ANNUAL FINANCIAL REPORT

HAMBLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2005

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

ANNUAL FINANCIAL REPORT

HAMBLEN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2005

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Audit Highlights

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

Scope

We have audited the basic financial statements of Hamblen County as of and for the year ended June 30, 2005.

Results

Our report on Hamblen County's financial statements is unqualified.

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

Findings

The following are summaries of the audit findings:

OFFICE OF TRUSTEE

- Internal control deficiencies were noted relating to cash collections and deposits.

OFFICE OF COUNTY CLERK

- The remaining balance of a cash shortage from a prior auditor's special report had not been liquidated.

OFFICE OF SHERIFF

- The cash shortage totaling $14,326.40 from the 2002-03 audit had not been liquidated.
- Accounting activity was not maintained on an official cash journal. Formal bank reconciliations were not performed, and fees received from the sex offender registry program were not deposited to the official bank account.
- Several collections were not deposited in compliance with the three-day deposit law.

OTHER FINDINGS

- County officials had not adopted a central system of accounting, budgeting, and purchasing.
- Duties were not segregated adequately among the officials and employees in the Offices of Trustee, Clerk and Master, and Sheriff.

INTRODUCTORY SECTION

Hamblen County Officials
June 30, 2005

Officials:

David Purkey, County Mayor
Barry Poole, Road Superintendent
Dr. Dale Lynch, Director of Schools
Bill Brittain, Trustee
John Ely, Assessor of Property
Linda Wilder, County Clerk
Kathy Mullins, Circuit and General Sessions Courts Clerk
Kathy Terry, Clerk and Master
Jim Clawson, Register
Otto Purkey, Sheriff
Nicole Epps, Finance Director

Board of County Commissioners:

Joseph Spoone, Chairman
Guy Collins, Chairman Pro-Tempore
Dennis Alvis
Larry Baker
Maudie Briggs
John Bruce
Doyle Fullington
Donald Gray
Herbert Harville
Tom Lowe
Linda Noe
Edwin Osborne
Nancy Phillips
Bobby Reinhardt

Board of Education:

Carolyn Holt, Chair
Joe Gibson, Jr., Vice Chair
Gary Chesney
Roger Greene
James Grigsby
Janice Haun
Ralph Livesay

Board of Highway Commissioners:

Dr. Arthur Tom Hyde, Chair
Charles Anderson
Billy Free
Johnny Greene
James Hall
E. C. Long
Delbert Nix

FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

February 1, 2006

Hamblen County Mayor and
Board of County Commissioners
Hamblen 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Hamblen County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Hamblen 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 Hamblen County Emergency Communications District, which represent one percent and one and one-half percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Hamblen County Emergency Communications District, is based on the report of the other auditors.

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

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

In accordance with Government Auditing Standards, we have also issued our report dated February 1, 2006, on our consideration of Hamblen 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., Hamblen 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 13 through 20 and the budgetary comparison information on pages 83 through 89 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. 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 Hamblen County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds, the General Debt Service Fund and the Hospital Debt Service Fund, combining and individual fund financial statements of the Hamblen 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, the General Debt Service Fund and the Hospital Debt Service Fund, combining and individual fund financial statements of the Hamblen County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us 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 by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

John G. Morgan
Comptroller of the Treasury

JGM/rd

HAMBLEN COUNTY
GOVERNMENT

David W. Purkey
County Mayor

"The People's House"

HAMBLEN COUNTY, TENNESSEE
MANAGEMENTS DISCUSSION AND ANALYSIS
For the Fiscal Year Ended June 30, 2005

This discussion and analysis of Hamblen County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2005. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Hamblen County School Department. A separate set of financial statements is not issued for the Hamblen County School Department. The intent of this discussion and analysis is to look at the county's and the DPCU Hamblen County School Department's financial performance as a whole. Readers should also review the notes to the basic financial statements and the financial statements to enhance their understanding of the county's financial performance as well as the DPCU School Department's financial performance. Also, readers should review the separately issued DPCU financial statements for their MD&A.

FINANCIAL HIGHLIGHTS FOR FY 2005

Net assets of the Primary Government	($ 12,177,699)
Net assets of the DPCU School Department	$ 53,483,661

The net assets of the primary government increased by over $3 million. The net assets of the DPCU School Department (SD) increased by $800 thousand. The majority of the large discrepancy in these two numbers is related to the fact that school buildings constructed with county debt are recorded as an asset for the DPCU SD, but the debt issued to fund those capital assets is recorded as a liability for the primary government. All net assets of the primary government and the DPCU SD are related to governmental activities.

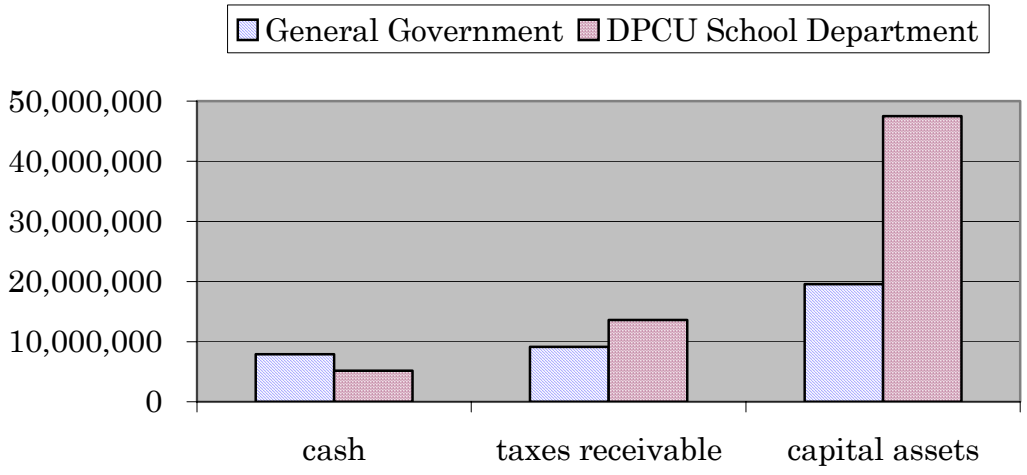
- General revenues of the primary government accounted for $12.8 million in revenues or 57 percent of all revenues.

- General revenues of the DPCU SD accounted for $51.3 million or 84 percent of all revenues.

- Program specific revenues of the primary government in the form of charges for services and sales, grants, and contributions accounted for $9.5 million or 43 percent of total governmental activities revenues.

- Total assets of governmental activities of the primary government were $7,925,922 cash, $9,167,651 taxes receivable (net of allowance), and $19,566,386 capital assets.

- Total assets of DPCU SD were $5,184,738 cash, $13,617,494 net taxes receivable, and $47,479,095 capital assets.



Hamblen County reported a total unreserved fund balance for all funds of $6,305,915, a decrease of $1 million from the prior year. Of this, the General Fund's portion was $380,206 or six percent.

Total unreserved fund balance for the DPCU SD was $3,961,613, an increase of $1.6 million from the prior year. Of this, the General Purpose School Fund was $3,531,378 or 89 percent.

OVERVIEW OF THE ANNUAL FINANCIAL REPORT (AFR)

This annual report consists of a series of financial statements and notes to those statements and other supplemental information related to these financial statements. These statements are organized so the reader can understand Hamblen County as a financial whole (and entire operating entity). The statements then proceed to provide an increasingly detailed look at specific financial activities. These fund financial statements look at the county's most significant funds with all other nonmajor funds presented in total and in one column.

First, the Statement of Net Assets and Statement of Activities present a government wide view of the county's finances. The next level is the governmental funds level of detail, and then individual fund is the most detailed level.

The Hamblen County government adopts an annual appropriated budget for its funds. Budgetary comparison statements are included in the report. Refer to the table of contents for the location of the various funds' budget statements.

REPORTING ON THE COUNTY AS A WHOLE

Statement of Net Assets and the Statement of Activities: These statements provide a broad picture of financial activities during fiscal year-end 2005. These statements include all assets and liabilities using the accrual basis of accounting similar to the accounting used by most private-sector companies. This basis of accounting takes into account all of the current year's revenues and expenses regardless of when cash is received or paid.

These two statements report the county's net assets and changes in these assets as well as those of the county's discretely presented component units. This change in assets is important because it tells the reader that, for the county, and its discretely presented component units as a whole, the financial position of the county and the discretely presented component units have improved or diminished. The cause of this change may be the results of many factors, some financial, some not. On the Statement of Net Assets and the Statement of Activity, the county reports its activities as governmental activities. The county's programs and services are reported here, including general government; finance; administration of justice; public safety; public health and welfare; social, cultural and recreational services; highways; and other operations. These services are funded primarily by taxes and intergovernmental revenues including federal and state grants and other shared revenues. The activities of the DPCU SD are reported as governmental revenues including federal and state grants and other shared revenues.

REPORTING THE COUNTY'S MOST SIGNIFICANT FUNDS

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. Hamblen County and the DPCU SD, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Hamblen County and the DPCU SD can be divided into two categories: governmental funds and fiduciary funds. In the case of Hamblen County, the General Fund is by far the most significant fund. Other major funds include the Solid Waste/Sanitation, General Debt Service, and the Hospital Debt Service Funds. In the case of the DPCU SD, the General Purpose School Fund is the only major fund.

Fund financial reports provide detailed information about the county's major funds. The county uses many funds to account for a multitude of financial transactions. However, these statements concentrate on the county's most significant 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, government fund financial statements focus on the 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, the 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 balance provide a reconciliation to facilitate this comparison between government funds and governmental activities.

The county and the DPCU SD maintain a multitude of individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for major funds, which were identified earlier. Data from all other governmental funds are combined in a single, aggregated presentation. Individual fund data for each of the nonmajor funds is provided in the form of combining statements in the required supplemental information of this report. Please refer to the Table of Contents to locate these statements.

Fiduciary Funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide statements because the resources of these funds are not available to support the county's own programs. The accounting used for fiduciary funds is much like that used to report proprietary funds. Please refer to the Table of Contents to locate statements.

Notes to Financial Statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. The notes to the financial statements can be found in the Table of Contents.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information including combining and individual fund statements and schedules. Please refer to the Table of Contents to locate these statements and schedules. Financial statements for the DPCU SD are presented immediately following the nonmajor funds statements and schedules. This component unit does not issue separate financial statements.

GOVERNMENT WIDE FINANCIAL ANALYSIS

Net assets, over time, may serve as a useful indicator of a government's financial position. In the case of the county, liabilities exceeded assets by $12.1 million at the close of the most recent fiscal year. For the DPCU SD, assets exceeded liabilities by $53.5 million at the close of the most recent fiscal year.

A large portion of the county's net assets reflects its investment in capital assets (i.e. land, buildings, infrastructure, machinery and equipment) less any related debt used to acquire those assets that is still outstanding. The county uses these capital assets to provide services to citizens; consequently these assets are not available for future spending. The same holds true for the DPCU SD. A large portion of its net assets reflects its investment in capital assets as described above. It must be noted that although the Hamblen County government's investment in its capital assets is reported net of related debt, 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.

NET ASSETS

Table 1 provides a summary of the county's net assets for fiscal year 2005 and a comparison to the prior year.

Table 1
Hamblen County Government and DPCU SD Net Assets
Governmental Activities

	Hamblen County Government	
	2005	2004
Current and Other Assets	$ 48,531,199	$ 33,090,727
Capital Assets	19,566,386	18,934,963
Total Assets	$ 68,097,585	$ 52,025,690
Long-term liabilities outstanding	$ 70,874,629	$ 58,389,961
Other Liabilities	9,400,655	9,322,464
Total Liabilities	$ 80,275,284	$ 67,712,425
Net Assets:		
Invested in capital assets, net of related debt	$ 13,781,038	$ 12,279,454
Restricted	5,292,543	5,911,218
Unrestriced	(31,251,280)	(33,877,407)
Total Net Assets	$ (12,177,699)	$ (15,686,735)

	DPCU School Department	
	2005	2004
Current and Other Assets	$ 21,284,753	$ 18,884,058
Capital Assets	47,479,095	48,380,134
Total Assets	$ 68,763,848	$ 67,264,192
Long-term liabilities outstanding	$ 898,668	$ 815,317
Other Liabilities	14,381,519	13,799,801
Total Liabilities	$ 15,280,187	$ 14,615,118
Net Assets:		
Invested in capital assets, net of related debt	$ 46,729,414	$ 47,706,383
Restricted	1,288,790	951,065
Unrestriced	5,465,457	3,991,626
Total Net Assets	$ 53,483,661	$ 52,649,074

CHANGES IN NET ASSETS

Table 2 shows the changes in net assets for fiscal year 2005 and a comparison to the changes in net assets of the prior year for the primary government and the discretely presented School Department.

Table 2
Hamblen County Government and DPCU SD Changes in Net Assets
Governmental Activities

	Hamblen County Government		Hamblen County School Dept.	
	2005	2004	2005	2004
Revenues:				
Program Revenues:				
Charges for Services	$ 5,866,128	$ 4,198,281	$ 2,230,107	$ 2,145,330
Operating Grants and Contributions	2,006,404	1,992,416	7,089,361	6,001,019
Capital Grants and Contributions	1,657,594	867,584	422,389	419,168
General Revenues:				
Property Taxes	8,456,595	8,481,789	12,629,390	12,714,662
Sales Taxes	565,077	544,234	9,860,124	9,255,380
Other Taxes	1,879,643	1,790,276	836,897	806,452
Grants and Contributions not restricted to specific programs	1,384,863	1,438,664	27,527,106	25,840,916
Unrestricted Investment Income	332,576	198,353	7,244	7,248
Miscellaneous	176,101	219,917	466,522	317,885
Gain on Sale of Capital Assets	0	0	7,203	0
Total Revenues	$ 22,324,981	$ 19,731,514	$ 61,076,343	$ 57,508,060
Expenses:				
General Government	$ 1,726,687	$ 1,480,429	$ 0	$ 0
Finance	1,589,039	1,518,286	0	0
Administration of Justice	1,492,884	1,202,897	0	0
Public Safety	4,739,475	3,831,140	0	0
Public Health and Welfare	2,157,675	2,565,842	0	0
Social, Cultural, and Recreational Services	710,848	754,611	0	0
Agricultural and Natural Resources	137,807	136,640	0	0
Other Operations	1,042,455	991,801	0	0
Highways	2,077,837	1,983,360	0	0
Education	0	167,099	60,241,756	56,877,621
Interest	2,570,835	2,343,254	0	0
Other Debt Service	570,403	117,892	0	0
Total Expenses	$ 18,815,945	$ 17,093,251	$ 60,241,756	$ 56,877,621
Increase/Decrease in Net Assets	$ 3,509,036	$ 2,638,263	$ 834,587	$ 630,439
Net Assets July 1, 2004	(15,686,735)	(18,072,047)	52,649,074	52,018,635
Prior Period Adjustment	0	(252,951)	0	0
Net Assets June 30, 2005	$ (12,177,699)	$ (15,686,735)	$ 53,483,661	$ 52,649,074

FINANCIAL COMPARISON – PRIMARY GOVERNMENT

The General Fund is the chief operating fund of the county. At the end of the current fiscal year, unreserved fund balance of the General Fund was $380,206, while total fund balance reached $997,612, decreases of $243,835 and $230,945 respectively. 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 approximately 3.6 percent of total General Fund expenditures, while total fund balance represents 9.4 percent of that same amount.

The General Debt Service Fund finished with a fund balance of $4.6 million at June 30, 2005, a decrease of approximately $288,000.

The Solid Waste/Sanitation Fund has rebounded nicely over the last two years, from a deficit of ($205,578) at June 30, 2003, to a fund balance of $548,329 at June 30, 2004, and ending June 30, 2005, with a fund balance of $1,113,131. This turnaround was a result of a 21 cent tax increase levied during the 2004 year.

FINANCIAL COMPARISON – DPCU SCHOOL DEPARTMENT

The General Purpose School Fund is the chief operating fund of the DPCU SD. At the end of the current fiscal year, unreserved fund balance of the General Purpose School Fund was $3.5 million, an increase of approximately $1.6 million from the prior year. Total fund balance reached $4.6 million, an increase of approximately $1.5 million over fund balance a year ago. As a measure of the General Purpose School 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 approximately seven percent of the General Purpose School Fund expenditures, while total fund balance represents nine percent of that same amount.

CAPITAL ASSET AND DEBT ADMINISTRATION

Capital Assets: The county's investments in capital assets for its governmental activities as of June 30, 2005, amount to $13,781,038 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, equipment, roads, highways and bridges. The DPCU SD's investment in capital assets for its governmental activities as of June 30, 2005, amounts to $46,729,414 (net of accumulated depreciation and related debt).

Note IV.E. (Capital Assets) provides capital asset activity during the 2005 fiscal year.

During 2005, the county completed the Russellville Sewer Line Extension and continued work on the Courthouse Dome Renovation.

Long Term Debt: At the end of 2005 fiscal year, the county had total loan agreements outstanding of $68.5 million. Of this amount, all is backed by the full faith and credit of the county. The county's long-term agreements increased by $16.8 million during the 2005 fiscal year, representing a financing arrangement and lease back of the hospital. The county maintains an 'A' rating for Standard & Poor's Agencies for general obligation debt.

Total bonded debt outstanding for the county is $1.9 million for the 2005 year-end. Of this amount, all is backed by the full faith and credit of the government. The remainder of the Hamblen County government's debt represents capital outlay notes and capital leases secured by the taxing power of the county and/or the assets financed.

Note IV.I. includes details of the county's capital leases. Note IV.J. discusses details of other long-term debt requirements. Note IV.K. provides information regarding revenue anticipation notes.

The DPCU SD has notes payable in the amount of $407,856 and capital leases of $341,825. Details of these requirements are also included in the notes referenced in the preceding paragraph.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

The unemployment rate for the county as of December 2005 was 6.1 percent, slightly above the rate a year ago. The state's average unemployment rate is currently 5.3 percent and the national average is 4.7 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 2006 fiscal year.

REQUEST FOR INFORMATION

This 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 Finance Department at 511 West 2nd North Street, Morristown, Tennessee 37814.

