1,822,956	2,076,420
Administration of Justice	1,954,308	2,113,955	2,484,384
Public Safety	8,672,534	11,403,020	13,838,185
Public Health & Welfare	3,670,897	4,127,341	4,388,121
Social, Cultural, & Recreational Services	1,269,906	1,268,703	1,310,346
Agricultural & Natural Resources	273,696	332,175	391,320
Other General Government	1,964,637	3,090,443	1,432,033
Highways	3,818,551	3,568,583	3,492,535
Debt Service	2,931,383	2,914,848	4,490,061
Education	48,901,420	54,994,891	54,334,013
	<u>\$ 77,375,932</u>	<u>\$ 87,963,189</u>	<u>\$ 90,745,425</u>
Totals (3)			

- Notes:
- (1) Does not include Discretely Presented Bradley Memorial Hospital or Discretely Presented Bradley Healthcare & Rehabilitation Center Component Units.
 - (2) Due to the implementation of GASB 34 in fiscal year 2003, only three years are listed. Additional years will be added in the future.
 - (3) Due to the implementation of GASB 14, the School Department is reflected in this report as a discretely presented component unit. However, for comparability purposes, the School Department is included in this table.

Table 4

Bradley County, Tennessee
Governmental Expenditures by Function
All Governmental Funds and Discretely Presented School Department
Last Ten Fiscal Years

	(1) FY 1996	(1) FY 1997	(1) FY 1998	(1) FY 1999	(1) FY 2000	(1) FY 2001	(1) FY 2002	(1) FY 2003	(1) FY 2004	(1) FY 2005
Expenditures:										
General Government	\$ 12,192,305	\$ 13,747,316	\$ 14,491,306	\$ 15,551,892	\$ 16,435,463	\$ 16,568,593	\$ 17,949,421	\$ 18,981,006	\$ 21,328,688	\$ 24,612,690
Highway/Public Works	3,198,866	3,556,764	3,840,927	3,510,620	3,848,176	4,666,172	4,403,118	4,568,442	4,338,603	4,178,809
General Debt Service	6,377,646	4,107,046	4,205,248	3,806,968	6,812,190	5,334,041	5,539,391	5,719,021	5,931,429	6,363,610
Education	34,427,444	36,802,797	38,162,808	44,473,185	52,381,115	60,435,755	50,866,813	48,901,420	53,566,666	53,660,469
Capital Projects	9,726,923	1,254,900	1,174,178	890,843	157,754	877,408	3,356,965	8,707,116	7,988,200	5,788,857
Special Funds	2,177,756	2,287,671	2,590,275	2,920,558	4,471,883	4,138,052	3,086,061	2,587,554	3,525,263	3,916,478
Totals (2)	\$ 68,100,940	\$ 61,756,494	\$ 64,464,742	\$ 71,154,066	\$ 84,106,581	\$ 92,020,021	\$ 85,201,769	\$ 89,464,559	\$ 96,678,849	\$ 98,520,913

- Notes:
- (1) Due to the implementation of GASB14, the School Department is reflected in this report as a discretely presented component unit. However, for comparability purposes, the School Department is included in this table.
 - (2) Includes General, Special Revenue, Debt Service, Capital Projects and School Department Funds.

Table 5

Bradley County, Tennessee
Property Tax Levies and Collections
Last Ten Years

Tax Year	Total Tax Levy	(1) Current Tax Collections or Adjusted	Percentage of Levy Collections or Adjusted	(2) Adjustments and Delinquent Collections	Total Taxes Collections and Adjustments	Percentage of Total Collected	Outstanding Delinquent Taxes	Outstanding Delinquent Taxes as Percent of Current Levy
1995	\$ 18,197,415	\$ 14,963,915	82.23 %	\$ 3,174,911	\$ 18,138,826	99.68 %	\$ 58,589	0.32 %
1996	20,005,323	15,476,896	77.36	4,467,913	19,944,809	99.70	60,514	0.30
1997	20,795,391	15,727,385	75.63	5,044,629	20,772,014	99.89	23,377	0.11
1998	24,047,285	17,768,380	73.89	6,188,369	23,956,749	99.62	90,536	0.38
1999	25,085,952	18,330,296	73.07	6,680,186	25,010,482	99.70	75,470	0.30
2000	27,898,976	21,618,046	77.49	6,169,431	27,787,477	99.60	111,499	0.40
2001	27,264,450	22,200,622	81.43	4,647,179	26,847,801	98.47	416,649	1.53
2002	28,959,013	23,303,297	80.47	5,007,923	28,311,220	97.76	647,793	2.24
2003	29,507,508	24,011,528	81.37	4,845,789	28,857,317	97.80	650,191	2.20
2004	31,643,573	25,315,685	80.00	N/A (3)	N/A (3)	N/A (3)	N/A (3)	N/A (3)

Notes:

- (1) Current collections include amount collected by the trustee's office through June 30 of each year.
- (2) Delinquent tax collections include amounts collected by the Trustee's Office after June 30 of each year and amounts collected by the clerk and master in Chancery Court.
- (3) Tax notices are sent out after June 30 each year, become due and payable October 1, but do not become delinquent until March 1 of the following year.

Table 6

Bradley County, Tennessee
Assessed and Estimated Actual Value of Taxable Property
Last Ten Tax Years

Tax Year	(1a) Real Property		(1b) Personal Property		(1c) Public Utility Property		Total		Ratio of Total Assessed to Total Actual Value
	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	Assessed Value	Actual Value	
1996	\$ 650,352,595	\$ 2,267,715,880	\$ 88,444,099	\$ 341,331,846	\$ 42,208,222	\$ 84,416,444	\$ 781,004,916	\$ 2,693,464,170	29.00 %
1997	677,008,300	2,360,086,660	102,198,438	393,438,910	41,113,936	82,227,872	820,320,674	2,835,753,442	28.93
1998	697,260,460	2,431,819,360	85,562,244	363,166,959	39,129,520	78,259,040	821,952,224	2,873,245,359	28.61
1999	936,425,500	3,290,542,900	113,437,462	378,124,516	53,223,516	106,447,032	1,103,086,478	3,775,114,448	29.22
2000	958,054,640	3,364,307,300	136,774,539	455,914,687	55,902,579	111,805,158	1,150,731,758	3,932,027,145	29.27
2001	987,402,505	3,467,925,000	106,369,703	313,117,892	72,471,146	144,942,292	1,166,243,354	3,925,985,184	29.71
2002	1,132,834,080	4,004,121,900	118,541,569	395,138,236	79,827,992	159,655,984	1,331,203,641	4,558,916,120	29.20
2003	1,167,628,385	4,117,433,300	179,839,539	599,464,775	78,762,662	157,525,324	1,426,230,586	4,874,423,399	29.26
2004	1,197,359,520	4,218,292,800	154,367,603	591,189,504	78,762,662	157,525,324	1,430,489,785	4,967,007,628	28.80
2005 (2)	1,367,157,130	4,813,051,600	193,128,027	643,760,090	55,015,332	110,030,664	1,615,300,489	5,566,842,354	29.02

Notes:

- (1) Assessment Rates are set by Tennessee State Law as follows:
- (a) Real Property: Residential and Farm at 25% of value.
Commercial and Industrial at 40% of value.
- (b) Personal Property at 30% of value.
- (c) Railroads at 40% of value and other Public Utilities at 55% of value. (Actual Value estimated at 50%.)
- (2) In 2005, county-wide reappraisals of real property were conducted by the State of Tennessee, Division of Property Assessment. Also, the county-wide reappraisals of real property were completed during tax year 2005.

Table 7

Bradley County, Tennessee
Property Tax Rate - Direct and Overlapping Governments
Last Ten Tax Years

Tax Year	Bradley County								City of Cleveland	City of Charleston
	Inside Cleveland	Inside Charleston	Remainder of Bradley County				Total			
			Gen Rate	Fire O/S Fringe	Fire I/S Fringe					
1996	\$ 2.33	\$ 2.33	\$ 2.33	\$ 0.31	\$ -	\$ 2.64	\$ 1.33	\$ 0.65		
1997	2.53	2.53	2.53	0.31	-	2.84	1.33	0.65		
1998	2.53	2.53	2.53	0.31	-	2.84	1.33	0.65		
1999	2.18	2.18	2.18	0.31	-	2.49	1.20	0.52		
2000	2.18	2.18	2.18	0.31	-	2.49	1.26	0.52		
2001	2.43	2.43	2.43	0.31	0.51	3.25	1.56	0.52		
2002	2.37	2.37	2.18	0.19	0.51	2.88	1.65	0.47		
2003	2.18	2.18	2.18	0.13	0.51	2.82	1.65	0.57		
2004	2.18	2.18	2.18	0.13	0.51	2.82	1.65	0.57		
2005	2.02	2.02	2.02	0.12	0.46	2.60	1.65	0.48		

Notes:

- (1) Tax rates are in dollars per \$100 of assessed value.
- (2) City residents pay county taxes in addition to city taxes.