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government	Component Units	
	Governmental Activities	Hamblen County School Department	Emergency Communications District
ASSETS			
Cash	$ 225,051	$ 0	$ 244,521
Equity in Pooled Cash and Investments	7,700,871	5,184,738	0
Inventories	0	120,994	0
Accounts Receivable	120,877	309	100,216
Due from Other Governments	1,108,737	2,361,218	0
Property Taxes Receivable	9,315,094	13,837,281	0
Allowance for Uncollectible Property Taxes	(147,443)	(219,787)	0
Note Receivable - Current	19,444	0	0
Other Loan Receivable	1,698,632	0	0
Capital Lease Receivable	27,513,746	0	0
Note Receivable - Long-term	116,668	0	0
Unamortized Debt Issuance Cost	859,522	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	362,779	2,530,735	0
Construction in Progress	216,299	300,611	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	7,055,690	41,797,937	229,354
Other Capital Assets	1,079,449	2,849,812	89,619
Infrastructure	10,852,169	0	0
Total Assets	$ 68,097,585	$ 68,763,848	$ 663,710
LIABILITIES			
Accounts Payable	$ 203,044	$ 1,207,769	$ 11,212
Accrued Interest Payable	286,287	0	0
Payroll Deductions Payable	88,569	173,902	3,685
Retainage Payable	21,661	0	0
Due to Cities	17,809	0	0
Other Current Liabilities	28,300	0	0
Deferred Revenue - Property Taxes	8,754,985	12,999,848	0
Noncurrent Liabilities:			
Due Within One Year	1,599,225	473,842	3,278
Due in More than One Year	69,275,404	424,826	9,833
Total Liabilities	$ 80,275,284	$ 15,280,187	$ 28,008

(Continued)

Exhibit A

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

	Primary Government	Component Units	
	Governmental Activities	Hamblen County School Department	Emergency Communications District
NET ASSETS			
Invested in Capital Assets, net of related debt	$ 13,781,038	$ 46,729,414	$ 316,729
Restricted for:			
Capital Projects	0	8,148	0
Highways	550,216	0	0
Debt Service	4,616,516	0	0
Other Purposes	125,811	1,280,642	0
Unrestricted	(31,251,280)	5,465,457	318,973
Total Net Assets	$ (12,177,699)	$ 53,483,661	$ 635,702

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

Exhibit B

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

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Hamblen County School Department	Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	$ 1,726,687	$ 905,768	$ 16,380	$ 0	$ (804,539)	$ 0	$ 0
Finance	1,589,039	1,558,350	17,803	0	(12,886)	0	0
Administration of Justice	1,492,884	915,124	89,508	0	(488,252)	0	0
Public Safety	4,739,475	680,592	64,752	1,085,736	(2,908,395)	0	0
Public Health and Welfare	2,157,675	1,713,219	141,711	8,017	(294,728)	0	0
Social, Cultural, and Recreational Services	710,848	49,264	5,400	0	(656,184)	0	0
Agricultural and Natural Resources	137,807	0	0	0	(137,807)	0	0
Other Operations	1,042,455	43,811	0	2,900	(995,744)	0	0
Highways	2,077,837	0	1,670,850	560,941	153,954	0	0
Debt Service:							
Interest	2,570,835	0	0	0	(2,570,835)	0	0
Other Debt Service	570,403	0	0	0	(570,403)	0	0
Total Primary Government	$ 18,815,945	$ 5,866,128	$ 2,006,404	$ 1,657,594	$ (9,285,819)	$ 0	$ 0
Component Units:							
Hamblen County School Department	$ 60,241,756	$ 2,230,107	$ 7,089,361	$ 422,389	$ 0	$ (50,499,899)	$ 0
Emergency Communications District	854,323	563,676	15,000	0	0	0	(275,647)
Total Component Units	$ 61,096,079	$ 2,793,783	$ 7,104,361	$ 422,389	$ 0	$ (50,499,899)	$ (275,647)

(Continued)

Exhibit B

Hamblen County, Tennessee
Statement of Activities (Cont.)

		Program Revenues			Net (Expense) Revenue and Changes in Net Assets		
					Primary Government	Component Units	
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Hamblen County School Department	Emergency Communications District
General Revenues:							
Property Taxes					$ 8,456,595	$ 12,629,390	$ 0
Sales Taxes					565,077	9,860,124	0
Other Taxes					1,879,643	836,897	0
Grants and Contributions not restricted to specific programs					1,384,863	27,527,106	328,714
Unrestricted Investment Income					332,576	7,244	4,269
Miscellaneous					176,101	466,522	587
Gain on Sale/Disposal of Capital Assets					0	7,203	0
Total General Revenues					$ 12,794,855	$ 51,334,486	$ 333,570
Change in Net Assets					$ 3,509,036	$ 834,587	$ 57,923
Net Assets, July 1, 2004					(15,686,735)	52,649,074	577,779
Net Assets, June 30, 2005					$ (12,177,699)	$ 53,483,661	$ 635,702

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

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste/ Sanitation	General Debt Service	Hospital Debt Service	Other Govern- mental Funds	Total Govern- mental Funds
ASSETS						
Cash	$ 0	$ 0	$ 0	$ 0	$ 225,051	$ 225,051
Equity in Pooled Cash and Investments	911,145	1,407,808	4,311,190	319,700	751,028	7,700,871
Accounts Receivable	88,345	10,283	0	0	11,881	110,509
Due from Other Governments	707,601	111,746	0	0	289,390	1,108,737
Due from Other Funds	13,766	0	283,000	0	0	296,766
Property Taxes Receivable	5,246,891	1,204,739	2,863,464	0	0	9,315,094
Allowance for Uncollectible Property Taxes	(83,110)	(18,774)	(45,559)	0	0	(147,443)
Notes Receivable - Current	0	0	19,444	0	0	19,444
Loan Receivable	0	0	0	0	1,698,632	1,698,632
Capital Lease Receivable	0	0	0	27,513,746	0	27,513,746
Notes Receivable - Long-Term	0	0	116,668	0	0	116,668
Total Assets	$ 6,884,638	$ 2,715,802	$ 7,548,207	$ 27,833,446	$ 2,975,982	$ 47,958,075
LIABILITIES AND FUND BALANCES						
Liabilities						
Accounts Payable	$ 121,277	$ 72,854	$ 0	$ 0	$ 8,913	$ 203,044
Payroll Deductions Payable	72,117	5,343	0	0	11,109	88,569
Retainage Payable	0	0	0	0	21,661	21,661
Due to Other Funds	0	283,000	0	0	3,398	286,398
Due to Cities	0	0	0	0	17,809	17,809
Other Current Liabilities	28,300	0	0	0	0	28,300
Deferred Revenue - Current Property Taxes	4,930,976	1,134,385	2,689,624	0	0	8,754,985
Deferred Revenue - Delinquent Property Taxes	220,606	47,541	121,559	0	0	389,706
Other Deferred Revenues	513,750	59,548	136,112	27,513,746	143,434	28,366,590
Total Liabilities	$ 5,887,026	$ 1,602,671	$ 2,947,295	$ 27,513,746	$ 206,324	$ 38,157,062
Fund Balances						
Reserved for Encumbrances	$ 512,745	$ 724,359	$ 0	$ 0	$ 166,992	$ 1,404,096
Reserved for Alcohol and Drug Treatment	10,432	0	0	0	0	10,432

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste/ Sanitation	General Debt Service	Hospital Debt Service	Other Govern-mental Funds	Total Govern-mental Funds
LIABILITIES AND FUND BALANCES (Cont.)						
Fund Balances (Cont.)						
Reserved for Drug Court	$ 20,510	$ 0	$ 0	$ 0	$ 0	$ 20,510
Reserved for Computer System - Register	29,924	0	0	0	0	29,924
Reserved for Loan Receivable	0	0	0	0	1,682,191	1,682,191
Other Federal Reserves	0	0	0	0	21,150	21,150
Reserved for Other General Purposes	43,795	0	283,000	0	0	326,795
Unreserved, Reported In:						
General Fund	380,206	0	0	0	0	380,206
Special Revenue Funds	0	388,772	0	0	770,549	1,159,321
Debt Service Funds	0	0	4,317,912	319,700	0	4,637,612
Capital Projects Funds	0	0	0	0	128,776	128,776
Total Fund Balances	$ 997,612	$ 1,113,131	$ 4,600,912	$ 319,700	$ 2,769,658	$ 9,801,013
Total Liabilities And Fund Balances	$ 6,884,638	$ 2,715,802	$ 7,548,207	$ 27,833,446	$ 2,975,982	$ 47,958,075

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

Exhibit C-2

Hamblen 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)		$ 9,801,013
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		19,566,386
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		28,756,296
(3) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges is reflected on the statement of net assets.		859,522
(4) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.		(286,287)
(5) Long-term liabilities, including other loans payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes payable	$ 428,058	
Other loans payable	68,523,746	
Bonds payable	1,920,000	
Less: Deferred charges on refunding (to be amortized as interest expenses)	(63,420)	(70,808,384)
(6) Premium on bond issuance is recognized in the governmental funds when received and is amortized over the life of the debt in the government-wide statements.		(66,245)
Net assets of governmental activities (Exhibit A)		$ (12,177,699)

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

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Solid Waste/ Sanitation	General Debt Service	Hospital Debt Service	Other Govern-mental Funds	Total Governmental Funds
Revenues						
Local Taxes	$ 6,437,376	$ 1,799,314	$ 2,703,113	$ 0	$ 8,482	$ 10,948,285
Licenses and Permits	275,940	3,159	0	0	0	279,099
Fines, Forfeitures, and Penalties	223,511	0	69,903	0	43,229	336,643
Charges for Current Services	199,586	0	0	0	1,414,072	1,613,658
Other Local Revenues	101,797	16,647	808,773	1,153,060	120,930	2,201,207
Fees Received from County Officials	1,343,581	0	0	0	0	1,343,581
State of Tennessee	1,049,547	507,126	0	0	1,897,510	3,454,183
Federal Government	704,003	0	0	0	74,355	778,358
Other Governments and Citizens Groups	128,455	0	0	0	100	128,555
Total Revenues	$ 10,463,796	$ 2,326,246	$ 3,581,789	$ 1,153,060	$ 3,558,678	$ 21,083,569
Expenditures						
Current:						
General Government	$ 1,277,796	$ 0	$ 0	$ 0	$ 381,101	$ 1,658,897
Finance	822,391	0	0	0	766,648	1,589,039
Administration of Justice	1,155,092	0	0	0	180,919	1,336,011
Public Safety	5,108,084	0	0	0	30,252	5,138,336
Public Health and Welfare	465,924	1,761,444	0	14,343,336	0	16,570,704
Social, Cultural, and Recreational Services	489,306	0	0	0	251,594	740,900
Agricultural and Natural Resources	137,807	0	0	0	0	137,807
Other Operations	1,042,455	0	0	0	0	1,042,455
Highways	0	0	0	0	1,903,573	1,903,573
Debt Service:						
Principal	19,279	0	1,897,744	0	220,000	2,137,023
Interest	17,119	0	1,915,261	486,060	57,300	2,475,740
Other Debt Service	0	0	56,740	867,937	608	925,285
Capital Projects	118,429	0	0	0	280,990	399,419
Total Expenditures	$ 10,653,682	$ 1,761,444	$ 3,869,745	$ 15,697,333	$ 4,072,985	$ 36,055,189
Excess (Deficiency) of Revenues Over Expenditures	$ (189,886)	$ 564,802	$ (287,956)	$ (14,544,273)	$ (514,307)	$ (14,971,620)
Other Financing Sources (Uses)						
Notes Issued	$ 31,000	$ 0	$ 0	$ 0	$ 0	$ 31,000
Other Loans Issued	0	0	0	16,823,746	0	16,823,746
Transfers In	95,869	0	0	0	167,928	263,797
Transfers Out	(167,928)	0	0	(29,865)	(66,004)	(263,797)
Payments to Refunded Debt Escrow Agent	0	0	0	(2,061,086)	0	(2,061,086)
Total Other Financing Sources (Uses)	$ (41,059)	$ 0	$ 0	$ 14,732,795	$ 101,924	$ 14,793,660
Net Change in Fund Balances	$ (230,945)	$ 564,802	$ (287,956)	$ 188,522	$ (412,383)	$ (177,960)
Fund Balance, July 1, 2004	1,228,557	548,329	4,888,868	131,178	3,182,041	9,978,973
Fund Balance, June 30, 2005	$ 997,612	$ 1,113,131	$ 4,600,912	$ 319,700	$ 2,769,658	$ 9,801,013

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

Exhibit C-4

Hamblen 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 C-3)		$ (177,960)
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differed from depreciation is itemized as follows:		
Add: Capital outlays in the current period	$ 888,136	
Less: Current year depreciation	(589,421)	298,715
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		332,708
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	$ (13,504,256)	
For the year ended June 30, 2005	28,756,296	15,252,040
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Notes proceeds issued	$ (31,000)	
Less: Other loan proceeds issued	(16,823,746)	
Add: Loan proceeds applied to the redemption of refunded debt	2,061,086	
Add: Principal payment on notes	224,262	
Add: Principal payment on capital leases	149,361	
Add: Principal payment on other loans	220,000	
Add: Principal payment on bonds	1,705,000	
Add: Payment on LOGIC assessment payable	38,783	(12,456,254)
(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance cost expensed during the year recorded in the statement of activities.		
Less: Deferred charges on refunding amortized during the year	$ (47,666)	
Less: Debt issuance cost amortized during the year	(83,694)	
Add: Premium amortized during the year	19,252	
Add: Debt issuance cost on debt issued during the year	419,324	307,216

(Continued)

Exhibit C-4

Hamblen County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities (Cont.)

(6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	$	(47,429)
Change in net assets of governmental activities (Exhibit B)	$	3,509,036

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

Exhibit D-1

Hamblen County, Tennessee
Combined Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2005

	Other Employee Benefit Trust Fund Employee Benefit Trust Fund	Agency Funds
ASSETS		
Equity in Pooled Cash and Investments	$ 1,275	$ 32,851
Cash	0	1,720,240
Due from Other Governments	0	1,578,828
Cash Shortage	0	28,907
Total Assets	$ 1,275	$ 3,360,826
LIABILITIES		
Due to Other Funds	$ 0	$ 10,368
Due to Other Taxing Units	0	1,595,225
Due to Litigants, Heirs, and Others	0	1,738,779
Due to Joint Ventures	0	16,454
Total Liabilities	$ 0	$ 3,360,826
NET ASSETS		
Funds Held in Trust for Employees	$ 1,275	
Net Assets	$ 1,275	

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

Exhibit D-2

Hamblen County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
June 30, 2005

	Other Employee Benefit Trust Fund
	Employee Benefit Trust Fund
ADDITIONS	
Plan Member Contributions	$ 15,783
Total Additions	$ 15,783
DEDUCTIONS	
Employee Benefits	
Other Fringe Benefits	$ 17,386
Total Deductions	$ 17,386
Change in Net Assets	$ (1,603)
Net Assets July 1, 2004	2,878
Net Assets June 30, 2005	$ 1,275

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Hamblen 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 Hamblen County:

A. Reporting Entity

Hamblen County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Hamblen 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 Hamblen 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 Hamblen County School Department operates the public school system in the county, and the voters of Hamblen 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 Hamblen County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Hamblen County. The Hamblen County Emergency Communications District is governed by a ten-member Board of Directors, which is appointed by the county mayor and confirmed by the Hamblen County Commission. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval.

The Hamblen County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the Hamblen County School Department are included in this report as listed in the table of contents. Complete financial statements of the Hamblen County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Hamblen County Emergency Communications District
530 North Jackson Street
Morristown, Tennessee 37814

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 Hamblen 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 Hamblen 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.

Hamblen County issues all debt for the discretely presented Hamblen 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 Hamblen 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 three major categories: governmental, proprietary, and fiduciary. However, Hamblen County has no proprietary funds to report. 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. Hamblen County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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.

Hamblen 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.

Solid Waste/Sanitation Fund – This fund is used to account for transactions relating to the Hamblen County trash collection and waste disposal.

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.

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

Additionally, Hamblen County reports the following fund types:

General Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition an construction of major capital facilities.

Other Employee Benefit Trust Fund – This fund is used to account for operations of the flexible benefits program for Hamblen County employees.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Hamblen County, and assets held in a custodial capacity for a multi-jurisdictional crime unit. 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 Hamblen 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 Hamblen 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.

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

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

When both restricted and unrestricted resources are 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 Hamblen 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. Income from these pooled investments is assigned to the various funds based on the approved budgets. Hamblen County and the Hamblen 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.

2. Receivables and Payables

Activity between funds for unremitted current collections or that is representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as due to/from other funds.

Receivables for notes, loans, and other long-term advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in applicable governmental funds to indicate that they are not available for appropriation and are not expendable available financial resources.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to .85 percent of total taxes levied.

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

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

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

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

3. Inventories

Inventories of the discretely presented Hamblen County School Department consists of food items held at the individual schools and are valued at the lower of cost or market 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 or more. 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:

Assets	Years
Buildings and Improvements	40
Other Capital Assets	3 - 15
Infrastructure	100

5. Compensated Absences

Vacation leave benefits for employees of Hamblen County do not vest or accumulate and must be used within the current year or lost. Therefore, no accrual has been recorded for vacation pay.

Vacation benefits for all twelve month employees of the discretely presented School Department are earned in the current year for use in the subsequent year only. Therefore, accrued leave balances payable of $148,987 recorded as a liability in this report must be used in one year or lost.

There is no liability for unpaid accumulated sick leave since Hamblen County and the Hamblen County School Department do not have policies to pay any amounts when employees separate from service with the government.

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.

The county has entered into interest rate swap agreements to modify interest rates on outstanding debt. Other than the net interest expenditures resulting from these agreements, no amounts are

recorded in the financial statements. See Note IV.J., for details of the swap agreements.

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.

As of June 30, 2005, Hamblen County had $35,834,000 in outstanding debt for capital purposes for the discretely presented Hamblen County School Department. The debt is a liability of Hamblen County, but the capital assets acquired are reported in the financial statements of the School Department. Therefore, Hamblen 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.

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 $125,811, with the primary restriction being for a computerized mapping system ($43,795). For the discretely presented Hamblen County School Department, the account balance Restricted for Other Purposes ($1,280,642) consists of restrictions for various state and federal assistance programs; including the school lunch and breakfast program ($551,229) and various other programs recorded in the School Federal Projects Fund and the General Purpose School Fund.

On the balance sheet – governmental funds (Exhibit C-1), the account Reserved for Other General Purposes consists of a reserve in the

General Fund for computer mapping totaling $43,795, and in the General Debt Service Fund for interfund loan repayment by the Solid Waste/Sanitation Fund totaling $283,000.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Hamblen County School Department

The discretely presented Hamblen County School Department's Exhibit I-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets of governmental activities reported in the government-wide statement of net assets.

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

Primary Government

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

Discretely Presented Hamblen County School Department

The discretely presented Hamblen County School Department's Exhibit I-4 includes explanations of the nature of individual elements of items required to reconcile 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.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Cash Shortages

Prior year cash shortages of $14,581 and $14,326 still existed in the Offices of County Clerk and Sheriff, respectively, on June 30, 2005. Subsequent to June 30, 2005, a former employee of the County Clerk's office entered into a

pre-trial diversion agreement providing for $15,000 in restitution to be made to the County Clerk's office over two years. A former employee of the Sheriff's office was acquitted at trial of the theft charges relating to the shortage in that office. County officials are still pursuing options for collection of this shortage as of the date of this report.