Table 8

Bradley County, Tennessee
Special Assessment Billings and Collections
Last Ten Years

Not Applicable to Bradley County, Tennessee

Note:

Bradley County has had no material special assessment billings and collections within the last ten years.

Table 9

Bradley County, Tennessee
Computation of Legal Debt Margin
June 30, 2005

Not Applicable to Bradley County, Tennessee

Note:

Section 9-21-103 of the laws of the State of Tennessee provide that bonds or notes may be issued without regard to any limit on indebtedness for Tennessee Counties.

Table 10

Bradley County, Tennessee
Ratio of Net General Obligation Bonded Debt and Other Loans Payable to Assessed
Value and Net General Obligation Bonded Debt Per Capita
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Estimated Population</u>	<u>Assessed Property Values</u>	<u>General Bonded Debt and Loans Payable (3)</u>	<u>Amount Available in Debt Service Funds</u>	<u>Net Bonded Debt</u>	<u>Ratio of Net Bonded Debt to Assessed Value</u>	<u>Net Bonded Debt Per Capita</u>
1996	78,830	\$ 781,004,916	\$ 20,945,310	\$ 3,557,488	\$ 17,387,822	2.23 %	\$ 221
1997	78,830	820,320,674	17,607,067	5,118,086	12,488,981	1.52	158
1998	78,830	821,952,224	14,610,839	7,762,931	6,847,908	0.83	87
1999	78,830	1,103,086,478	11,482,656	10,977,729	504,927	0.05	6
2000	87,965	1,150,731,758	29,382,905	13,748,163	15,634,742	1.36	178
2001	87,965	1,166,243,354	47,839,848	18,979,375	28,860,473	2.47	328
2002	87,965	1,331,203,641	57,491,770	22,284,829	35,206,941	2.64	400
2003	87,965	1,426,230,586	69,310,000	25,037,444	44,272,556	3.10	503
2004	87,965	1,430,489,785	69,774,734	27,489,479	42,285,255	2.96	481
2005	87,965 (2)	1,615,300,489	(1) 70,493,489	30,236,743	40,256,746	2.49	458

Notes:

- (1) A county-wide reappraisal program was completed for the 2005 tax year.
- (2) Estimated using 2000 Census information.
- (3) Does not include discretely presented Bradley Memorial Hospital or discretely presented Bradley Healthcare & Rehabilitation Center component units.

Table 11

Bradley County, Tennessee
Ratio of Annual Debt Service Expenditures
for General Obligation Debt to
General Governmental Expenditures
Last Ten Years

<u>Fiscal Year</u>	<u>Principal</u>	<u>Interest & Other Charges</u>	<u>(2) & (3) Total Debt Service</u>	<u>(1) Total General Governmental Expenditures</u>	<u>Ratio of Debt Service To General Governmental Expenditures</u>
1996	\$ 4,788,385	\$ 12,725,310	\$ 17,513,695	\$ 68,100,940	25.72 %
1997	3,131,493	11,217,067	14,348,560	61,756,494	23.23
1998	3,291,228	9,865,839	13,157,067	64,464,742	20.41
1999	2,675,615	7,472,656	10,148,271	71,154,066	14.26
2000	2,289,751	6,407,905	8,697,656	84,106,581	10.34
2001	3,414,219	5,642,848	9,057,067	92,020,021	9.84
2002	3,513,578	4,731,770	8,245,348	85,201,769	9.68
2003	3,555,549	3,120,512	6,676,061	89,464,559	7.46
2004	2,960,000	3,737,941	6,697,941	96,678,849	6.93
2005	3,040,000	3,106,804	6,146,804	90,745,425	6.77

Notes:

- (1) Includes General, Special Revenue, Debt Service, Capital Projects and School Department Funds.
- (2) Due to the implementation of GASB 14, the School Department is reflected in this report as a discretely presented component unit. However, for comparability purposes, the School Department is included in this table.
- (3) Does not include discretely presented Bradley Memorial Hospital or discretely presented Bradley Healthcare & Rehabilitation Center component units.