B. Expenditures Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Transportation ($48,458) major appropriation category (the legal level of control) in the School Federal Projects Fund of the discretely presented Hamblen County School Department. This resulted from an encumbrance being recorded for a bus ordered during the 2004-05 year but budgeted in the 2005-06 year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Hamblen County and the Hamblen 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.

Investment Balances. As of June 30, 2005, Hamblen County had the following investments carried at fair value or cost. All investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Hamblen County and the discretely presented Hamblen County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
State Treasurer's Investment Pool	Daily	$ 623,403
Federal Home Loan Bank	4-5-07	200,000
Total		$ 823,403

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Hamblen County has a formal investment policy with the same requirements as state statutes for limiting investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Hamblen County has an investment policy that limits its investment choices to those authorized by state statute, with safety, liquidity, and yield being priorities specified by the policy. As of June 30, 2005, Hamblen County's investment in the State Treasurer's Investment Pool was unrated. Hamblen County's investments in Federal Home Loan Bank were rated Aaa by Moody's Investor's Service and AAA by Standard & Poor's Ratings.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Hamblen County places no limit on the amount the county may invest in one issuer. More than five percent of the county's investments are in the Federal

Home Loan Bank. These investments are 24.29 percent of the county's total investments.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Hamblen County's investment policy regarding custodial credit risk is the same as state statutes.

B. Note Receivable

The General Debt Service Fund has a long-term note receivable totaling $136,112 at June 30, 2005. This note receivable resulted from Jefferson Federal Savings and Loan and Lakeway Publishers, Inc., entering into an agreement to repay the county the cost of construction of the amphitheater located in Cherokee Park for the naming rights of the amphitheater. The amount of the note that is not expected to be received within one year is $116,668.

C. Loan Receivable

The Special Debt Service Fund has an intergovernmental long-term loan receivable totaling $1,698,632 at June 30, 2005. This loan receivable resulted from the primary government issuing debt on behalf of the Hamblen County-Morristown Solid Waste Disposal System, a joint venture, and entering into an agreement for the joint venture to repay the county the principal and interest requirements on the debt. The amount of the loan not expected to be received within one year is $1,475,000.

D. Lease Receivable

The Hospital Debt Service Fund has a lease receivable totaling $27,513,746 at June 30, 2005. This lease receivable resulted from the primary government issuing debt to fund the purchase and lease back of hospital facilities used by the Morristown-Hamblen Hospital Association (MHHA). The agreement replaces a previous lease agreement between the two parties. In the prior year the county reflected a lease receivable of $12,640,000 related to an agreement whereby the county had issued debt to fund certain capital improvements of the hospital and retained a leasehold interest in the assets. During the year, the county issued $16,823,746 in variable rate debt and used $1,950,000 of the proceeds to refund a portion of outstanding county hospital bonds. The remainder of the funds was used to purchase the hospital facilities from MHHA and to provide funds for additional capital investment. The facilities were then leased back to MHHA. The agreement requires payment to the county of amounts equal to the principal requirements on the county's outstanding debt along with minimum interest at the rate of five percent on a majority of the outstanding principal on the county's debt. The original term of the lease is ten years with the lessee having options for ten additional terms of ten years each. Lease terms also allow the lessee to buy

out the lease at any time for $30,000,000 less stipulated credits for charitable care service; however, the minimum buyout terms cannot be lower than the remaining outstanding debt. Once the county's debt is retired, the hospital association will regain title to the assets. The county's debt activity upon which the lease payments are determined was as follows for the year:

		Balance 7-1-04	Issued	Refunded	Balance 6-30-05
Public Building Authority Loan (Series A-2-C)		$ 10,000,000	$ 0	$ 0	$ 10,000,000
Public Building Authority Loan (Series VI-D-1)	(1)	0	16,823,746	0	16,823,746
Hospital Revenue and Tax Refunding Bonds		2,640,000	0	(1,950,000)	690,000
Total		$ 12,640,000	$ 16,823,746	$ (1,950,000)	$ 27,513,746

(1) Total authorized under this agreement was $18,750,000, of which $1,926,254 had not been drawn as of June 30, 2005.

Annual requirements on these debt issues are presented in Note IV.J. The amount of the lease receivable not expected to be received within one year is $27,513,746.

E. 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	$ 362,779	$ 0	$ 0	$ 362,779
Construction in Progress	2,368,390	306,711	(2,458,802)	216,299
Total Capital Assets Not Depreciated	$ 2,731,169	$ 306,711	$ (2,458,802)	$ 579,078
Capital Assets Depreciated:				
Buildings and Improvements	$ 6,245,555	$ 2,458,802	$ 0	$ 8,704,357
Roads and Bridges	15,391,272	332,708	0	15,723,980
Other Capital Assets	3,069,150	585,041	(113,975)	3,540,216
Total Capital Assets Depreciated	$ 24,705,977	$ 3,376,551	$ (113,975)	$ 27,968,553

Governmental Activities: (cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 1,455,383	$ 193,284	$ 0	$ 1,648,667
Roads and Bridges	4,715,782	156,029	0	4,871,811
Other Capital Assets	2,331,018	240,108	(110,359)	2,460,767
Total Accumulated Depreciation	$ 8,502,183	$ 589,421	$ (110,359)	$ 8,981,245
Total Capital Assets Depreciatied, Net	$ 16,203,794	$ 2,787,130	$ (3,616)	$ 18,987,308
Governmental Activities Capital Assets, Net	$ 18,934,963	$ 3,093,841	$ (2,462,418)	$ 19,566,386

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

Governmental Activities:

General Government	$ 106,603
Administration of Justice	77,116
Public Safety	65,430
Public Health and Welfare	84,328
Social, Cultural, and Recreational Services	17,038
Highways/Public Works	238,906
Total Depreciation Expense - Governmental Activities	$ 589,421

Discretely Presented Hamblen County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	$ 2,190,035	$ 340,700	$ 0	$ 2,530,735
Construction in Progress	125,444	300,612	(125,445)	300,611
Total Capital Assets Not Depreciated	$ 2,315,479	$ 641,312	$ (125,445)	$ 2,831,346

Governmental Activities: (cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Depreciated:				
Buildings and Improvements	$ 118,770,854	$ 143,430	$ 0	$ 118,914,284
Other Capital Assets	6,842,613	608,336	(154,408)	7,296,541
Total Capital Assets Depreciated	$ 125,613,467	$ 751,766	$ (154,408)	$ 126,210,825
Less Accumulated Depreciation For:				
Buildings and Improvements	$ 75,489,934	$ 1,626,413	$ 0	$ 77,116,347
Other Capital Assets	4,058,878	542,259	(154,408)	4,446,729
Total Accumulated Depreciation	$ 79,548,812	$ 2,168,672	$ (154,408)	$ 81,563,076
Total Capital Assets Depreciated, Net	$ 46,064,655	$ (1,416,906)	$ 0	$ 44,647,749
Governmental Activities Capital Assets, Net	$ 48,380,134	$ (775,594)	$ (125,445)	$ 47,479,095

Depreciation expense totaling $2,168,672 was charged by the discretely presented Hamblen County School Department.

F. Construction Commitments

Primary Government

At June 30, 2005, the Special Purpose Revenue Fund had uncompleted construction contracts of approximately $40,302 for paving in Cherokee Park. Funding has been received for these future expenditures.

Additionally, Hamblen County was notified by the State of Tennessee to cap a landfill previously closed by the county. Subsequent to June 30, 2005, the county issued a capital outlay note totaling $500,000, and entered into contracts totaling $384,029 for closure of the old landfill site. As of the date of our report, the county had paid $13,296 in engineering costs related to this project.

Discretely Presented Hamblen County School Department

At June 30, 2005, the General Purpose School Fund had uncompleted construction contracts of approximately $276,458 for roofing and other building improvement projects. Funding has been received for these future expenditures.

G. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	$ 3,398
General	Agency	10,368
General Debt Service	Solid Waste/Sanitation	283,000
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	110,790
Nonmajor governmental	General Purpose School	66,600

The balance of $283,000 due to the General Debt Service Fund from the Solid Waste/Sanitation Fund resulted from an advance to the Solid Waste/Sanitation Fund for the implementation of a semi-automatic trash pick-up system. The amount of the interfund loan not expected to be received within one year is $188,667.

The remaining 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:

	Transfers In	
Transfers Out	General Fund	Nonmajor Governmental Funds
General Fund	$ 0	$ 167,928
Hospital Debt Service Fund	29,865	
Nonmajor governmental funds	66,004	0
Total	$ 95,869	$ 167,928

Discretely Presented Hamblen County School Department

Transfers Out	Transfers In General Purpose School Fund
Nonmajor governmental funds	$ 42,554
Total	$ 42,554

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

The county made a one-time transfer of $29,865 from the Hospital Debt Service Fund to the General Fund to subsidize the county's matching share to obtain a federal grant.

H. Payables

Other current liabilities in the General Fund totaling $28,300 represents amounts withheld from contractors on various construction developments on-going within the county. The county trustee holds these amounts as Equity in Pooled Cash and Investments in the General Fund.

Retainage payable in the General Capital Projects Fund totaling $21,661 represents amounts withheld from payments made to contractors on construction contracts to ensure contract performance. The county trustee holds these amounts as Equity in Pooled Cash and Investments in the General Capital Projects Fund.

I. Capital Leases

On February 14, 2003, the discretely presented Hamblen County School Department entered into a seven-year lease-purchase agreement for heating and air equipment. The terms of the agreement require total lease payments of $484,750 plus interest of 4.18 percent. Title to the equipment transfers to the Hamblen County School Department at the end of the lease period. The lease payments are made by the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2005, were as follows:

Year Ending June 30		
2006	$	80,413
2007		80,413
2008		80,413
2009		80,413
2010		57,472
Total Minimum Lease Payments	$	379,124
Amounts Representing Interest		(37,299)
Present Value of Minimum Lease Payments	$	341,825

J. 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 ten years for bonds, up to seven years for notes, and up to 26 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. Bonds, notes, and other loans included in long-term debt as of June 30, 2005, will be retired from various funds.

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	3.5 to 4.45	%	$ 8,795,000	$	1,230,000
Hospital Revenue and Tax Refunding Bonds	4		3,825,000		690,000
Capital Outlay Notes	2.09 to 3.64		593,725		428,058
Other Loans - Variable Rate	Variable		38,750,000		36,823,746
Other Loans - Fixed Rate	2 to 5		2,145,000		1,700,000
Other Loans - Synthetic Fixed Rate by Swap	Variable		30,000,000		30,000,000

Hamblen County has entered into loan agreements with the Sevier County Public Building Authority and Blount County Public Authority. These loan agreements provided for the authorities to make $48,750,000 and $22,145,000, respectively, available for loan to Hamblen County on an as-needed basis for various renovation and construction projects for the county and the discretely presented Hamblen County School Department. At June 30, 2005, Hamblen County had borrowed the entire amounts of Blount County Public Building Authority loans and Sevier County Public Building Authority loans except for the Sevier County Public Building Authority, Series VI-D-1. At June 30, 2005, $16,823,746 of the approved Series VI-D-1 loan had been drawn. The balance of $1,926,254 remains available for future draws under the loan agreement. In addition to interest, the county pays various other fees (trustee, letter of credit, and debt remarketing) in connection with these loans. The following table summaries loan agreements outstanding at June 30, 2005, including interest rates and other fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-05	Interest Type	Interest Rates as of 6-30-05	Other Fees on Variable Rate Debt
Sevier County Public Building Authority					
Various (Series III-A-3)	$ 10,000,000	$ 10,000,000	Synthetic Fixed by Swap	5.74%	0.43%
Various (Series III-D-2)	10,000,000	10,000,000	Synthetic Fixed by Swap	4.23	0.43
Various (Series IV-B-3)	10,000,000	10,000,000	Variable	2.31	0.46
Various (Series VI-D-1)	18,750,000	16,823,746	Variable	2.31	0.5
Blount County Public Building Authority					
Various (Series A-2-B)	10,000,000	10,000,000	Synthetic Fixed by Swap	4.32	0.45
Hospital (Series A-2-C)	10,000,000	10,000,000	Variable	2.31	0.51
Solid Waste Refunding (Series B-2-A)	2,145,000	1,700,000	Fixed	2 to 5	N/A
		$ 68,523,746			

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. The amounts included for the Sevier County Public Building Authority, Series VI-D-1 loan do not include the $1,926,254, which has not yet been drawn by the county.

Year Ending	Bonds		Notes	
June 30	Principal	Interest	Principal	Interest
2006	$ 1,230,000	$ 57,704	$ 144,225	$ 10,585
2007	0	27,600	175,461	7,939
2008	690,000	27,600	108,372	3,037
Total	$ 1,920,000	$ 112,904	$ 428,058	$ 21,561

Year Ending	Other Loan - Series III-A-3 ($10,000,000)			
June 30	Principal	Interest	Other Fees	Total
2006	$ 0	$ 574,000	$ 43,000	$ 617,000
2007	0	574,000	43,000	617,000
2008	0	574,000	43,000	617,000
2009	0	574,000	43,000	617,000
2010	0	574,000	43,000	617,000
2011-2015	0	2,870,000	215,000	3,085,000
2016-2019	10,000,000	1,775,095	132,978	11,908,073
Total	$ 10,000,000	$ 7,515,095	$ 562,978	$ 18,078,073

Year Ending	Other Loan - Series III-D-2 ($10,000,000)			
June 30	Principal	Interest	Other Fees	Total
2006	$ 0	$ 423,400	$ 44,000	$ 467,400
2007	0	423,400	44,000	467,400
2008	0	423,400	44,000	467,400
2009	0	423,400	44,000	467,400
2010	0	423,400	44,000	467,400
2011-2015	6,705,000	1,900,219	197,472	8,802,691
2016-2017	3,295,000	153,906	15,994	3,464,900
Total	$ 10,000,000	$ 4,171,125	$ 433,466	$ 14,604,591

Year Ending June 30	Other Loan - Series IV-B-3 ($10,000,000) Principal	Interest	Other Fees	Total
2006	$ 0	$ 231,000	$ 46,000	$ 277,000
2007	0	231,000	46,000	277,000
2008	0	231,000	46,000	277,000
2009	1,815,000	231,000	46,000	2,092,000
2010	2,175,000	189,074	37,651	2,401,725
2011-2013	6,010,000	255,024	50,784	6,315,808
Total	$ 10,000,000	$ 1,368,098	$ 272,435	$ 11,640,533

Year Ending June 30	Other Loan Series A-2-B ($10,000,000) Principal	Interest	Other Fees	Total
2006	$ 0	$ 432,000	$ 45,000	$ 477,000
2007	0	432,000	45,000	477,000
2008	0	432,000	45,000	477,000
2009	0	432,000	45,000	477,000
2010	0	432,000	45,000	477,000
2011-2015	0	2,160,000	225,000	2,385,000
2016-2020	1,450,000	2,160,000	225,000	3,835,000
2021-2025	8,550,000	1,148,040	119,588	9,817,628
Total	$ 10,000,000	$ 7,628,040	$ 794,588	$ 18,422,628

Year Ending June 30	Other Loan Series B-2-A ($2,145,000) Principal	Interest	Total
2006	$ 225,000	$ 52,900	$ 277,900
2007	230,000	48,400	278,400
2008	235,000	42,650	277,650
2009	240,000	35,600	275,600
2010	250,000	28,400	278,400
2011-2012	520,000	34,150	554,150
Total	$ 1,700,000	$ 242,100	$ 1,942,100

Year Ending June 30	Other Loan Series A-2-C ($10,000,000) Principal	Interest	Other Fees	Total
2006	$ 0	$ 231,000	$ 51,000	$ 282,000
2007	0	231,000	51,000	282,000
2008	0	231,000	51,000	282,000
2009	565,000	231,000	51,000	847,000
2010	595,000	217,949	48,119	861,068
2011-2015	3,435,000	870,062	192,092	4,497,154
2016-2020	4,390,000	431,277	95,218	4,916,495
2021	1,015,000	23,446	5,177	1,043,623
Total	$ 10,000,000	$ 2,466,734	$ 544,606	$ 13,011,340

Year Ending June 30	Other Loan Series VI-D-1 ($18,750,000) Principal	Interest	Other Fees	Total
2006	$ 0	$ 388,629	$ 84,119	$ 472,748
2007	0	388,629	84,119	472,748
2008	0	388,629	84,119	472,748
2009	175,000	388,629	84,119	647,748
2010	200,000	384,586	83,244	667,830
2011-2015	1,100,000	1,851,898	400,845	3,352,743
2016-2020	1,425,000	1,710,988	370,345	3,506,333
2021-2025	6,375,000	1,377,192	298,095	8,050,287
2026-2030	7,548,746	454,346	98,345	8,101,437
Total	$ 16,823,746	$ 7,333,526	$ 1,587,350	$ 25,744,622

There is $4,637,612 available in the debt service funds to service long-term debt. Bonded debt per capita amounted to $33, based on the 2000 federal census. Total debt per capita, including bonds, notes, and other loans payable, amounted to $1,219, 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 III-A-3.

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 III-A-3 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 5.74 percent and receives a variable payment computed as 100 percent of the rate paid on the outstanding variable rate bond associated to the swap. 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 III-A-3. The bonds' variable rates have historically approximated the Bond Market Association Municipal lndex™ (BMA). The bonds and the related swap agreement mature on June 1, 2019. As of June 30, 2005, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	5.74%
Variable payment to counterparty		-2.30%
Net interest rate swap payments		3.44%
Variable-rate bond coupon payments		2.30%
Synthetic interest rate on bonds		5.74%

Fair value. As of June 30, 2005, the swap had a negative fair value of $1,041,653. 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 coupons 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. The variable interest payment to the county receives from the counterparty is the same as the variable rate interest paid on the outstanding bonds associated to the swap. Therefore, there is no basis risk.

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.

	Variable Rate Bonds			
Fiscal Year Ending June 30	Principal	Interest	Net Interest Rate Swap Payment	Total
2006	$ -	$ 230,000	$ 344,000	$ 574,000
2007	-	230,000	344,000	574,000
2008	-	230,000	344,000	574,000
2009	-	230,000	344,000	574,000
2010	-	230,000	344,000	574,000
2011-2015	-	1,150,000	1,720,000	2,870,000
2016-2019	10,000,000	711,275	1,063,820	11,775,095
	$ 10,000,000	$ 3,011,275	$ 4,503,820	$ 17,515,095

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 III-D-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 III-D-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 4.265 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has an outstanding 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 III-D-2. The bonds' variable rates have historically approximated the Bond Market Association Municipal lndex™ (BMA). The bonds and the related swap agreement mature on June 1, 2017. As of June 30, 2005, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.265%
Variable payment to counterparty	70% of LIBOR	-2.331%
Net interest rate swap payments		1.934%
Variable-rate bond coupon payments		2.300%
Synthetic interest rate on bonds		4.234%

Fair value. As of June 30, 2005, the swap had a negative fair value of $1,552,561. 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 increase 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 4.265 percent and the synthetic rate of

4.234 percent as of June 30, 2005. Also, as of June 30, 2005, the variable coupon rate was 2.3 percent, whereas 70 percent of LIBOR was 2.331 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 Rate Swap Payment	Total
	Principal	Interest		
2006	$ -	$ 230,000	$ 193,400	$ 423,400
2007	-	230,000	193,400	423,400
2008	-	230,000	193,400	423,400
2009	-	230,000	193,400	423,400
2010	-	230,000	193,400	423,400
2011-2015	6,705,000	1,032,240	867,979	8,605,219
2016-2017	3,295,000	83,605	70,301	3,448,906
	$ 10,000,000	$ 2,265,845	$ 1,905,280	$ 14,171,125

Under its loan agreement, the Public Building Authority of Blount 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 A-2-B.