Table 12

Bradley County, Tennessee
Schedule of Direct and Overlapping
General Bonded Debt
June 30, 2005

DIRECT DEBT

Notes Payable	\$ 980,000	
Bonds Payable (1)	1,675,000	
Public Building Authority Loan Agreement (2)	68,818,489	
Less Debt Service Funds	<u>(41,331,743)</u>	
Total Direct Debt		\$ 30,141,746

OVERLAPPING DEBT

City of Cleveland	<u>\$ 44,240,000</u>	
Total Overlapping Debt		<u>44,240,000</u>

TOTAL DIRECT AND OVERLAPPING DEBT \$ 74,381,746

Notes:

- (1) Does not include \$11,095,000 Hospital Bonds which are completely self-supporting from Hospital Revenues.
- (2) Amounts include primary government and discretely presented Bradley County School Department debt.

Source: Cumberland Securities, Division of Morgan Keegan & Company, Inc.
 Financial Advisor for Bradley County and the City of Cleveland.

Table 13

Bradley County, Tennessee
Revenue Bond Coverage
Last Ten Fiscal Years

Not Applicable to Bradley County, Tennessee

Note:

The only revenue bonds issued were Revenue and Tax Refunding Bonds for Bradley Memorial Hospital, which is not included in Bradley County as part of the primary government.

Table 14

Bradley County, Tennessee
Demographic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>(1) Population</u>	<u>(1) Per Capita Income</u>	<u>(1) Median Age</u>	<u>(2) Unemployment Rate</u>	<u>(3) WFTEADA School Attendance</u>
1996	78,830	\$ 20,061	34.2	5.0 %	10,686
1997	78,830	22,078	34.2	5.5	10,791
1998	78,830	22,766	34.2	3.8	10,735
1999	78,830	23,642	34.2	3.6	10,925
2000	87,965 (4)	24,243 (4)	35.5 (4)	3.4	10,752
2001	87,965 (4)	24,243 (4)	35.5 (4)	3.8	10,793
2002	87,965 (4)	24,243 (4)	35.5 (4)	4.9	10,865
2003	87,965 (4)	24,243 (4)	35.5 (4)	5.5	10,860
2004	87,965 (4)	24,243 (4)	35.5 (4)	5.1	11,014
2005	87,965 (4)	24,243 (4)	35.5 (4)	5.3	11,171

Notes:

- (1) U. S. Census Bureau
- (2) Tennessee Department of Labor and Workforce Development
- (3) Weighted Full Time Equivalent Average Daily attendance - Bradley County Schools.
- (4) Per 2000 Census data.

Table 15

Bradley County, Tennessee
Ten Largest Employers
June 30, 2005

<u>Company</u>	<u>Industry</u>	<u>Number of Employees</u>
Maytag Cooking Products	Household Cooking Equipment (Electric & Gas Ranges)	2,200
Peyton's Southeastern Inc.	Distribution for Kroger	1,200
Masterfoods USA (Mars)	Candy & Cookies	775
Charleston Hosiery, Inc.	Hosiery	590
Maytag Services	Maytag Parts & Service	550
Cleveland Chair Company	Wood Household Furniture, Upholstered	525
Duracell	Storage Batteries (Alkaline)	525
Schering-Plough HealthCare	Sun care products, Foot care Products, OTC Pharmaceuticals	500
Jackson Manufacturing Company	Wood Household Furniture, Upholstered	475
Hardwick Clothes, Inc.	Career Apparel; Suit Separates, Blazers & Slacks	400

Table 16

Bradley County, Tennessee
Property Values, Construction and Bank Deposits
Last Ten Years

Fiscal Year	(1) Construction		(2) Bank	(3) Property Values		
	Commercial	Residential	Deposits	Commercial	Residential	Utilities
1996	\$2,840,539	\$29,189,779	\$20,353,337	\$ 556,157,500	\$ 1,711,558,380	\$2,693,464,170
1997	6,134,480	22,580,632	21,629,952	579,910,900	1,780,175,760	2,835,753,442
1998	3,133,726	20,488,642	24,903,739	595,370,800	1,836,448,560	2,873,245,359
1999	20,617,389	24,501,259	29,041,364	758,598,500	2,531,944,400	3,755,114,448
2000	12,096,864	24,339,090	31,602,714	779,852,100	2,584,455,200	3,932,027,145
2001	5,371,863	26,125,498	36,064,065	802,808,700	2,665,116,300	3,925,985,184
2002	2,603,389	27,262,102	38,302,035	878,690,700	3,125,431,200	4,558,916,120
2003	6,225,969	28,374,002	43,648,895	921,800,400	3,195,632,900	4,813,041,565
2004	6,455,406	28,059,715	49,327,346	951,908,800	3,266,384,000	4,905,625,794
2005	8,119,471	53,524,080	60,566,803	1,092,628,200	3,720,423,400	5,587,525,838