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 A-2-B 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 4.39 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has an

outstanding 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 A-2-B bonds. The bonds' variable rates have historically approximated the Bond Market Association Municipal lndex™ (BMA). The bonds and the related swap agreement mature on June 1, 2025. As of June 30, 2005, rates were as follows:

	Terms	Rates
Interest rate swap:		
Fixed payment to counterparty	Fixed	4.39%
Variable payment to counterparty	70% of LIBOR	-2.33%
Net interest rate swap payments		2.06%
Variable-rate bond coupon payments		2.26%
Synthetic interest rate on bonds		4.32%

Fair value. As of June 30, 2005, the swap had a negative fair value of $2,044,814. 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, who 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 increase 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 4.39 percent and the synthetic rate of 4.32 percent as of June 30, 2005. Also, as of June 30, 2005, the variable coupon rate was 2.26 percent, whereas 70 percent of LIBOR was 2.33 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 Rate Swap Payment	Total
	Principal	Interest		
2006	$ -	$ 226,000	$ 206,000	$ 432,000
2007	-	226,000	206,000	432,000
2008	-	226,000	206,000	432,000
2009	-	226,000	206,000	432,000
2010	-	226,000	206,000	432,000
2011-2015	-	1,130,000	1,030,000	2,160,000
2016-2020	1,450,000	1,130,000	1,030,000	3,610,000
2021-2025	8,550,000	600,595	547,445	9,698,040
	$ 10,000,000	$ 3,990,595	$ 3,637,445	$ 17,628,040

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	$ 5,575,000	$ 621,320	$ 51,920,000
Additions	0	31,000	16,823,746
Deductions	(1,705,000)	(224,262)	(220,000)
Refunded	(1,950,000)	0	0
Balance, June 30, 2005	$ 1,920,000	$ 428,058	$ 68,523,746
Balance Due Within One Year	$ 1,230,000	$ 144,825	$ 225,000

	Capital Leases	LOGIC Assessment Payable
Balance, July 1, 2004	$ 149,361	$ 38,783
Deductions	(149,361)	(38,783)
Balance, June 30, 2005	$ 0	$ 0
Balance Due Within One Year	$ 0	$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	$ 70,871,804
Less: Balance Due Within One Year	(1,599,225)
Add: Unamortized Premium on Debt	66,245
Less: Deferred Amount on Refunding	(63,420)
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	$ 69,275,404

Advance or Current Refunding

On December 1, 2004, Hamblen County advance refunded a portion of the Hospital Revenue and Tax Refunding Bonds, Series 2002 with the Hospital Series VI-D-1 other loan issue. The county used $2,061,086 of other loans to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. The refunding was undertaken to restructure debt service requirements related to the outstanding hospital debt, including extending maturity dates on the outstanding debt. The fixed rate bonds were refunded by a variable rate loan agreement. The amount that debt service requirements of the refunded debt will vary from those of the refunding debt depends on the performance of the rate on which the refunding debt's variable rate is based.

Discretely Presented Hamblen County School Department

Capital Outlay Notes

Capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original

terms of three years for notes. Capital outlay notes outstanding as of June 30, 2005, are as follows:

Type	Original Amount	Interest Rate	Balance 6-30-05
Capital Outlay Notes	$ 773,566	2.62 to 2.75 %	$ 407,856

These capital outlay notes will be retired from the General Purpose School Fund of the discretely presented School Department.

The annual requirements to amortize all notes outstanding as of June 30, 2005, including interest, are presented in the following table:

Year Ending June 30	Notes Principal	Notes Interest
2006	$ 257,856	$ 15,409
2007	150,000	3,930
Total	$ 407,856	$ 19,339

Changes in Long-term Liabilities

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

Governmental Activities:

	Notes	Capital Leases	Compensated Absences
Balance, July 1, 2004	$ 265,631	$ 408,120	$ 141,566
Additions	450,000	0	148,987
Deductions	(307,775)	(66,295)	(141,566)
Balance, June 30, 2005	$ 407,856	$ 341,825	$ 148,987
Balance Due Within One Year	$ 257,855	$ 67,000	$ 148,987

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	$ 898,668
Less: Balance Due Within One Year	(473,842)
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	$ 424,826

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

K. Short-term Debt

Hamblen County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General ($1,300,000) and General Purpose School ($550,000) Funds. These notes were necessary because funds were not available to meet operating payments coming due before current tax collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Tax Anticipation Notes	$ 0	$ 1,850,000	$ (1,850,000)	$ 0

V. OTHER INFORMATION

A. Risk Management

It is the policy of Hamblen County and the discretely presented Hamblen County School Department to purchase commercial insurance for the risks of losses to which it is exposed. These risks included general liability, property, casualty, and workers' compensation. Additionally, it is the policy of Hamblen County to purchase commercial insurance for the risks of losses to which it is exposed for employee health and accident. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The discretely presented Hamblen County School Department joined the Local Government Group Insurance (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 were 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 Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

B. Accounting Change

During the year, Hamblen 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

On July 21, 2005, the County Commission approved the issuance of a twelve year capital outlay note not to exceed one million dollars to address issues related to a previously closed landfill. The primary government subsequently issued a capital outlay note totaling $500,000 at an interest rate of 3.27 percent. Additionally, contracts totaling $384,029 were executed to various vendors to address the issues related to the landfill.

Subsequent to June 30, 2005, the County Commission approved interfund loans to the General Fund from the General Debt Service Fund in the amounts of $90,000 and $600,000 at an interest rate of three percent. The interfund loans are for the upgrade to the communications system in the courthouse and completion of the second floor addition at the county jail. As of the date of this report, the interfund loans have not been executed.

On September 1, 2005, Hamblen County entered into interest rate swap agreements on the variable rate other loans, Hospital Series A-2-C and Series VI-D-1, to obtain a synthetic fixed rate on the debt.

Additionally, a tax anticipation note of $1,000,000 was issued subsequent to June 30, 2005, to provide temporary funding for the General Fund.

D. Contingent Liabilities

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

E. Change in Administration

On August 31, 2004, James Hipshire left the Office of Property Assessor and was succeeded by John Ely.

F. Joint Ventures

The Third Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Third Judicial District, Greene, Hamblen, Hancock, and Hawkins 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 including the district attorney general, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district.

The Hamblen County-Morristown Solid Waste Disposal System is a joint venture that is operated by Hamblen County and the City of Morristown. The Board of Directors of the system is comprised of eight members, three of whom are appointed by the Hamblen County Commission and three of whom are appointed by the Morristown City Council. The county mayor and city mayor appoint one member each. The board has control, supervision, management, and use of the landfills. Further, any and all real estate purchased is to be titled in the name of the City of Morristown and Hamblen County, each owning an undivided one-half interest, and each having agreed to equally finance the costs of such acquisitions. The board is required to submit their annual budget to the Hamblen County Commission and the Morristown City Council for approval.

The Morristown-Hamblen Library is a joint venture between two equal participants, Hamblen County and the City of Morristown. The library was created to provide public library service to the general public. The Board of Directors consists of nine members; four appointed by the Hamblen County Commission, three appointed by the Morristown City Council, and two members from the regional library board. Hamblen County has indirect control of the budget through the amount of annual appropriations. The library's operating budget is adopted and controlled by its board without requiring approval of the Hamblen County Commission and the Morristown City Council.

The Hamblen County-Morristown Multi-Jurisdictional Crime Unit is a joint venture between Hamblen County and the City of Morristown. The joint venture is operated by a three-member board. The board includes the sheriff, chief of police, and one additional person that is appointed jointly by the sheriff and the chief of police. The board meets quarterly and appoints a supervisor over the unit every twelve months. The supervisor reviews all spending for the unit, and submits financial reports for review by the board at all quarterly meetings.

Complete financial statements for the Third Judicial District Drug Task Force, Hamblen County-Morristown Solid Waste Disposal System, Morristown-Hamblen Library, and Hamblen County-Morristown Multi-Jurisdictional Crime Unit can be obtained from their respective administrative offices at the following addresses:

Administrative Offices:

District Attorney General's Office
Third Judicial District
109 S. Main Street, Suite 501
Greeneville, TN 37743

Hamblen County-Morristown Solid Waste Disposal System
P.O. Box 2108
Morristown, TN 37816

Morristown-Hamblen Library
417 West Main Street
Morristown, TN 37814

Hamblen County-Morristown Multi-Jurisdictional Crime Unit
510 Allison Street
Morristown, TN 37814

G. Jointly Governed Organization

The East Tennessee Regional AgriBusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated (TCA) and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: the Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center manager (as an ex officio member), is in charge of the daily operation of the center.

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Hamblen County, Bristol City, Carter County, Cocke County, Elizabethton City, Greeneville City, Greene County, Hancock County, Hawkins County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Sullivan County, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of TCA. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a board of control, consisting of one board member and the directors of schools from each of the systems. The executive committee consists of the chairman and vice chairman of the board of control and the member directors of schools.

Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative has entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. All members of the Upper East Tennessee Educational Cooperative are members of the Northeast Tennessee Cooperative except Elizabethton City, Hancock County, Kingsport City, Unicoi County, and Washington County systems. The cooperative is governed by a Representative Committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the Representative Committee.

H. Retirement Commitments

Plan Description

Employees of Hamblen 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 Hamblen 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

Hamblen County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 6.6 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Hamblen County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, Hamblen County's annual pension cost of $839,683 to TCRS was equal to Hamblen 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. Hamblen 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 Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	$839,683	100%	$0
6-30-04	600,969	100	0
6-30-03	586,914	100	0

Required Supplementary Information
Schedule of Funding Progress for Hamblen 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	$28,036	$29,925	$1,889	93.69%	$11,839	15.96%
6-30-01	25,399	27,528	2,129	92.27	10,995	19.36
6-30-1999	21,902	22,737	835	96.33	9,730	8.58

SCHOOL TEACHERS

Plan Description

The Hamblen 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 Hamblen County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Hamblen 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 $1,498,776, $897,830, and $895,685, respectively, equal to the required contributions for each year.

I. Other Post-employment Benefits

In addition to the retirement commitments described above, the discretely presented Hamblen County School Department provides post-retirement health and life insurance benefits, in accordance with a resolution of the Hamblen County School Board, to employees who retire after attaining age 60 and/or with at least 30 years of service with at least 15 years of service with Hamblen County and/or the former Morristown City School Department with the last seven years being continuous service. As of June 30, 2005, 157 retirees from the discretely presented Hamblen County School Department were participating in the program. The discretely presented Hamblen County School Department pays health and life insurance premiums for the qualifying retirees until age 65 with the option to continue dependant coverage at the retiree's expense. During the year, expenditures of $474,803 and $35,154 were recognized for post-employment health and life insurance premiums from the General Purpose School Fund and the Central Cafeteria Fund, respectively, for the discretely presented Hamblen County School Department. In addition, the discretely presented Hamblen County School Department provides post-retirement Medicare Supplement benefits for non-certified retirees who are covered by Medicare benefits, who are covered by a supplement offered by the Tennessee Consolidated Retirement System (TCRS), and who are drawing a monthly retirement allowance from TCRS, in accordance with a resolution of the Hamblen County Commission. The Hamblen County School Department provides Medicare Supplement benefits to non-certified retirees on a graduated scale, which is based on years of service with Tennessee Consolidated Retirement System. During the year, expenditures of $8,840 and $4,840 were recognized in the General Purpose School Fund and the Central Cafeteria Fund, respectively.

J. Office of Central Accounting and Budgeting

Office of Director of Finance

The Hamblen County Finance Department was established by an agreement between the county mayor and the County Commission. This agreement

provides for a finance director who is responsible for maintaining records for funds administered by the county mayor and the highway superintendent.

K. Purchasing Laws

Office of County Mayor

Purchasing procedures for the Office of County Mayor are governed by the County Purchasing Law of 1983, Section 5-14-101, et seq., Tennessee Code Annotated. This act provides for purchases exceeding $5,000 to be made after public advertisement and solicitation of competitive bids.

Office of Highway Superintendent

Chapter 313 of the Private Acts of 1949, as amended, and Section 54-7-113, Tennessee Code Annotated (Uniform Road Law), govern purchasing procedures for the Highway Department. These statutes require all purchases exceeding $10,000 to be made on the basis of publicly advertised competitive bids.

Office of Director of Schools

Purchasing procedures for the discretely presented Hamblen 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 chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding $5,000.

VI. OTHER NOTES – DISCRETELY PRESENTED HAMBLEN COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Nature of the Organization

The district was established by the county for the purpose of enhancing "911" and selective routing services under Tennessee Code Annotated Sections 7-86-101 through 7-86-117 "Emergency Communications District Law." The district is a component unit of Hamblen County, Tennessee. It is managed by a ten member Board of Directors appointed by the Hamblen County Commission for four year terms. The district is fiscally dependent upon the county as it must obtain County Commission approval before the issuance of most debt and the County Commission has the ability to adjust the district's service charges.

B. Significant Accounting Policies

1. Basis of accounting – accrual. Revenue is recognized when earned and expenses are recorded when incurred.

2. Fund type – proprietary.

3. For purposes of the statement of cash flows, the district considers all highly liquid investments with maturities of three months or less when purchased to be cash equivalents.

4. Capital assets and depreciation:

   a. Capital assets are recorded at cost. Buildings are depreciated 31.5 years, furniture and equipment over seven years, and communications equipment over five years.

   b. Capital assets consist of:

	Balance 7-1-04	Additions	Balance 6-30-05	Accumulated Depreciation	Net Capital Assets
Building	$ 281,245	$ 0	$ 281,245	$ 51,891	$ 229,354
Communication equipment	411,681	9,709	421,390	340,524	80,866
Furniture and fixtures	160,478	1,912	162,390	153,637	8,753
Automobile	16,837	0	16,837	16,837	0
Total	$ 870,241	$ 11,621	$ 881,862	$ 562,889	$ 318,973

   c. The straight-line method of depreciation is used, totaling $37,808 for June 30, 2005. Accumulated depreciation was $562,889 as of June 30, 2005.

5. The district has chosen not to follow Financial Accounting Standards Board pronouncements issued subsequent to November 30, 1989. The district follows Governmental Accounting Standards Board guidance after November 30, 1989.

6. The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results may differ from those estimates. The useful lives of the capital assets of the district are such an estimate.

C. Bank Deposits

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 treasurer of the State of Tennessee. Participating banks determine the aggregate balance of their public funds accounts for the State of Tennessee and its political subdivisions. The

amount of collateral required to secure these public deposits must be equal to at least 105 percent of the average daily balance of public funds held. Collateral securities required to be pledged by the participating banks to protect their public funds 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 individual 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 insured for consideration 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 district.

The carrying amount of the district's deposits with financial institutions was $244,521 and the bank balance was $234,593. These deposits were insured or collateralized with securities held by the entity or its agent in the entity's name.

D. Contributions

When the district was formed, the City of Morristown and Hamblen County, Tennessee, each verbally agreed to fund the salaries and benefits of four dispatchers as the district has absorbed these employees. The district bills the two entities monthly for these expenses.

E. Concentration of Credit Risk

The Hamblen County Emergency Communications District was established for the purpose of enhancing "911" and selective routing services in Hamblen County. All fees are collected through either Bell South who bills every telephone customer in Hamblen County or the State Department of Commerce and Insurance of Tennessee who remits ECB wireless revenue monthly.

F. Compensated Absences

1. Annual leave cannot be accumulated over 28 days or 336 hours.

   Upon termination, employees are reimbursed for their accumulated annual leave. As of June 30, 2005, this liability is $13,111 of which $3,278 is estimated to be current.

2. Sick leave is accumulated at the rate of one day per month without limit. Sick leave may be used to allow an employee early retirement on a day for day basis.

G. Pension Plan Information

Plan Description

Employees of the Hamblen County Emergency Communications District 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 age 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 performance of duty. Members joining the system on or 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 the Hamblen County Emergency Communications District 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 www.treasury.state.tn.us/tcrs/PS/.

Funding Policy

The Hamblen County Emergency Communications District requires employees to contribute five percent of earnable compensation. The Hamblen County Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2005, was 7.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement of the Hamblen County Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2005, the Hamblen County Emergency Communications District's annual pension cost of $27,926 to TCRS was equal to the Hamblen County Emergency Communications District'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. The Hamblen County Emergency Communications District'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 17 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	$27,926	100%	$0
6-30-04	15,084	100	0
6-30-03	14,574	100	0

Required Supplementary Information

Schedule of Funding Progress for the Hamblen County Emergency Communications District

(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)
06-30-03	$326	$442	$116	73.76%	$292	39.73%
06-30-01	249	362	113	68.78	241	46.89
06-30-1999	193	287	94	67.25	217	43.23

H. Risk Management and Litigation

The district is exposed to various risks of losses related to torts; theft of, damaged to, and destruction of assets; errors and omissions; injuries to employees, and natural disasters. The district is insured through State Insurance Group as an ancillary to Hamblen County's insurance. There were no actual or potential claims against the district according to the county attorney; therefore, no provision has been made. There have been no settlements in excess of insurance coverage in any of the prior three fiscal years.