Notes:

- (1) Information was provided by Bradley County Planning/Building/Engineering Department.
- (2) Information was provided by Bradley County trustee.
- (3) Information was provided by Bradley County property assessor.
- (4) All property in Bradley County was reappraised in 2005.

Table 17

Bradley County, Tennessee
Principal Taxpayers
June 30, 2005

Property Owners	(1) 2005 Assessments	(2) Percent of Total Assessed Valuation	Tax
Maytag	\$ 31,543,456	0.04 %	\$ 637,178
Duracell	22,592,896	0.03	456,377
Mars, Inc.	19,213,969	0.02	388,122
Olin Mathieson	17,344,528	0.02	350,359
Peyton's - Kroger's	15,284,390	0.02	308,745
Bellsouth Telecom	14,515,838	0.02	293,220
Arch Chemicals	14,017,640	0.02	283,156
Schering - Plough	11,182,754	0.01	225,892
Volunteer Energy Coop	10,918,942	0.01	209,651
Wal-Mart Stores	8,529,705	0.01	142,300
Total	\$ 165,144,118	0.21 %	\$ 3,295,000

Notes:

(1) Taken from the records of the Bradley County property assessor.

(2) Percentage figured using total real and personal property assessment of \$1,560,285,157 plus total public utilities assessments figure of \$55,015,332.

Table 18

Bradley County, Tennessee
Miscellaneous Statistical Data
June 30, 2005

Date of Organization:	1835	
Form of Government:	Commission - County Mayor	
Fiscal Year:	July 1 to June 30	
Area:	338 Square Miles	
Miles of Streets:	Paved	733.62 miles
	Unpaved	5.68 miles
	Concrete Roads	0.23 miles
	Gravel Roads	5.68 miles
	Asphalt Roads	733.29 miles
	Chip/Seal Roads	0.1 miles

Building Permits (County Only)

<u>Fiscal Year</u>	<u>Number Issued</u>	<u>Value of Permits</u>
1996	719	\$ 33,552,142
1997	653	30,395,760
1998	710	25,343,461
1999	690	46,446,383
2000	687	38,047,565
2001	709	32,915,496
2002	833	31,137,223
2003	725	36,094,324
2004	545	35,898,835
2005	608	61,643,551

Police Protection (County Only)

Deputies	98
Correctional Officers	93
Civilian Employees	23

(Continued)

Table 18

Bradley County, Tennessee
Miscellaneous Statistical Data (Cont.)

Elections:

Registered Voters	51,388
Votes cast in last election	35,750

Libraries: 5

Cleveland Public Library
 Cleveland Public Library (History Branch)
 Bradley County Law Library
 Lee College Library
 Cleveland State Community College Library

Parks & Recreation Centers (County Only)

Burke Park
 Blue Springs Road Park
 Spring Place Road Park
 Peerless Road Park
 Eureka Road Park
 McDonald Community Center
 Urbane Road Park & Senior Center

Education (County Only)

Enrollment:	9,286	Public (ADM)
	26	Church Related
	38	Independent Home School

Facilities:	<u>Number</u>
Elementary	11
Middle Schools	2
High Schools	2
Alternative	1

(Continued)

Table 18

Bradley County, Tennessee
Miscellaneous Statistical Data (Cont.)

Population (Including All Municipalities):

1960	38,324
1970	50,686
1980	67,547
1990	73,712
1995	78,830
2000	87,965
2001	87,965
2002	87,965
2003	90,264
2004	91,196

Municipalities: (2004)

Cleveland	37,746
Charleston	642

Average Income Levels:

Per Capita	\$ 18,108	(2000)
Median Household Income	\$ 35,034	(2000)

Table 19

Bradley County, Tennessee
Schedule of Property and Casualty in Force
June 30, 2005

<u>Company</u>	<u>Coverage</u>	<u>Policy No.</u>	<u>Policy Period</u>	<u>Limits</u>
Tennessee School Board - Risk Management Trust	Blanket Building & Property	TSB-RMT	7/1/04 - 7/1/05	\$150,000,000
Tennessee School Board Association	Liability, Automobile, Law Enforcement Liability, and Public Entity E & O	TSBA POOL	Period	1,000,000
Tennessee School Board Association	Employee Dishonesty	TSB-RMT POOL	7/1/04 - 7/1/05	150,000
Tennessee School Board Association	Worker's Compensation	TSB-RMT POOL	7/1/04 - 7/1/05	1,000,000
<hr/>				
<u>Bradley County Schools Company</u>	<u>Coverage</u>	<u>Policy No.</u>	<u>Policy Period</u>	<u>Limits</u>
Tennessee School Board Liability Trust	Property	TSB-RMT	7/1/04 - 7/1/05	\$150,000,000
	Liability	TSBA POOL	7/1/04 - 7/1/05	1,000,000
	Auto	TSBA POOL	7/1/04 - 7/1/05	1,000,000
	Employee Dishonesty	TSBA POOL	7/1/04 - 7/1/05	150,000
Tennessee School Board Association	Workers Compensation	TSBA POOL	7/1/04 - 7/1/05	Statutory
Tennessee School Board Liability Trust	Public Officials	TSBA POOL	7/1/04 - 7/1/05	1,000,000

SINGLE AUDIT SECTION



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

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

September 27, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Bradley County's basic financial statements and have issued our report thereon dated September 27, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradley County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Bradley County's ability to record, process, summarize, and report financial data consistent with the assertions of

management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 05.01, 05.04, 05.05, and 05.06.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider item 05.01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bradley County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02 and 05.03.

We also noted certain matters that we reported to the management of Bradley County in separate communications.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-0269
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REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER COMPLIANCE
IN ACCORDANCE WITH OMB CIRCULAR A-133

September 27, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Bradley County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Bradley County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bradley County's management. Our responsibility is to express an opinion on Bradley County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bradley County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bradley County's compliance with those requirements.

In our opinion, Bradley County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

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

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

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 27, 2005. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

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
For Bradley County Memorial Hospital

To the Board of Trustees of
Bradley County Memorial Hospital:

We have audited the consolidated financial statements of Bradley County Memorial Hospital as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradley County Memorial Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

However, we noted certain matters involving internal control and its operation that we have reported to the Board of Trustees of Bradley County Memorial Hospital in a separate letter.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bradley County Memorial Hospital's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and, accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

This report is intended for the information of the Board of Trustees, management of Bradley County Memorial Hospital and the State of Tennessee, Comptroller of the Treasury, Department of Audit and it is not intended to be, and should not be used by anyone other than these specified parties.

REPORT ON COMPLIANCE AND ON INTERNAL CONTROL OVER FINANCIAL
REPORTING BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN
ACCORDANCE WITH GOVERNMENT AUDITING STANDARDS
For Bradley Healthcare & Rehabilitation Center

To the Board of Trustees of
Bradley Healthcare & Rehabilitation Center

We have audited the financial statements of Bradley Healthcare & Rehabilitation Center as of and for the year ended June 30, 2005, and have issued our report thereon. 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.

Compliance

As part of obtaining reasonable assurance about whether Bradley Healthcare & Rehabilitation Center's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grants, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance that are required to be reported under Government Auditing Standards.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradley Healthcare & Rehabilitation Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses. However, we noted other insignificant matters involving the internal control over financial reporting, which we have reported to the management of Bradley Healthcare & Rehabilitation in a separate letter.