I. Note Payable

The district had a note payable to Jefferson Federal Savings and Loan for $128,700 for the new building construction. The interest rate was 3.8 percent, and the note was to be repaid over 3 years, with the first payment paid on September 21, 2002. Interest expense for the year ended June 30, 2005, was $1,046. The note was paid in full on June 22, 2005.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit E-1

Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 6,437,376	$ 0	$ 0	$ 6,437,376	$ 6,356,432	$ 6,356,432	$ 80,944
Licenses and Permits	275,940	0	0	275,940	246,000	246,030	29,910
Fines, Forfeitures, and Penalties	223,511	0	0	223,511	229,400	229,400	(5,889)
Charges for Current Services	199,586	0	0	199,586	146,325	193,611	5,975
Other Local Revenues	101,797	0	0	101,797	59,970	83,960	17,837
Fees Received from County Officials	1,343,581	0	0	1,343,581	1,397,411	1,352,000	(8,419)
State of Tennessee	1,049,547	0	0	1,049,547	989,379	1,062,259	(12,712)
Federal Government	704,003	0	0	704,003	14,920	1,299,189	(595,186)
Other Governments and Citizens Groups	128,455	0	0	128,455	64,500	88,776	39,679
Total Revenues	$ 10,463,796	$ 0	$ 0	$ 10,463,796	$ 9,504,337	$ 10,911,657	$ (447,861)
Expenditures							
General Government							
County Commission	$ 137,918	$ 0	$ 300	$ 138,218	$ 144,513	$ 144,513	$ 6,295
Board of Equalization	4,005	0	0	4,005	4,575	4,575	570
County Mayor	121,721	0	0	121,721	122,055	122,055	334
County Attorney	81,373	0	0	81,373	76,300	81,800	427
Election Commission	208,156	0	329	208,485	212,073	212,073	3,588
Register of Deeds	88,023	0	0	88,023	81,818	90,004	1,981
Planning	236,207	0	3,500	239,707	232,281	244,307	4,600
Other Facilities	400,393	0	28,922	429,315	393,170	440,565	11,250
Finance							
Accounting and Budgeting	120,959	0	0	120,959	105,626	127,626	6,667
Purchasing	83,257	0	169	83,426	84,288	84,288	862
Property Assessor's Office	307,881	0	1,189	309,070	309,625	314,725	5,655
Reappraisal Program	66,743	0	0	66,743	78,815	78,815	12,072
County Trustee's Office	58,700	0	0	58,700	52,991	59,075	375

(Continued)

Exhibit E-1

Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Finance (Cont.)							
County Clerk's Office	$ 118,314	$ 0	$ 1,676	$ 119,990	$ 120,457	$ 120,457	$ 467
Data Processing	37,077	0	0	37,077	82,777	60,777	23,700
Other Finance	29,460	0	67	29,527	37,010	35,710	6,183
Administration of Justice							
Circuit Court	440,879	0	4,683	445,562	467,425	467,425	21,863
General Sessions Court	250,207	0	315	250,522	251,864	251,864	1,342
Drug Court	46,589	0	4,413	51,002	0	95,031	44,029
Chancery Court	41,664	0	45	41,709	48,674	48,674	6,965
Juvenile Court	341,581	0	181	341,762	349,250	351,800	10,038
Probation Services	34,172	0	0	34,172	34,170	34,175	3
Public Safety							
Sheriff's Department	2,364,459	(386,288)	63,869	2,042,040	1,901,889	2,073,778	31,738
Wheel Tax Officer	7,647	0	0	7,647	7,760	7,760	113
Drug Enforcement	9,164	0	110	9,274	10,000	10,000	726
Administration of the Sexual Offender Registry	1,457	0	0	1,457	0	1,800	343
Jail	1,329,115	0	2,981	1,332,096	1,250,482	1,335,957	3,861
Workhouse	51,425	0	0	51,425	66,230	66,230	14,805
Work Release Program	78,168	0	0	78,168	78,839	78,839	671
Fire Prevention and Control	140,000	0	0	140,000	140,000	140,000	0
Civil Defense	65,694	0	1,263	66,957	69,214	69,214	2,257
Rescue Squad	141,436	0	0	141,436	141,436	141,436	0
Other Emergency Management	782,416	0	326,385	1,108,801	0	1,132,618	23,817
County Coroner/Medical Examiner	76,436	0	0	76,436	48,900	76,900	464
Other Public Safety	60,667	0	60,333	121,000	0	121,000	0
Public Health and Welfare							
Local Health Center	160,360	0	0	160,360	211,052	211,052	50,692

(Continued)

Exhibit E-1

Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Public Health and Welfare (Cont.)							
Rabies and Animal Control	$ 93,400	$ 0	$ 0	$ 93,400	$ 93,400	$ 93,400	$ 0
Nursing Home	2,000	0	0	2,000	2,000	2,000	0
Crippled Children Services	6,242	0	0	6,242	6,242	6,242	0
Appropriation to State	110,500	0	0	110,500	110,500	110,500	0
General Welfare Assistance	6,300	0	0	6,300	6,300	6,300	0
Aid to Dependent Children	8,000	0	0	8,000	8,000	8,000	0
Child Support	12,482	0	0	12,482	15,000	15,000	2,518
Other Local Welfare Services	45,740	0	0	45,740	50,000	50,000	4,260
Sanitation Management	15,000	0	0	15,000	15,000	15,000	0
Other Public Health and Welfare	5,900	0	0	5,900	5,900	5,900	0
Social, Cultural, and Recreational Services							
Adult Activities	11,600	0	0	11,600	11,600	11,600	0
Senior Citizens Assistance	6,500	0	0	6,500	6,500	6,500	0
Libraries	218,500	0	0	218,500	218,500	218,500	0
Parks and Fair Boards	200,000	0	0	200,000	200,000	200,000	0
Other Social, Cultural, and Recreational	52,706	0	4,095	56,801	61,816	61,816	5,015
Agriculture & Natural Resources							
Agriculture Extension Service	102,550	0	0	102,550	107,848	107,848	5,298
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	34,257	0	0	34,257	40,126	40,126	5,869
Other Operations							
Tourism	12,500	0	0	12,500	12,500	12,500	0
Industrial Development	40,000	0	0	40,000	40,000	40,000	0
Veterans' Services	13,621	0	0	13,621	14,216	14,816	1,195
Other Charges	326,988	0	7,920	334,908	346,397	344,970	10,062
Employee Benefits	649,346	0	0	649,346	785,420	690,411	41,065

(Continued)

Exhibit E-1

Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Principal							
General Government	$ 19,279	$ 0	$ 0	$ 19,279	$ 0	$ 19,280	$ 1
Interest							
General Government	17,119	0	0	17,119	0	17,121	2
Capital Projects							
General Administration Projects	118,429	(118,429)	0	0	0	0	0
Total Expenditures	$ 10,653,682	$ (504,717)	$ 512,745	$ 10,661,710	$ 9,373,824	$ 11,035,748	$ 374,038
Excess (Deficiency) of Revenues Over Expenditures	$ (189,886)	$ 504,717	$ (512,745)	$ (197,914)	$ 130,513	$ (124,091)	$ (73,823)
Other Financing Sources (Uses)							
Notes Issued	$ 31,000	$ 0	$ 0	$ 31,000	$ 0	$ 31,000	$ 0
Transfers In	95,869	0	0	95,869	88,617	95,982	(113)
Transfers Out	(167,928)	0	0	(167,928)	(203,640)	(214,140)	46,212
Total Other Financing Sources (Uses)	$ (41,059)	$ 0	$ 0	$ (41,059)	$ (115,023)	$ (87,158)	$ 46,099
Net Change in Fund Balance	$ (230,945)	$ 504,717	$ (512,745)	$ (238,973)	$ 15,490	$ (211,249)	$ (27,724)
Fund Balance, July 1, 2004	1,228,557	(504,717)	0	723,840	989,844	989,844	(266,004)
Fund Balance, June 30, 2005	$ 997,612	$ 0	$ (512,745)	$ 484,867	$ 1,005,334	$ 778,595	$ (293,728)

Exhibit E-2

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 1,799,314	$ 0	$ 0	$ 1,799,314	$ 1,716,325	$ 1,716,325	$ 82,989
Licenses and Permits	3,159	0	0	3,159	1,500	1,500	1,659
Other Local Revenues	16,647	0	0	16,647	10,000	10,000	6,647
State of Tennessee	507,126	0	0	507,126	476,000	476,000	31,126
Total Revenues	$ 2,326,246	$ 0	$ 0	$ 2,326,246	$ 2,203,825	$ 2,203,825	$ 122,421
Expenditures							
Public Health and Welfare							
Sanitation Management	$ 1,761,444	$ (93,085)	$ 724,359	$ 2,392,718	$ 1,823,077	$ 2,519,471	$ 126,753
Total Expenditures	$ 1,761,444	$ (93,085)	$ 724,359	$ 2,392,718	$ 1,823,077	$ 2,519,471	$ 126,753
Excess (Deficiency) of Revenues Over Expenditures	$ 564,802	$ 93,085	$ (724,359)	$ (66,472)	$ 380,748	$ (315,646)	$ 249,174
Net Change in Fund Balance	$ 564,802	$ 93,085	$ (724,359)	$ (66,472)	$ 380,748	$ (315,646)	$ 249,174
Fund Balance, July 1, 2004	548,329	(93,085)	0	455,244	348,647	348,647	106,597
Fund Balance, June 30, 2005	$ 1,113,131	$ 0	$ (724,359)	$ 388,772	$ 729,395	$ 33,001	$ 355,771

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

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 County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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.

Special Purpose Fund – The Special Purpose Fund is used to account for transactions relating to Cherokee Park.

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

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

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county Highway Department.

Debt Service Fund

Debt Service Funds are used to account for the payment of debt principal, interest, and other related costs.

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

Capital Projects Fund

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities.

Exhibit F-1

Hamblen County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2005

	Special Revenue Funds					Debt Service Fund	Capital Projects Fund	
	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	Special Debt Service	General Capital Projects	Total Nonmajor Governmental Funds
ASSETS								
Cash	$ 0	$ 0	$ 225,051	$ 0	$ 225,051	$ 0	$ 0	$ 225,051
Equity in Pooled Cash and Investments	130,374	47,162	0	421,687	599,223	1,368	150,437	751,028
Accounts Receivable	0	0	11,881	0	11,881	0	0	11,881
Due from Other Governments	0	0	0	289,390	289,390	0	0	289,390
Loan Receivable	0	0	0	0	0	1,698,632	0	1,698,632
Total Assets	$ 130,374	$ 47,162	$ 236,932	$ 711,077	$ 1,125,545	$ 1,700,000	$ 150,437	$ 2,975,982
LIABILITIES AND FUND BALANCES								
Liabilities								
Accounts Payable	$ 1,503	$ 165	$ 0	$ 7,245	$ 8,913	$ 0	$ 0	$ 8,913
Payroll Deductions Payable	927	0	0	10,182	11,109	0	0	11,109
Retainage Payable	0	0	0	0	0	0	21,661	21,661
Due to Other Funds	0	0	3,398	0	3,398	0	0	3,398
Due to Cities	0	0	0	0	0	17,809	0	17,809
Other Deferred Revenues	0	0	0	143,434	143,434	0	0	143,434
Total Liabilities	$ 2,430	$ 165	$ 3,398	$ 160,861	$ 166,854	$ 17,809	$ 21,661	$ 206,324
Fund Balances								
Reserved for Encumbrances	$ 42,729	$ 1,785	$ 0	$ 122,478	$ 166,992	$ 0	$ 0	$ 166,992
Reserved for Loan Receivable	0	0	0	0	0	1,682,191	0	1,682,191
Other Federal Reserves	0	21,150	0	0	21,150	0	0	21,150
Unreserved	85,215	24,062	233,534	427,738	770,549	0	128,776	899,325
Total Fund Balances	$ 127,944	$ 46,997	$ 233,534	$ 550,216	$ 958,691	$ 1,682,191	$ 128,776	$ 2,769,658
Total Liabilities and Fund Balances	$ 130,374	$ 47,162	$ 236,932	$ 711,077	$ 1,125,545	$ 1,700,000	$ 150,437	$ 2,975,982

Exhibit F-2

Hamblen 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					Debt Service Fund	Capital Projects Fund	
	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total	Special Debt Service	General Capital Projects	Total Nonmajor Governmental Funds
Revenues								
Local Taxes	$ 6,882	$ 0	$ 0	$ 1,600	$ 8,482	$ 0	$ 0	$ 8,482
Fines, Forfeitures, and Penalties	0	43,229	0	0	43,229	0	0	43,229
Charges for Current Services	29,312	0	1,384,760	0	1,414,072	0	0	1,414,072
Other Local Revenues	22,712	7,387	0	45,526	75,625	40,099	5,206	120,930
State of Tennessee	0	0	0	1,897,510	1,897,510	0	0	1,897,510
Federal Government	0	13,890	0	0	13,890	0	60,465	74,355
Other Governments and Citizens Groups	0	100	0	0	100	0	0	100
Total Revenues	$ 58,906	$ 64,606	$ 1,384,760	$ 1,944,636	$ 3,452,908	$ 40,099	$ 65,671	$ 3,558,678
Expenditures								
Current:								
General Government	$ 0	$ 0	$ 381,101	$ 0	$ 381,101	$ 0	$ 0	$ 381,101
Finance	0	0	766,648	0	766,648	0	0	766,648
Administration of Justice	0	0	180,919	0	180,919	0	0	180,919
Public Safety	0	29,751	501	0	30,252	0	0	30,252
Social, Cultural, and Recreational Services	251,594	0	0	0	251,594	0	0	251,594
Highways	0	0	0	1,903,573	1,903,573	0	0	1,903,573
Debt Service:								
Principal	0	0	0	0	0	220,000	0	220,000
Interest	0	0	0	0	0	57,300	0	57,300
Other Debt Service	0	0	0	0	0	608	0	608
Capital Projects	0	0	0	0	0	0	280,990	280,990
Total Expenditures	$ 251,594	$ 29,751	$ 1,329,169	$ 1,903,573	$ 3,514,087	$ 277,908	$ 280,990	$ 4,072,985
Excess (Deficiency) of Revenues Over Expenditures	$ (192,688)	$ 34,855	$ 55,591	$ 41,063	$ (61,179)	$ (237,809)	$ (215,319)	$ (514,307)
Other Financing Sources (Uses)								
Transfers In	$ 157,428	$ 0	$ 10,500	$ 0	$ 167,928	$ 0	$ 0	$ 167,928
Transfers Out	(33,481)	0	0	(32,523)	(66,004)	0	0	(66,004)
Total Other Financing Sources (Uses)	$ 123,947	$ 0	$ 10,500	$ (32,523)	$ 101,924	$ 0	$ 0	$ 101,924
Net Change in Fund Balances	$ (68,741)	$ 34,855	$ 66,091	$ 8,540	$ 40,745	$ (237,809)	$ (215,319)	$ (412,383)
Fund Balance, July 1, 2004	196,685	12,142	167,443	541,676	917,946	1,920,000	344,095	3,182,041
Fund Balance, June 30, 2005	$ 127,944	$ 46,997	$ 233,534	$ 550,216	$ 958,691	$ 1,682,191	$ 128,776	$ 2,769,658

Exhibit F-3

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 6,882	$ 0	$ 0	$ 6,882	$ 4,500	$ 4,500	$ 2,382
Charges for Current Services	29,312	0	0	29,312	20,000	20,000	9,312
Other Local Revenues	22,712	0	0	22,712	22,675	22,675	37
State of Tennessee	0	0	0	0	0	36,480	(36,480)
Total Revenues	$ 58,906	$ 0	$ 0	$ 58,906	$ 47,175	$ 83,655	$ (24,749)
Expenditures							
Social, Cultural, and Recreational Services							
Parks and Fair Boards	$ 251,594	$ (26,354)	$ 42,729	$ 267,969	$ 245,830	$ 309,569	$ 41,600
Total Expenditures	$ 251,594	$ (26,354)	$ 42,729	$ 267,969	$ 245,830	$ 309,569	$ 41,600
Excess (Deficiency) of Revenues Over Expenditures	$ (192,688)	$ 26,354	$ (42,729)	$ (209,063)	$ (198,655)	$ (225,914)	$ 16,851
Other Financing Sources (Uses)							
Transfers In	$ 157,428	$ 0	$ 0	$ 157,428	$ 202,691	$ 202,691	$ (45,263)
Transfers Out	(33,481)	0	0	(33,481)	(33,481)	(33,481)	0
Total Other Financing Sources (Uses)	$ 123,947	$ 0	$ 0	$ 123,947	$ 169,210	$ 169,210	$ (45,263)
Net Change in Fund Balance	$ (68,741)	$ 26,354	$ (42,729)	$ (85,116)	$ (29,445)	$ (56,704)	$ (28,412)
Fund Balance, July 1, 2004	196,685	(26,354)	0	170,331	192,790	192,790	(22,459)
Fund Balance, June 30, 2005	$ 127,944	$ 0	$ (42,729)	$ 85,215	$ 163,345	$ 136,086	$ (50,871)

Exhibit F-4

Hamblen 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)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Fines, Forfeitures, and Penalties	$ 43,229	$ 0	$ 43,229	$ 16,500	$ 16,500	$ 26,729
Other Local Revenues	7,387	0	7,387	400	400	6,987
Federal Government	13,890	0	13,890	16,000	16,000	(2,110)
Other Governments and Citizens Groups	100	0	100	0	0	100
Total Revenues	$ 64,606	$ 0	$ 64,606	$ 32,900	$ 32,900	$ 31,706
Expenditures						
Public Safety						
Drug Enforcement	$ 29,751	$ 1,785	$ 31,536	$ 36,896	$ 36,896	$ 5,360
Total Expenditures	$ 29,751	$ 1,785	$ 31,536	$ 36,896	$ 36,896	$ 5,360
Excess (Deficiency) of Revenues Over Expenditures	$ 34,855	$ (1,785)	$ 33,070	$ (3,996)	$ (3,996)	$ 37,066
Other Financing Sources (Uses)						
Transfers In	$ 0	$ 0	$ 0	$ 6,022	$ 6,022	$ (6,022)
Total Other Financing Sources (Uses)	$ 0	$ 0	$ 0	$ 6,022	$ 6,022	$ (6,022)
Net Change in Fund Balance	$ 34,855	$ (1,785)	$ 33,070	$ 2,026	$ 2,026	$ 31,044
Fund Balance, July 1, 2004	12,142	0	12,142	12,887	12,887	(745)
Fund Balance, June 30, 2005	$ 46,997	$ (1,785)	$ 45,212	$ 14,913	$ 14,913	$ 30,299

Exhibit F-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues						
Local Taxes	$ 1,600	$ 0	$ 1,600	$ 1,600	$ 1,600	$ 0
Other Local Revenues	45,526	0	45,526	7,500	17,500	28,026
State of Tennessee	1,897,510	0	1,897,510	1,968,307	1,968,307	(70,797)
Total Revenues	$ 1,944,636	$ 0	$ 1,944,636	$ 1,977,407	$ 1,987,407	$ (42,771)
Expenditures						
Highways						
Administration	$ 307,292	$ 89	$ 307,381	$ 305,322	$ 333,183	$ 25,802
Highway and Bridge Maintenance	953,103	55,309	1,008,412	800,454	1,097,627	89,215
Operation and Maintenance of Equipment	231,356	361	231,717	243,873	252,630	20,913
Employee Benefits	63,140	0	63,140	351,595	78,588	15,448
Capital Outlay	348,682	66,719	415,401	490,311	429,527	14,126
Total Expenditures	$ 1,903,573	$ 122,478	$ 2,026,051	$ 2,191,555	$ 2,191,555	$ 165,504
Excess (Deficiency) of Revenues Over Expenditures	$ 41,063	$ (122,478)	$ (81,415)	$ (214,148)	$ (204,148)	$ 122,733
Other Financing Sources (Uses)						
Transfers Out	$ (32,523)	$ 0	$ (32,523)	$ (32,636)	$ (32,636)	$ 113
Total Other Financing Sources (Uses)	$ (32,523)	$ 0	$ (32,523)	$ (32,636)	$ (32,636)	$ 113
Net Change in Fund Balance	$ 8,540	$ (122,478)	$ (113,938)	$ (246,784)	$ (236,784)	$ 122,846
Fund Balance, July 1, 2004	541,676	0	541,676	545,159	545,159	(3,483)
Fund Balance, June 30, 2005	$ 550,216	$ (122,478)	$ 427,738	$ 298,375	$ 308,375	$ 119,363

Exhibit F-6

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Other Local Revenues	$ 40,099	$ 285,300	$ 285,300	$ (245,201)
Total Revenues	$ 40,099	$ 285,300	$ 285,300	$ (245,201)
Expenditures				
Principal				
General Government	$ 220,000	$ 220,000	$ 220,000	$ 0
Interest				
General Government	57,300	57,300	57,300	0
Other Debt Service				
General Government	608	0	0	(608)
Total Expenditures	$ 277,908	$ 277,300	$ 277,300	$ (608)
Excess (Deficiency) of Revenues Over Expenditures	$ (237,809)	$ 8,000	$ 8,000	$ (245,809)
Net Change in Fund Balance	$ (237,809)	$ 8,000	$ 8,000	$ (245,809)
Fund Balance, July 1, 2004	1,920,000	2,255,156	2,255,156	(335,156)
Fund Balance, June 30, 2005	$ 1,682,191	$ 2,263,156	$ 2,263,156	$ (580,965)

Major Governmental Funds

Debt Service Funds

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, debt principal, interest, and related costs.