This report is intended solely for the information and use of the Board of Trustees, management, the Bradley County Government, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Bradley County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 225,795
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	394,766
National School Lunch Program	10.555	N/A	1,303,234
Total U.S. Department of Agriculture			<u>\$ 1,923,795</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-01-10082-001	\$ 251,605
Passed-through Tennessee Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM0308	127,419
Total U.S. Department of Housing and Urban Development			<u>\$ 379,024</u>
U.S. Department of Justice:			
Direct Programs:			
Byrne Formula Grant Program	16.579	N/A	\$ 27,936
Public Safety Partnership and Community Policing Grants	16.710	N/A	386,244
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-04-10474-01	40,556 (3)
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11424-00	19,655 (3)
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11395-00	77,990 (3)
Enforcing Underage Drinking Laws Programs	16.727	GG-04-10244-00	14,744
Passed-through the City of Knoxville Police Department:			
Community Prosecution and Project Safe Neighborhoods	16.609	2003 GP CX 0177	5,581
Total U.S. Department of Justice			<u>\$ 572,706</u>
U.S. Department of Labor:			
Passed-through Southeast Tennessee Development District:			
WIA Youth Activities	17.259	1331-36849-6	\$ 32,611
Total U.S. Department of Labor			<u>\$ 32,611</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-04-016745-0	\$ 202,154
Total U.S. Department of Transportation			<u>\$ 202,154</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,041,847
Special Education - Grants to States	84.027	N/A	1,931,079
Vocational Education - Basic Grants to States	84.048	N/A	145,476
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	40,814 (4)
Safe and Drug-Free Schools and Communities - State Grants	84.186	Z-04-019488-00	4,250 (4)
Twenty-First Century Community Learning Centers	84.287	192-05-1-00-1	190,787
State Grants for Innovative Programs	84.298	N/A	40,859
Education Technology State Grants	84.318	(2)	73,653 (5)
Education Technology State Grants	84.318	Z-04-020709	16,000 (5)
Education Technology State Grants	84.318	Z-04-020710	16,000 (5)
Education Technology State Grants	84.318	Z-04-020847-00	271,461 (5)
Education Technology State Grants	84.318	Z-03-015000-00	61,173 (5)
Education Technology State Grants	84.318	Z-04-020711	16,000 (5)
Comprehensive School Reform Demonstration	84.332	Z-04-018582-00	100,000
Improving Teacher Quality State Grants	84.367	N/A	345,720

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures	
U.S. Department of Education (cont.):				
Passed-through State Department of Labor and Workforce Development:				
Adult Education-State Grant Program	84.002	Z-05-022197-00	\$ 151,853	
Passed-through State Department of Human Services:				
Rehabilitation Services-Vocational Rehabilitation Grants to States	84.126	GG-04-01257-01	115,907	
Total U.S. Department of Education			<u>\$ 4,562,879</u>	
U.S. Department of Homeland Security:				
Direct Program:				
Assistance to Firefighters Grant	97.044	N/A	\$ 213,791	
Passed-through State Department of Military:				
State Domestic Preparedness Equipment Support Programs	97.004	Z-04-02420-00	177,410	(6)
State Domestic Preparedness Equipment Support Programs	97.004	Z-03-17727-01	11,722	(6)
State Domestic Preparedness Equipment Support Programs	97.004	Z-04-020072-00	40,216	(6)
Total U.S. Department of Homeland Security			<u>\$ 443,139</u>	
Total Expenditures of Federal Awards			<u>\$ 8,116,308</u>	
<u>State Grants</u>				
Safe Schools Act - State Department of Education	N/A	(2)	\$ 41,146	
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	45,156	
Litter Program - State Department of Transportation	N/A	(2)	48,847	
Juvenile Services Program - State Children's Services Commission	N/A	(2)	9,000	
Family Friends - State Children's Services Commission	N/A	GG-05-11249-00	88,775	
Community Prevention Initiative Program - State Department of Health	N/A	Z-05-0207-98	87,939	
Youth Violence and Drug Use Prevention - State Department of Education	N/A	DG-05-01912-00	23,676	
Child Visitation Program - State Department of Finance	N/A	Z-05-020355-00	31,015	
Community Corrections Program - State Board of Probation and Parole	N/A	Z-05-020599-00	346,818	
Tire Recycling Grant - State Department of Environment and Conservation	N/A	Z-03-011360-01	68,074	
Child Restraint Program - Governor's Highway Safety Committee	N/A	(2)	793	
Stream Clean-Up - Tennessee Wildlife Resources Agency	N/A	Z-03-014715	1,000	
Total State Grants			<u>\$ 792,239</u>	

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

(1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.

(2) - Information not available.

(3) - Total Juvenile Accountability Incentive Block Grants (CFDA No. 16.523) from the
U.S. Department of Justice \$138,201.

(4) - Total Safe and Drug-Free Schools and Communities - State Grants (CFDA No. 84.186)
from the U.S. Department of Education \$45,064.