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

Hospital Debt Service Fund – The Hospital Debt Service Fund is used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and other costs related to debt issued for the benefit of the hospital. The hospital remits amounts sufficient to pay the requirements of this fund based on a lease with the county.

Exhibit G-1

Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Local Taxes	$ 2,703,113	$ 2,718,893	$ 2,718,893	$ (15,780)
Fines, Forfeitures, and Penalties	69,903	40,600	40,600	29,303
Other Local Revenues	808,773	704,444	694,444	114,329
Total Revenues	$ 3,581,789	$ 3,463,937	$ 3,453,937	$ 127,852
Expenditures				
Principal				
General Government	$ 727,744	$ 540,000	$ 732,744	$ 5,000
Education	1,170,000	1,170,000	1,170,000	0
Interest				
General Government	261,042	285,550	472,226	211,184
Education	1,654,219	1,910,010	1,674,796	20,577
Other Debt Service				
General Government	55,936	55,000	55,936	0
Education	804	0	804	0
Total Expenditures	$ 3,869,745	$ 3,960,560	$ 4,106,506	$ 236,761
Excess (Deficiency) of Revenues Over Expenditures	$ (287,956)	$ (496,623)	$ (652,569)	$ 364,613
Net Change in Fund Balance	$ (287,956)	$ (496,623)	$ (652,569)	$ 364,613
Fund Balance, July 1, 2004	4,888,868	4,979,938	4,979,938	(91,070)
Fund Balance, June 30, 2005	$ 4,600,912	$ 4,483,315	$ 4,327,369	$ 273,543

Exhibit G-2

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Other Local Revenues	$ 1,153,060	$ 728,832	$ 1,197,130	$ (44,070)
Total Revenues	$ 1,153,060	$ 728,832	$ 1,197,130	$ (44,070)
Expenditures				
Public Health and Welfare				
Other Public Health and Welfare	$ 14,343,336	$ 0	$ 14,343,336	$ 0
Principal				
General Government	0	630,000	0	0
Interest				
General Government	486,060	97,575	534,849	48,789
Other Debt Service				
General Government	867,937	0	867,937	0
Total Expenditures	$ 15,697,333	$ 727,575	$ 15,746,122	$ 48,789
Excess (Deficiency) of Revenues Over Expenditures	$ (14,544,273)	$ 1,257	$ (14,548,992)	$ 4,719
Other Financing Sources (Uses)				
Other Loans Issued	$ 16,823,746	$ 0	$ 16,823,746	$ 0
Transfers Out	(29,865)	0	(29,865)	0
Payments to Refunded Debt Escrow Agent	(2,061,086)	0	(2,061,086)	0
Total Other Financing Sources (Uses)	$ 14,732,795	$ 0	$ 14,732,795	$ 0
Net Change in Fund Balance	$ 188,522	$ 1,257	$ 183,803	$ 4,719
Fund Balance, July 1, 2004	131,178	100,412	100,412	30,766
Fund Balance, June 30, 2005	$ 319,700	$ 101,669	$ 284,215	$ 35,485

Fiduciary Funds

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

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

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk, circuit 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.

Other Agency Fund – The Other Agency Fund is used to account for amounts remitted to the multi-jurisdictional crime unit.

Exhibit H-1

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

	Agency Funds			
	Cities - Sales Tax	Constitu-tional Officers - Agency	Other Agency	Total
ASSETS				
Equity in Pooled Cash and Investments	$ 16,397	$ 0	$ 16,454	$ 32,851
Cash	0	1,720,240	0	1,720,240
Due from Other Governments	1,578,828	0	0	1,578,828
Cash Shortage	0	28,907	0	28,907
Total Assets	$ 1,595,225	$ 1,749,147	$ 16,454	$ 3,360,826
LIABILITIES				
Due to Other Funds	$ 0	$ 10,368	$ 0	$ 10,368
Due to Other Taxing Units	1,595,225	0	0	1,595,225
Due to Litigants, Heirs, and Others		1,738,779	0	1,738,779
Due to Joint Ventures	0	0	16,454	16,454
Total Liabilities	$ 1,595,225	$ 1,749,147	$ 16,454	$ 3,360,826

Exhibit H-2

Hamblen 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
Cities - Sales Tax Fund				
Assets				
Equity in Pooled Cash and Investments	$ 18,557	$ 9,261,310	$ 9,263,470	$ 16,397
Due From Other Governments	1,492,686	1,578,828	1,492,686	1,578,828
Total Assets	$ 1,511,243	$ 10,840,138	$ 10,756,156	$ 1,595,225
Liabilities				
Due to Other Taxing Units	$ 1,511,243	$ 10,840,138	$ 10,756,156	$ 1,595,225
Total Liabilities	$ 1,511,243	$ 10,840,138	$ 10,756,156	$ 1,595,225
Constitutional Officers - Agency Fund				
Assets				
Cash	$ 1,786,904	$ 11,477,406	$ 11,544,070	$ 1,720,240
Accounts Receivable	469	0	469	0
Cash Shortage	28,907	0	0	28,907
Total Assets	$ 1,816,280	$ 11,477,406	$ 11,544,539	$ 1,749,147
Liabilities				
Due to Other Funds	$ 10,066	$ 10,368	$ 10,066	$ 10,368
Due to Litigants, Heirs, and Others	1,806,214	11,467,038	11,534,473	1,738,779
Total Liabilities	$ 1,816,280	$ 11,477,406	$ 11,544,539	$ 1,749,147
Other Agency Fund				
Assets				
Equity in Pooled Cash and Investments	$ 10,669	$ 29,480	$ 23,695	$ 16,454
Total Assets	$ 10,669	$ 29,480	$ 23,695	$ 16,454
Liabilities				
Due to Joint Ventures	$ 10,669	$ 29,480	$ 23,695	$ 16,454
Total Liabilities	$ 10,669	$ 29,480	$ 23,695	$ 16,454

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
Totals - All Agency Funds				
Assets				
Equity in Pooled Cash and Investments	$ 29,226	$ 9,290,790	$ 9,287,165	$ 32,851
Cash	1,786,904	11,477,406	11,544,070	1,720,240
Accounts Receivable	469	0	469	0
Due from Other Governments	1,492,686	1,578,828	1,492,686	1,578,828
Cash Shortage	28,907	0	0	28,907
Total Assets	$ 3,338,192	$ 22,347,024	$ 22,324,390	$ 3,360,826
Liabilities				
Due to Other Funds	$ 10,066	$ 10,368	$ 10,066	$ 10,368
Due to Joint Ventures	10,669	29,480	23,695	16,454
Due to Other Taxing Units	1,511,243	10,840,138	10,756,156	1,595,225
Due to Litigants, Heirs, and Others	1,806,214	11,467,038	11,534,473	1,738,779
Total Liabilities	$ 3,338,192	$ 22,347,024	$ 22,324,390	$ 3,360,826

Hamblen County School Department

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

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

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

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

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

Exhibit I-1

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

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Govern-mental Funds
ASSETS			
Equity in Pooled Cash and Investments	$ 4,837,142	$ 347,596	$ 5,184,738
Inventories	0	120,994	120,994
Accounts Receivable	0	309	309
Due from Other Governments	1,841,446	519,772	2,361,218
Due from Other Funds	110,790	66,600	177,390
Property Taxes Receivable	13,837,281	0	13,837,281
Allowance for Uncollectible Property Taxes	(219,787)	0	(219,787)
Total Assets	$ 20,406,872	$ 1,055,271	$ 21,462,143
LIABILITIES AND FUND BALANCES			
Liabilities			
Accounts Payable	$ 1,152,908	$ 54,861	$ 1,207,769
Payroll Deductions Payable	151,632	22,270	173,902
Due to Other Funds	66,600	110,790	177,390
Deferred Revenue - Current Property Taxes	12,999,848	0	12,999,848
Deferred Revenue - Delinquent Property Taxes	585,281	0	585,281
Other Deferred Revenues	883,628	0	883,628
Total Liabilities	$ 15,839,897	$ 187,921	$ 16,027,818
Fund Balances			
Reserved for Encumbrances	$ 614,157	$ 119,906	$ 734,063
Reserved for Inventory	0	120,994	120,994
Other Local Education Reserves	0	8,148	8,148
Reserved for Career Ladder - Extended Contract	292,294	0	292,294
Reserved for Career Ladder Program	41,104	0	41,104
Reserved for Technology	88,042	0	88,042
Reserved for Title I Grants to Local Education Agencies	0	21,080	21,080
Reserved for Innovative Education Program Strategies	0	2,244	2,244
Reserved for Special Education - Grants to States	0	137,206	137,206
Other Federal Reserves	0	27,537	27,537
Unreserved, Reported In:			
General Fund	3,531,378	0	3,531,378
Special Revenue Funds	0	430,235	430,235
Total Fund Balances	$ 4,566,975	$ 867,350	$ 5,434,325
Total Liabilities and Fund Balances	$ 20,406,872	$ 1,055,271	$ 21,462,143

Exhibit I-2

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

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

Fund Balances - Total Governmental Funds (Exhibit I-1)		$ 5,434,325
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		47,479,095
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,468,909
(3) Long-term liabilities, including notes payable, are not due and payable in the current period and therefore are not reported in the governmental funds.		
Notes payable	$ 407,856	
Capital leases payable	341,825	
Compensated absences	148,987	(898,668)
Net assets of governmental activities (Exhibit A)		$ 53,483,661

Exhibit I-3

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

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern-mental Funds	Total Governmental Funds
Revenues			
Local Taxes	$ 23,171,620	$ 0	$ 23,171,620
Charges for Current Services	472,642	1,744,062	2,216,704
Other Local Revenues	588,528	6,366	594,894
State of Tennessee	26,818,754	53,105	26,871,859
Federal Government	235,673	7,560,384	7,796,057
Total Revenues	$ 51,287,217	$ 9,363,917	$ 60,651,134
Expenditures			
Current:			
Instruction	$ 33,772,668	$ 4,529,281	$ 38,301,949
Support Services	14,521,775	586,325	15,108,100
Operation of Non-Instructional Services	247,360	3,960,106	4,207,466
Capital Outlay	824,331	0	824,331
Debt Service:			
Principal	374,070	0	374,070
Interest	32,013	0	32,013
Other Debt Service	500,000	0	500,000
Capital Projects	0	18,737	18,737
Total Expenditures	$ 50,272,217	$ 9,094,449	$ 59,366,666
Excess (Deficiency) of Revenues Over Expenditures	$ 1,015,000	$ 269,468	$ 1,284,468
Other Financing Sources (Uses)			
Notes Issued	$ 450,000	$ 0	$ 450,000
Transfers In	42,554	0	42,554
Transfers Out	0	(42,554)	(42,554)
Total Other Financing Sources (Uses)	$ 492,554	$ (42,554)	$ 450,000
Net Change in Fund Balances	$ 1,507,554	$ 226,914	$ 1,734,468
Fund Balance, July 1, 2004	3,059,421	640,436	3,699,857
Fund Balance, June 30, 2005	$ 4,566,975	$ 867,350	$ 5,434,325

Exhibit I-4

Hamblen County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Hamblen County School Department
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 I-3)		$ 1,734,468
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount that depreciation differed from capital outlays is itemized as follows:		
Add: Capital outlays in the current period	$ 926,933	
Less: Current year depreciation	(2,168,672)	(1,241,739)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		340,700
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	$ (1,384,400)	
For the year ended June 30, 2005	1,468,909	84,509
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Note proceeds issued	$ (450,000)	
Add: Principal payment on notes	307,775	
Add: Principal payment on capital lease	66,295	(75,930)
(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 the governmental funds.		
Change in compensation absences		(7,421)
Change in net assets of governmental activities (Exhibit B)		$ 834,587

Exhibit I-5

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

	Special Revenue Funds			Capital Projects Fund	
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Total Nonmajor Governmental Funds
ASSETS					
Equity in Pooled Cash and Investments	$ 19,535	$ 319,913	$ 339,448	$ 8,148	$ 347,596
Inventories	0	120,994	120,994	0	120,994
Accounts Receivable	0	309	309	0	309
Due from Other Governments	378,236	141,536	519,772	0	519,772
Due from Other Funds	66,600	0	66,600	0	66,600
Total Assets	$ 464,371	$ 582,752	$ 1,047,123	$ 8,148	$ 1,055,271
LIABILITIES AND FUND BALANCES					
Liabilities					
Accounts Payable	$ 23,338	$ 31,523	$ 54,861	$ 0	$ 54,861
Payroll Deductions Payable	22,270	0	22,270	0	22,270
Due to Other Funds	110,790	0	110,790	0	110,790
Total Liabilities	$ 156,398	$ 31,523	$ 187,921	$ 0	$ 187,921
Fund Balances					
Reserved for Encumbrances	$ 119,906	$ 0	$ 119,906	$ 0	$ 119,906
Reserved for Inventory	0	120,994	120,994	0	120,994
Other Local Education Reserves	0	0	0	8,148	8,148
Reserved for Title I Grants to Local Education Agencies	21,080	0	21,080	0	21,080
Reserved for Innovative Education Program Strategies	2,244	0	2,244	0	2,244
Reserved for Special Education - Grants to States	137,206	0	137,206	0	137,206
Other Federal Reserves	27,537	0	27,537	0	27,537
Unreserved	0	430,235	430,235	0	430,235
Total Fund Balances	$ 307,973	$ 551,229	$ 859,202	$ 8,148	$ 867,350
Total Liabilities and Fund Balances	$ 464,371	$ 582,752	$ 1,047,123	$ 8,148	$ 1,055,271

Exhibit I-6

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

	Special Revenue Funds			Capital Projects Fund	
	School Federal Projects	Central Cafeteria	Total	Education Capital Projects	Total Nonmajor Governmental Funds
Revenues					
Charges for Current Services	$ 0	$ 1,744,062	$ 1,744,062	$ 0	$ 1,744,062
Other Local Revenues	0	6,110	6,110	256	6,366
State of Tennessee	0	53,105	53,105	0	53,105
Federal Government	5,227,576	2,332,808	7,560,384	0	7,560,384
Total Revenues	$ 5,227,576	$ 4,136,085	$ 9,363,661	$ 256	$ 9,363,917
Expenditures					
Current:					
Instruction	$ 4,529,281	$ 0	$ 4,529,281	$ 0	$ 4,529,281
Support Services	545,206	41,119	586,325	0	586,325
Operation of Non-Instructional Services	0	3,960,106	3,960,106	0	3,960,106
Capital Projects	0	0	0	18,737	18,737
Total Expenditures	$ 5,074,487	$ 4,001,225	$ 9,075,712	$ 18,737	$ 9,094,449
Excess (Deficiency) of Revenues Over Expenditures	$ 153,089	$ 134,860	$ 287,949	$ (18,481)	$ 269,468
Other Financing Sources (Uses)					
Transfers Out	$ (42,554)	$ 0	$ (42,554)	$ 0	$ (42,554)
Total Other Financing Sources (Uses)	$ (42,554)	$ 0	$ (42,554)	$ 0	$ (42,554)
Net Change in Fund Balances	$ 110,535	$ 134,860	$ 245,395	$ (18,481)	$ 226,914
Fund Balance, July 1, 2004	197,438	416,369	613,807	26,629	640,436
Fund Balance, June 30, 2005	$ 307,973	$ 551,229	$ 859,202	$ 8,148	$ 867,350

Exhibit I-7

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Local Taxes	$ 23,171,620	$ 0	$ 0	$ 23,171,620	$ 22,472,400	$ 22,472,400	$ 699,220
Charges for Current Services	472,642	0	0	472,642	306,161	321,898	150,744
Other Local Revenues	588,528	0	0	588,528	91,076	596,636	(8,108)
State of Tennessee	26,818,754	0	0	26,818,754	26,963,963	27,240,067	(421,313)
Federal Government	235,673	0	0	235,673	2,042,557	236,565	(892)
Total Revenues	$ 51,287,217	$ 0	$ 0	$ 51,287,217	$ 51,876,157	$ 50,867,566	$ 419,651
Expenditures							
Instruction							
Regular Instruction Program	$ 26,922,485	$ (52,816)	$ 61,218	$ 26,930,887	$ 27,521,694	$ 27,939,829	$ 1,008,942
Special Education Program	4,311,093	(2,485)	3,808	4,312,416	4,307,893	4,374,831	62,415
Vocational Education Program	2,375,558	(8,474)	12,776	2,379,860	2,588,176	2,562,723	182,863
Student Body Education Program	32,433	0	0	32,433	35,400	35,400	2,967
Adult Education Program	131,099	(4,062)	7,897	134,934	147,737	149,186	14,252
Support Services							
Attendance	26,457	0	0	26,457	64,412	32,371	5,914
Health Services	26,108	(214)	395	26,289	28,260	29,934	3,645
Other Student Support	872,135	0	0	872,135	862,513	874,431	2,296
Regular Instruction Program	216,007	0	5,291	221,298	208,325	263,489	42,191
Special Education Program	213,074	(2,205)	453	211,322	215,142	221,989	10,667
Vocational Education Program	109,333	0	0	109,333	112,578	113,455	4,122
Adult Programs	65,251	(80)	1,018	66,189	67,319	70,819	4,630
Board of Education	942,129	0	440	942,569	1,001,826	972,010	29,441
Director of Schools	468,017	0	52	468,069	461,336	470,643	2,574
Office of the Principal	2,905,884	0	0	2,905,884	3,058,839	3,018,465	112,581
Fiscal Services	732,396	(2,500)	3,497	733,393	653,940	755,836	22,443

(Continued)

Exhibit I-7

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Expenditures (Cont.)							
Support Services (Cont.)							
Operation of Plant	$ 3,932,013	$ 0	$ 8,481	$ 3,940,494	$ 4,170,026	$ 4,110,847	$ 170,353
Maintenance of Plant	1,037,109	(100)	49,561	1,086,570	1,093,511	1,100,219	13,649
Transportation	2,264,937	(453,112)	157,543	1,969,368	2,479,583	2,281,193	311,825
Central and Other	710,925	(18,303)	18,613	711,235	807,129	845,258	134,023
Operation of Non-Instructional Services							
Food Service	0	0	0	0	1,870,178	0	0
Community Services	247,360	0	214	247,574	275,850	249,478	1,904
Capital Outlay							
Regular Capital Outlay	824,331	(331,227)	282,900	776,004	632,438	777,025	1,021
Principal							
Education	374,070	0	0	374,070	0	374,070	0
Interest							
Education	32,013	0	0	32,013	0	32,013	0
Other Debt Service							
Education	500,000	0	0	500,000	500,000	500,000	0
Total Expenditures	$ 50,272,217	$ (875,578)	$ 614,157	$ 50,010,796	$ 53,164,105	$ 52,155,514	$ 2,144,718
Excess (Deficiency) of Revenues Over Expenditures	$ 1,015,000	$ 875,578	$ (614,157)	$ 1,276,421	$ (1,287,948)	$ (1,287,948)	$ 2,564,369
Other Financing Sources (Uses)							
Notes Issued	$ 450,000	$ 0	$ 0	$ 450,000	$ 449,624	$ 449,624	$ 376
Transfers In	42,554	0	0	42,554	47,568	47,568	(5,014)
Transfers Out	0	0	0	0	(28,244)	(28,244)	28,244
Total Other Financing Sources (Uses)	$ 492,554	$ 0	$ 0	$ 492,554	$ 468,948	$ 468,948	$ 23,606

(Continued)

Exhibit I-7

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Net Change in Fund Balance	$ 1,507,554	$ 875,578	$ (614,157)	$ 1,768,975	$ (819,000)	$ (819,000)	$ 2,587,975
Fund Balance, July 1, 2004	3,059,421	(875,578)	0	2,183,843	1,819,000	1,819,000	364,843
Fund Balance, June 30, 2005	$ 4,566,975	$ 0	$ (614,157)	$ 3,952,818	$ 1,000,000	$ 1,000,000	$ 2,952,818

Exhibit I-8

Hamblen County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Hamblen County School Department
School Federal Projects 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 Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues							
Federal Government	$ 5,227,576	$ 0	$ 0	$ 5,227,576	$ 4,943,012	$ 5,564,373	$ (336,797)
Total Revenues	$ 5,227,576	$ 0	$ 0	$ 5,227,576	$ 4,943,012	$ 5,564,373	$ (336,797)
Expenditures							
Instruction							
Regular Instruction Program	$ 2,439,339	$ (66,266)	$ 12,271	$ 2,385,344	$ 2,233,321	$ 2,542,585	$ 157,241
Special Education Program	1,951,432	(8,151)	0	1,943,281	1,851,442	2,180,576	237,295
Vocational Education Program	138,510	(215)	34,093	172,388	154,577	172,388	0
Support Services							
Health Services	143,456	0	0	143,456	145,153	145,156	1,700
Other Student Support	53,722	(4,158)	8,029	57,593	44,176	70,227	12,634
Regular Instruction Program	315,241	(3,271)	140	312,110	412,855	340,987	28,877
Special Education Program	17,059	(97)	620	17,582	26,000	26,000	8,418
Vocational Education Program	2,189	0	0	2,189	20,000	2,189	0
Board of Education	4,800	0	0	4,800	6,972	6,782	1,982
Transportation	8,739	0	64,753	73,492	2,200	25,034	(48,458)
Total Expenditures	$ 5,074,487	$ (82,158)	$ 119,906	$ 5,112,235	$ 4,896,696	$ 5,511,924	$ 399,689
Excess (Deficiency) of Revenues Over Expenditures	$ 153,089	$ 82,158	$ (119,906)	$ 115,341	$ 46,316	$ 52,449	$ 62,892
Other Financing Sources (Uses)							
Transfers Out	$ (42,554)	$ 0	$ 0	$ (42,554)	$ (46,316)	$ (52,449)	$ 9,895
Total Other Financing Sources (Uses)	$ (42,554)	$ 0	$ 0	$ (42,554)	$ (46,316)	$ (52,449)	$ 9,895
Net Change in Fund Balance	$ 110,535	$ 82,158	$ (119,906)	$ 72,787	$ 0	$ 0	$ 72,787
Fund Balance, July 1, 2004	197,438	(82,158)	0	115,280	0	0	115,280
Fund Balance, June 30, 2005	$ 307,973	$ 0	$ (119,906)	$ 188,067	$ 0	$ 0	$ 188,067

Exhibit I-9

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

	Actual	Budgeted Amounts Original	Budgeted Amounts Final	Variance with Final Budget - Positive (Negative)
Revenues				
Charges for Current Services	$ 1,744,062	$ 1,892,075	$ 1,655,131	$ 88,931
Other Local Revenues	6,110	7,000	7,000	(890)
State of Tennessee	53,105	56,986	56,986	(3,881)
Federal Government	2,332,808	1,813,192	2,154,239	178,569
Total Revenues	$ 4,136,085	$ 3,769,253	$ 3,873,356	$ 262,729
Expenditures				
Support Services				
Board of Education	$ 41,119	$ 41,996	$ 41,996	$ 877
Operation of Non-Instructional Services				
Food Service	3,960,106	3,864,892	4,205,939	245,833
Total Expenditures	$ 4,001,225	$ 3,906,888	$ 4,247,935	$ 246,710
Excess (Deficiency) of Revenues Over Expenditures	$ 134,860	$ (137,635)	$ (374,579)	$ 509,439
Other Financing Sources (Uses)				
Transfers In	$ 0	$ 137,635	$ 0	$ 0
Total Other Financing Sources (Uses)	$ 0	$ 137,635	$ 0	$ 0
Net Change in Fund Balance	$ 134,860	$ 0	$ (374,579)	$ 509,439
Fund Balance, July 1, 2004	416,369	374,579	374,579	41,790
Fund Balance, June 30, 2005	$ 551,229	$ 374,579	$ 0	$ 551,229

MISCELLANEOUS SCHEDULES

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-Term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Hamblen County School Department
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	Debt Refunded	Outstanding 6-30-05
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Fund									
Sheriff Patrol Fleet	$ 400,000	2.74 %	6-30-04	6-30-08	$ 400,000	$ 0	$ 100,000	$ 0	$ 300,000
Total payable through General Fund					$ 400,000	$ 0	$ 100,000	$ 0	$ 300,000
Payable through Solid Waste/Sanitation Fund									
Brush Truck	75,801	3.4	3-7-02	3-7-05	$ 25,267	$ 0	$ 25,267	$ 0	$ 0
Garbage	109,000	2.09	3-26-04	4-1-07	109,000	0	36,333	0	72,667
Total payable through Solid Waste/Sanitation Fund					$ 134,267	$ 0	$ 61,600	$ 0	$ 72,667
Payable through General Debt Service Fund									
Energy Loan	53,725	3	2-28-01	2-29-08	$ 32,053	$ 0	$ 7,662	$ 0	$ 24,391
Allison Property	55,000	1.7	4-30-04	7-31-04	55,000	0	55,000		0
VFD Remote Repeater	31,000	3.64	6-30-05	12-30-06	0	31,000	0	0	31,000
Total payable through General Debt Service Fund					$ 87,053	$ 31,000	$ 62,662	$ 0	$ 55,391
Total Notes Payable					$ 621,320	$ 31,000	$ 224,262	$ 0	$ 428,058
CAPITAL LEASES PAYABLE									
Payable through General Fund									
County Vehicles	75,450	4.75	10-16-01	10-16-04	$ 19,279	$ 0	$ 19,279	$ 0	$ 0
Total payable through General Fund					$ 19,279	$ 0	$ 19,279	$ 0	$ 0
Payable through General Debt Service Fund									
Voting Machines	279,750	5.49	6-15-1998	6-15-05	$ 130,082	$ 0	$ 130,082	$ 0	$ 0
Total payable through General Debt Service Fund					$ 130,082	$ 0	$ 130,082	$ 0	$ 0
Total Capital Leases Payable					$ 149,361	$ 0	$ 149,361	$ 0	$ 0

(Continued)

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-Term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Hamblen County School Department (Cont.)

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	Debt Refunded	Outstanding 6-30-05
PRIMARY GOVERNMENT (CONT.)									
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Various Purposes (Series III-A-3)	$ 10,000,000	Variable (1)	3-19-1998	6-1-19	$ 10,000,000	$ 0	$ 0	$ 0	$ 10,000,000
Various Purposes (Series III-D-2)	10,000,000	Variable (1)	1-1-1999	6-1-17	10,000,000	0	0	0	10,000,000
Various Purposes (Series IV-B-3)	10,000,000	Variable	1-1-00	6-1-13	10,000,000	0	0	0	10,000,000
Various Purposes (Series A-2-B)	10,000,000	Variable (1)	6-1-01	6-1-25	10,000,000	0	0	0	10,000,000
Total payable through General Debt Service Fund					$ 40,000,000	$ 0	$ 0	$ 0	$ 40,000,000
Payable through Special Debt Service Fund									
Solid Waste (Series B-2-A)	2,145,000	2 to 5 %	6-30-03	6-1-12	$ 1,920,000	$ 0	$ 220,000	$ 0	$ 1,700,000
Total payable through Special Debt Service Fund					$ 1,920,000	$ 0	$ 220,000	$ 0	$ 1,700,000
Payable through Hospital Debt Service Fund									
Hospital (Series A-2-C)	10,000,000	Variable	6-1-00	6-1-21	$ 10,000,000	$ 0	$ 0	$ 0	$ 10,000,000
Hospital (Series VI-D-1)	(2)	Variable	12-1-04	6-1-30	0	16,823,746	0	0	16,823,746
Total payable through Hospital Debt Service Fund					$ 10,000,000	$ 16,823,746	$ 0	$ 0	$ 26,823,746
Total Other Loans Payable					$ 51,920,000	$ 16,823,746	$ 220,000	$ 0	$ 68,523,746
BONDS PAYABLE									
Payable through General Debt Service Fund									
General Obligation Refunding Bonds, Series 2002	2,080,000	3 to 3.25	3-12-02	5-1-05	$ 535,000	$ 0	$ 535,000	$ 0	$ 0
School Refunding Bonds, Series 1996	8,795,000	3.5 to 4.45	2-1-1996	4-1-06	2,400,000	0	1,170,000	0	1,230,000
Total payable through General Debt Service Fund					$ 2,935,000	$ 0	$ 1,705,000	$ 0	$ 1,230,000
Payable through Hospital Debt Service Fund									
Hospital Revenue and Tax Refunding Bonds, Series 2002	3,825,000	4	3-12-02	5-1-08	$ 2,640,000	$ 0	$ 0	$ 1,950,000	$ 690,000
Total payable through Hospital Debt Service Fund					$ 2,640,000	$ 0	$ 0	$ 1,950,000	$ 690,000
Total Bonds Payable					$ 5,575,000	$ 0	$ 1,705,000	$ 1,950,000	$ 1,920,000

(Continued)

Exhibit J-1

Hamblen County, Tennessee
Schedule of Changes in Long-Term Notes, Capital Leases, Other Loans, and Bonds
Primary Government and Discretely Presented Hamblen County School Department (Cont.)

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	Debt Refunded	Outstanding 6-30-05
DISCRETELY PRESENTED HAMBLEN COUNTY SCHOOL DEPARTMENT									
NOTES PAYABLE									
Payable through General Purpose School Fund									
Hamblen County Attendance Software, Series 2001	$ 111,000	4.69 %	10-15-01	6-30-05	$ 49,920	$ 0	$ 49,920	$ 0	$ 0
School Buses 2002	323,566	2.75	6-30-03	6-30-06	215,711	0	107,855	0	107,856
School Buses 2004	450,000	2.62	8-3-04	6-30-07	0	450,000	150,000	0	300,000
Total Notes Payable					$ 265,631	$ 450,000	$ 307,775	$ 0	$ 407,856
CAPITAL LEASES PAYABLE									
Payable through General Purpose School Fund									
HVAC System	484,750	4.18	2-14-03	4-1-10	$ 408,120	$ 0	$ 66,295	$ 0	$ 341,825
Total Capital Leases Payable					$ 408,120	$ 0	$ 66,295	$ 0	$ 341,825

(1) - These issues were swapped to a synthetic fixed rate by execution of swap agreements during the year ended June 30, 2002.
(2) - Total amount available under the Public Building Authority of Sevier County Loan Agreement is $18,750,000, of which $1,926,254 had not been drawn as of June 30, 2005.

Exhibit J-2

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

Year Ending June 30	Payable through General Debt Service Fund			Payable through Hospital Debt Service Fund		
	Bond Requirements	Interest Requirements	Total Requirements	Bond Requirements	Interest Requirements	Total Requirements
2006	$ 1,230,000	$ 30,104	$ 1,260,104	$ 0	$ 27,600	$ 27,600
2007	0	0	0	0	27,600	27,600
2008	0	0	0	690,000	27,600	717,600
Total	$ 1,230,000	$ 30,104	$ 1,260,104	$ 690,000	$ 82,800	$ 772,800

Exhibit J-3

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

Description	Debtor	Original Amount of Note	Date of Issue	Last Maturity Date	Interest Rate	Balance 6-30-05
General Debt Service Fund						
Capital Outlay Note	Jefferson Federal Savings and Loan and Lakeway Publishers, Inc.	$ 175,000	12-26-02	9-1-12	0%	$ 136,112
Total Notes Receivable						$ 136,112

Exhibit J-4

Hamblen County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Hamblen County School Department
For the Year Ended June 30, 2005

From Fund	To Fund	Purpose	Amount
Primary Government:			
General	Special Purpose	To provide funds for operations	$ 81,378
General	Special Purpose	To provide funds for annual contribution	76,050
General	Constitutional Officers - Fee	To provide funds for operations	10,500
Special Purpose	General	To reimburse fund for salaries	33,481
Highway/Public Works	General	To reimburse fund for salaries	32,523
Hospital Debt Service	General	To provide matching funds for grant	29,865
Total Transfers Primary Government			$ 263,797
Discretely Presented Hamblen County School Department			
School Federal Projects	General Purpose School	Indirect costs	$ 42,554

Exhibit J-5

Hamblen 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		Bond	Surety
County Mayor	Section 8-24-102, TCA	$ 71,304		$ 50,000	Cincinnati Insurance Co.
Road Superintendent	Section 8-24-102, TCA	64,865		100,000	United States Fidelity and Guaranty Co.
Director of Schools	State Board of Education and Hamblen County Board of Education	95,534	(1)	100,000	Cincinnati Insurance Co.
Trustee	Section 8-24-102, TCA	58,969		1,623,000	"
Assessor of Property:					
James R. Hipshire (7-01-04 through 8-31-04)	Section 8-24-102, TCA	9,797		10,000	United States Fidelity and Guaranty Co.
John K. Ely (9-01-04 through 6-30-05)	Section 8-24-102, TCA	48,983		10,000	Cincinnati Insurance Co.
Finance Director	County Commission	44,093		50,000	"
County Clerk	Section 8-24-102, TCA	58,969		50,000	"
Circuit and General Sessions Court Clerk	Section 8-24-102, TCA	58,969		50,000	"
Clerk and Master	Section 8-24-102, TCA,	58,969		50,000	United States Fidelity and Guaranty Co.
Register	Section 8-24-102, TCA	58,969		50,000	Cincinnati Insurance Co.
Sheriff	Section 8-24-102, TCA, and County Commission	67,867	(2)	25,000	"
Employee Blanket Bonds - All County Employees:					
Public Employee Dishonesty				250,000	St. Paul Fire and Marine Insurance Co.
Employee Blanket Bonds - Hamblen County Board of Education					
Honesty Blanket Position Bond				100,000	RLI Insurance Company

(1) Includes chief executive officer training supplement of $1,000.
(2) Includes $518 law enforcement training supplement and $2,484 supplement as workhouse superintendent.