(5) - Total Education Technology State Grants (CFDA No. 84.318) from the
U.S. Department of Education \$454,287.

(6) - Total State Domestic Preparedness Equipment Support Programs (CFDA No. 97.004)
from the U.S. Department of Homeland Security \$229,348.

Bradley County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Comprehensive Annual Financial Report for Bradley County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	240	The actual beginning fund balance of the General Fund exceeded the estimated beginning fund balance by a material amount

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.02	240	Central cafeteria fund transactions were not channeled through the trustee's office
04.03	241	The school department did not maintain inventory records for non-depreciable assets

OTHER FINDINGS AND RECOMMENDATIONS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.04	241	A central system of accounting, budgeting, and purchasing had not been adopted
04.05	241	Duties were not segregated adequately in the Offices of Highway Superintendent, Trustee, Clerk and Master, and Register

BRADLEY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of Bradley County.
2. The audit of the financial statements disclosed reportable conditions in internal control. One of these conditions was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance which were material to the financial statements of Bradley County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no audit findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), Public Safety Partnership and Community Policing Grants Program (CFDA No. 16.710), the Title I Grants to Local Educational Agencies Program (CFDA No. 84.010), the Special Education – Grants to States Program (CFDA No. 84.027), the Education Technology State Grants Program (CFDA No. 84.318), and the Improving Teacher Quality State Grants Program (CFDA No. 84.367) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Bradley County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

OFFICE OF COUNTY MAYOR

FINDING 05.01 THE ACTUAL FUND BALANCE OF THE GENERAL FUND AT JUNE 30, 2004, EXCEEDED THE ESTIMATED BEGINNING FUND BALANCE BY A MATERIAL AMOUNT
(Internal Control – Material Weakness Under Government Auditing Standards)

The General Fund's actual fund balance at July 1, 2004, was \$5,873,770; however, the estimated fund balance reflected in the county's budget at July 1, 2004, was \$3,736,221. Therefore, the actual fund balance was \$2,137,549 more than the estimated fund balance presented to the County Commission.

RECOMMENDATION

The estimate of the beginning fund balance should be made on a more realistic basis to provide county officials with accurate information to base funding decisions.

FINDING 05.02 GENERAL DEBT SERVICE FUND EXPENDITURES EXCEEDED TOTAL APPROPRIATIONS
(Noncompliance Under Government Auditing Standards)

General Debt Service Fund expenditures exceeded appropriations approved by the County Commission by \$58,163. Section 5-9-401, Tennessee Code Annotated, states that "All funds ... including, but not limited to ... taxes, county aid funds, federal funds, and fines, that are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies."

RECOMMENDATION

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

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 05.03 **CENTRAL CAFETERIA FUND TRANSACTIONS WERE NOT
CHANNELED THROUGH THE TRUSTEE'S OFFICE**
(Noncompliance Under Government Auditing Standards)**

Transactions of the Central Cafeteria Fund were not channeled through the Trustee's Office, as required by state statute. Instead, these transactions were channeled through a bank account administered by the director of schools and food service supervisor. Section 49-2-301, Tennessee Code Annotated, requires school funds to be expended by issuing warrants drawn on the county trustee.

RECOMMENDATION

Operating funds of the Central Cafeteria Fund should be deposited with the county trustee and disbursed by county warrant.

**FINDING 05.04 **THE SCHOOL DEPARTMENT DID NOT MAINTAIN
INVENTORY RECORDS FOR NONDEPRECIABLE ASSETS**
(Internal Control – Reportable Condition Under Government
Auditing Standards)**

The School Department did not maintain inventory records for its nondepreciable assets. Generally accepted accounting principles require accountability for all department-owned assets, such as equipment, furniture, and vehicles. Without inventory records, the department cannot adequately control its assets.

RECOMMENDATION

The School Department should maintain inventory records for all department-owned assets, including nondepreciable assets, as required by generally accepted accounting principles. Furthermore, personnel independent of maintaining the inventory should periodically verify the inventory records.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.05 A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

Bradley County officials should consider adopting the County Financial Management System of 1981 or a private act which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 05.06 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF HIGHWAY SUPERINTENDENT, TRUSTEE, CLERK AND MASTER, AND REGISTER
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately among the officials and employees in the Offices of Highway Superintendent, Trustee, Clerk and Master, and Register. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

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

There were no findings and questioned costs for federal awards.

BRADLEY COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

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