Exhibit J-6

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

		Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Local Taxes						
County Property Taxes						
Current Property Tax	$ 4,461,416	$ 1,076,614	$ 0	$ 0	$ 0	$ 0
Trustee's Collections - Prior Year	163,579	46,661	0	0	0	0
Trustee's Collections - Bankruptcy	924	315	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	30,539	6,667	0	0	0	0
Interest and Penalty	33,972	9,282	0	0	0	0
Pick-up Taxes	134	82	0	0	0	0
Payments in Lieu of Taxes - T.V.A.	532	325	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	39,407	0	0	0	0	0
Payments in Lieu of Taxes - Other	2,293	0	0	0	0	0
County Local Option Taxes						
Local Option Sales Tax	0	557,195	0	0	0	0
Hotel/Motel Tax	0	0	6,882	0	0	0
Wheel Tax	766,964	0	0	0	0	0
Litigation Tax - General	156,035	0	0	0	0	0
Litigation Tax - Special Purpose	71,481	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Business Tax	704,562	0	0	0	0	1,600
Statutory Local Taxes						
Bank Excise Tax	0	0	0	0	0	0
Wholesale Beer Tax	0	102,173	0	0	0	0
Interstate Telecommunications Tax	5,538	0	0	0	0	0
Total Local Taxes	$ 6,437,376	$ 1,799,314	$ 6,882	$ 0	$ 0	$ 1,600
Licenses and Permits						
Licenses						
Marriage Licenses	$ 6,023	$ 0	$ 0	$ 0	$ 0	$ 0
Cable TV Franchise	162,982	0	0	0	0	0
Permits						
Beer Permits	0	3,159	0	0	0	0
Building Permits	106,935	0	0	0	0	0
Total Licenses and Permits	$ 275,940	$ 3,159	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit J-6

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

		Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Fines, Forfeitures, and Penalties						
Circuit Court						
Fines	$ 2,902	$ 0	$ 0	$ 0	$ 0	$ 0
Officers Costs	10,840	0	0	0	0	0
Drug Control Fines	952	0	0	0	0	0
Drug Court Fees	559	0	0	0	0	0
Jail Fees	1,091	0	0	0	0	0
DUI Treatment Fines	1,763	0	0	0	0	0
Data Entry Fee - Circuit Court	433	0	0	0	0	0
Criminal Court						
Drug Control Fines	0	0	0	507	0	0
General Sessions Court						
Fines	44,925	0	0	0	0	0
Fines for Littering	190	0	0	0	0	0
Officers Costs	85,922	0	0	0	0	0
Game and Fish Fines	600	0	0	0	0	0
Drug Control Fines	9,837	0	0	9,402	0	0
Drug Court Fees	12,302	0	0	0	0	0
Jail Fees	22,501	0	0	0	0	0
Interpreter Fee	570	0	0	0	0	0
DUI Treatment Fines	14,289	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,686	0	0	0	0	0
Juvenile Court						
Fines	1,353	0	0	0	0	0
Chancery Court						
Data Entry Fee - Chancery Court	1,246	0	0	0	0	0
Other Fines, Forfeitures, and Penalties						
Proceeds from Confiscated Property	1,550	0	0	33,320	0	0
Total Fines, Forfeitures, and Penalties	$ 223,511	$ 0	$ 0	$ 43,229	$ 0	$ 0
Charges for Current Services						
General Service Charges						
Other Employee Benefit Charges/Contributions	$ 55,127	$ 0	$ 0	$ 0	$ 0	$ 0
Work Release Charges for Board	21,240	0	0	0	0	0

(Continued)

Exhibit J-6

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

		Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Charges for Current Services (Cont.)						
General Service Charges (Cont.)						
Other General Service Charges	$ 1,050	$ 0	$ 0	$ 0	$ 0	$ 0
Fees						
Recreation Fees	0	0	26,912	0	0	0
Copy Fees	4,874	0	0	0	0	0
Telephone Commissions	43,876	0	0	0	0	0
Vending Machine Collections	0	0	2,400	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	1,384,760	0
Data Processing Fee - Register	27,426	0	0	0	0	0
Data Processing Fee - Sheriff	742	0	0	0	0	0
Sexual Offender Registration Fee	1,440	0	0	0	0	0
Other Charges for Services						
Other Charges for Services	43,811	0	0	0	0	0
Total Charges for Current Services	$ 199,586	$ 0	$ 29,312	$ 0	$ 1,384,760	$ 0
Other Local Revenues						
Recurring Items						
Investment Income	$ 0	$ 16,284	$ 310	$ 807	$ 0	$ 10,424
Lease/Rentals	23,052	0	22,352	0	0	0
Retirees' Insurance Payments	11,698	0	0	0	0	0
Miscellaneous Refunds	30,889	363	50	0	0	5,107
Nonrecurring Items						
Insurance Recovery	18,908	0	0	0	0	29,995
Sale of Equipment	17,250	0	0	6,580	0	0
Other Local Revenues						
Other Local Revenues	0	0	0	0	0	0
Total Other Local Revenues	$ 101,797	$ 16,647	$ 22,712	$ 7,387	$ 0	$ 45,526
Fees Received from County Officials						
Excess Fees						
County Clerk	$ 130,000	$ 0	$ 0	$ 0	$ 0	$ 0
Register	195,105	0	0	0	0	0
Trustee	580,000	0	0	0	0	0

(Continued)

Exhibit J-6

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

		Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Fees Received from County Officials (Cont.)						
Fees In Lieu of Salary						
Circuit Court Clerk	$ 142,417	$ 0	$ 0	$ 0	$ 0	$ 0
General Sessions Court Clerk	275,317	0	0	0	0	0
Sheriff	20,742	0	0	0	0	0
Total Fees Received from County Officials	$ 1,343,581	$ 0	$ 0	$ 0	$ 0	$ 0
State of Tennessee						
General Government Grants						
Juvenile Services Program	$ 29,010	$ 0	$ 0	$ 0	$ 0	$ 0
State Reappraisal Grant	17,803	0	0	0	0	0
Solid Waste Grants	46,096	0	0	0	0	0
Other General Government Grants	5,300	0	0	0	0	0
Public Safety Grants						
Law Enforcement Training Programs	16,080	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	95,615	0	0	0	0	0
Public Works Grants						
State Aid Program	0	0	0	0	0	228,233
Litter Program	47,787	0	0	0	0	0
Other State Revenues						
Income Tax	61,894	0	0	0	0	0
Beer Tax	0	16,778	0	0	0	0
Alcoholic Beverage Tax	47,599	0	0	0	0	0
State Revenue Sharing - T.V.A.	38,646	490,348	0	0	0	0
Contracted Prisoner Boarding	627,337	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,622,517
Petroleum Special Tax	0	0	0	0	0	46,760
Registrar's Salary Supplement	16,380	0	0	0	0	0
Total State of Tennessee	$ 1,049,547	$ 507,126	$ 0	$ 0	$ 0	$ 1,897,510
Federal Government						
Federal Through State						
Community Development	$ 0	$ 0	$ 0	$ 0	$ 0	$ 0

(Continued)

Exhibit J-6

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

		Special Revenue Funds				
	General	Solid Waste / Sanitation	Special Purpose	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
Federal Government (Cont.)						
Federal Through State (Cont.)						
Civil Defense Reimbursement	$ 22,382	$ 0	$ 0	$ 0	$ 0	$ 0
Homeland Security Grants	608,723	0	0	0	0	0
Other Federal through State	60,498	0	0	0	0	0
Direct Federal Revenue						
Asset Forfeiture Funds	0	0	0	13,890	0	0
Other Direct Federal Revenue	12,400	0	0	0	0	0
Total Federal Government	$ 704,003	$ 0	$ 0	$ 13,890	$ 0	$ 0
Other Governments and Citizens Groups						
Other Governments						
Contributions	$ 2,900	$ 0	$ 0	$ 0	$ 0	$ 0
Contracted Services	121,639	0	0	0	0	0
Citizens Groups						
Donations	3,916	0	0	100	0	0
Total Other Governments and Citizens Groups	$ 128,455	$ 0	$ 0	$ 100	$ 0	$ 0
Total	$ 10,463,796	$ 2,326,246	$ 58,906	$ 64,606	$ 1,384,760	$ 1,944,636

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Fund	
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 2,458,331	$ 0	$ 0	$ 0	$ 7,996,361
Trustee's Collections - Prior Year	90,135	0	0	0	300,375
Trustee's Collections - Bankruptcy	509	0	0	0	1,748
Circuit/Clerk & Master Collections - Prior Years	16,828	0	0	0	54,034
Interest and Penalty	18,719	0	0	0	61,973
Pick-up Taxes	74	0	0	0	290
Payments in Lieu of Taxes - T.V.A.	293	0	0	0	1,150
Payments in Lieu of Taxes - Local Utilities	23,564	0	0	0	62,971
Payments in Lieu of Taxes - Other	1,264	0	0	0	3,557
County Local Option Taxes					
Local Option Sales Tax	0	0	0	0	557,195
Hotel/Motel Tax	0	0	0	0	6,882
Wheel Tax	0	0	0	0	766,964
Litigation Tax - General	0	0	0	0	156,035
Litigation Tax - Special Purpose	0	0	0	0	71,481
Litigation Tax - Jail, Workhouse, or Courthouse	64,339	0	0	0	64,339
Business Tax	0	0	0	0	706,162
Statutory Local Taxes					
Bank Excise Tax	29,057	0	0	0	29,057
Wholesale Beer Tax	0	0	0	0	102,173
Interstate Telecommunications Tax	0	0	0	0	5,538
Total Local Taxes	$ 2,703,113	$ 0	$ 0	$ 0	$ 10,948,285
Licenses and Permits					
Licenses					
Marriage Licenses	$ 0	$ 0	$ 0	$ 0	$ 6,023
Cable TV Franchise	0	0	0	0	162,982
Permits					
Beer Permits	0	0	0	0	3,159
Building Permits	0	0	0	0	106,935
Total Licenses and Permits	$ 0	$ 0	$ 0	$ 0	$ 279,099

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Fund	
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Total
Fines, Forfeitures and Penalties					
Circuit Court					
Fines	$ 0	$ 0	$ 0	$ 0	$ 2,902
Officers Costs	0	0	0	0	10,840
Drug Control Fines	0	0	0	0	952
Drug Court Fees	0	0	0	0	559
Jail Fees	3,878	0	0	0	4,969
DUI Treatment Fines	0	0	0	0	1,763
Data Entry Fee - Circuit Court	0	0	0	0	433
Criminal Court					
Drug Control Fines	0	0	0	0	507
General Sessions Court					
Fines	0	0	0	0	44,925
Fines for Littering	0	0	0	0	190
Officers Costs	0	0	0	0	85,922
Game and Fish Fines	0	0	0	0	600
Drug Control Fines	0	0	0	0	19,239
Drug Court Fees	0	0	0	0	12,302
Jail Fees	66,025	0	0	0	88,526
Interpreter Fee	0	0	0	0	570
DUI Treatment Fines	0	0	0	0	14,289
Data Entry Fee - General Sessions Court	0	0	0	0	9,686
Juvenile Court					
Fines	0	0	0	0	1,353
Chancery Court					
Data Entry Fee - Chancery Court	0	0	0	0	1,246
Other Fines, Forfeitures, and Penalties					
Proceeds from Confiscated Property	0	0	0	0	34,870
Total Fines, Forfeitures and Penalties	$ 69,903	$ 0	$ 0	$ 0	$ 336,643
Charges for Current Services					
General Service Charges					
Other Employee Benefit Charges/Contributions	$ 0	$ 0	$ 0	$ 0	$ 55,127
Work Release Charges for Board	0	0	0	0	21,240

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Fund	
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Total
Charges for Current Services (Cont.)					
General Service Charges (Cont.)					
Other General Service Charges	$ 0	$ 0	$ 0	$ 0	$ 1,050
Fees					
Recreation Fees	0	0	0	0	26,912
Copy Fees	0	0	0	0	4,874
Telephone Commissions	0	0	0	0	43,876
Vending Machine Collections	0	0	0	0	2,400
Constitutional Officers' Fees and Commissions	0	0	0	0	1,384,760
Data Processing Fee - Register	0	0	0	0	27,426
Data Processing Fee - Sheriff	0	0	0	0	742
Sexual Offender Registration Fee	0	0	0	0	1,440
Other Charges for Services					
Other Charges for Services	0	0	0	0	43,811
Total Charges for Current Services	$ 0	$ 0	$ 0	$ 0	$ 1,613,658
Other Local Revenues					
Recurring Items					
Investment Income	$ 289,329	$ 2,253	$ 8,097	$ 5,072	$ 332,576
Lease/Rentals	19,444	0	1,144,963	0	1,209,811
Retirees' Insurance Payments	0	0	0	0	11,698
Miscellaneous Refunds	0	0	0	134	36,543
Nonrecurring Items					
Insurance Recovery	0	0	0	0	48,903
Sale of Equipment	0	0	0	0	23,830
Other Local Revenues					
Other Local Revenues	500,000	37,846	0	0	537,846
Total Other Local Revenues	$ 808,773	$ 40,099	$ 1,153,060	$ 5,206	$ 2,201,207
Fees Received from County Officials					
Excess Fees					
County Clerk	$ 0	$ 0	$ 0	$ 0	$ 130,000
Register	0	0	0	0	195,105
Trustee	0	0	0	0	580,000

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Fund	
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Total
Fees Received from County Officials (Cont.)					
Fees In Lieu of Salary					
Circuit Court Clerk	$ 0	$ 0	$ 0	$ 0	$ 142,417
General Sessions Court Clerk	0	0	0	0	275,317
Sheriff	0	0	0	0	20,742
Total Fees Received from County Officials	$ 0	$ 0	$ 0	$ 0	$ 1,343,581
State of Tennessee					
General Government Grants					
Juvenile Services Program	$ 0	$ 0	$ 0	$ 0	$ 29,010
State Reappraisal Grant	0	0	0	0	17,803
Solid Waste Grants	0	0	0	0	46,096
Other General Government Grants	0	0	0	0	5,300
Public Safety Grants					
Law Enforcement Training Programs	0	0	0	0	16,080
Health and Welfare Grants					
Health Department Programs	0	0	0	0	95,615
Public Works Grants					
State Aid Program	0	0	0	0	228,233
Litter Program	0	0	0	0	47,787
Other State Revenues					
Income Tax	0	0	0	0	61,894
Beer Tax	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	47,599
State Revenue Sharing - T.V.A.	0	0	0	0	528,994
Contracted Prisoner Boarding	0	0	0	0	627,337
Gasoline and Motor Fuel Tax	0	0	0	0	1,622,517
Petroleum Special Tax	0	0	0	0	46,760
Registrar's Salary Supplement	0	0	0	0	16,380
Total State of Tennessee	$ 0	$ 0	$ 0	$ 0	$ 3,454,183
Federal Government					
Federal Through State					
Community Development	$ 0	$ 0	$ 0	$ 60,465	$ 60,465

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Fund	
	General Debt Service	Special Debt Service	Hospital Debt Service	General Capital Projects	Total
Federal Government (Cont.)					
Federal Through State (Cont.)					
Civil Defense Reimbursement	$ 0	$ 0	$ 0	$ 0	$ 22,382
Homeland Security Grants	0	0	0	0	608,723
Other Federal through State	0	0	0	0	60,498
Direct Federal Revenue					
Asset Forfeiture Funds	0	0	0	0	13,890
Other Direct Federal Revenue	0	0	0	0	12,400
Total Federal Government	$ 0	$ 0	$ 0	$ 60,465	$ 778,358
Other Governments and Citizens Groups					
Other Governments					
Contributions	$ 0	$ 0	$ 0	$ 0	$ 2,900
Contracted Services	0	0	0	0	121,639
Citizens Groups					
Donations	0	0	0	0	4,016
Total Other Governments and Citizens Groups	$ 0	$ 0	$ 0	$ 0	$ 128,555
Total	$ 3,581,789	$ 40,099	$ 1,153,060	$ 65,671	$ 21,083,569

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
Local Taxes					
County Property Taxes					
Current Property Tax	$ 11,868,645	$ 0	$ 0	$ 0	$ 11,868,645
Trustee's Collections - Prior Year	401,619	0	0	0	401,619
Trustee's Collections - Bankruptcy	1,634	0	0	0	1,634
Circuit/Clerk & Master Collections - Prior Years	81,023	0	0	0	81,023
Interest and Penalty	90,130	0	0	0	90,130
Pick-up Taxes	485	0	0	0	485
Payments in Lieu of Taxes - T.V.A.	1,410	0	0	0	1,410
Payments in Lieu of Taxes - Local Utilities	113,456	0	0	0	113,456
Payments in Lieu of Taxes - Other	6,084	0	0	0	6,084
County Local Option Taxes					
Local Option Sales Tax	9,770,369	0	0	0	9,770,369
Wheel Tax	710,011	0	0	0	710,011
Statutory Local Taxes					
Bank Excise Tax	116,229	0	0	0	116,229
Interstate Telecommunications Tax	10,174	0	0	0	10,174
Other Statutory Local Taxes	351	0	0	0	351
Total Local Taxes	$ 23,171,620	$ 0	$ 0	$ 0	$ 23,171,620
Charges for Current Services					
Education Charges					
Tuition - Regular Day Students	$ 68,544	$ 0	$ 0	$ 0	$ 68,544
Tuition - Adult Education	950	0	0	0	950
Tuition - Other	206,892	0	0	0	206,892
Lunch Payments - Children	0	0	1,092,633	0	1,092,633
Lunch Payments - Adults	0	0	160,652	0	160,652
Income from Breakfast	0	0	147,277	0	147,277
A la carte Sales	0	0	315,049	0	315,049
Receipts from Individual Schools	97,425	0	0	0	97,425
Other Charges for Services					
Other Charges for Services	98,831	0	28,451	0	127,282
Total Charges for Current Services	$ 472,642	$ 0	$ 1,744,062	$ 0	$ 2,216,704
Other Local Revenues					
Recurring Items					
Investment Income	$ 878	$ 0	$ 6,110	$ 256	$ 7,244
Lease/Rentals	13,213	0	0	0	13,213
Sale of Materials and Supplies	190	0	0	0	190
Miscellaneous Refunds	29,607	0	0	0	29,607
Nonrecurring Items					
Insurance Recovery	53,068	0	0	0	53,068
Sale of Equipment	9,608	0	0	0	9,608
Damages Recovered from Individuals	381,442	0	0	0	381,442
Contributions & Gifts	18,833	0	0	0	18,833
Other Local Revenues					
Other Local Revenues	81,689	0	0	0	81,689
Total Other Local Revenues	$ 588,528	$ 0	$ 6,110	$ 256	$ 594,894

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
State of Tennessee					
State Education Funds					
Basic Education Program	$ 25,442,826	$ 0	$ 0	$ 0	$ 25,442,826
School Food Service	0	0	53,105	0	53,105
Driver Education	9,360	0	0	0	9,360
Other State Education Funds	354,921	0	0	0	354,921
Career Ladder Program	594,111	0	0	0	594,111
Career Ladder - Extended Contract	194,611	0	0	0	194,611
Other State Revenues					
Mixed Drink Tax	8,218	0	0	0	8,218
State Revenue Sharing - T.V.A.	10,525	0	0	0	10,525
Other State Grants	204,182	0	0	0	204,182
Total State of Tennessee	$ 26,818,754	$ 0	$ 53,105	$ 0	$ 26,871,859
Federal Government					
Federal Through State					
USDA School Lunch Program	$ 0	$ 0	$ 1,534,040	$ 0	$ 1,534,040
Breakfast	0	0	457,721	0	457,721
USDA - Other	0	0	341,047	0	341,047
Adult Education State Grant Program	117,124	0	0	0	117,124
Vocational Education - Basic Grants to States	0	192,185	0	0	192,185
Title I Grants to Local Education Agencies	0	1,902,098	0	0	1,902,098
Innovative Education Program Strategies	0	155,131	0	0	155,131
Special Education - Grants to States	2,940	2,214,200	0	0	2,217,140
Education Edge	81,716	0	0	0	81,716
Special Education Preschool Grants	0	64,932	0	0	64,932
Eisenhower Professional Development State Grants	0	386,002	0	0	386,002
Other Federal through State	33,893	313,028	0	0	346,921
Total Federal Government	$ 235,673	$ 5,227,576	$ 2,332,808	$ 0	$ 7,796,057
Total	$ 51,287,217	$ 5,227,576	$ 4,136,085	$ 256	$ 60,651,134

Exhibit J-8

Hamblen 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	$	70,800		
Social Security		3,815		
State Retirement		4,026		
Life Insurance		204		
Medical Insurance		42,450		
Employer Medicare		892		
Audit Services		13,127		
Contracts with Private Agencies		896		
Dues and Memberships		1,600		
Legal Notices, Recording, and Court Costs		108		
Total County Commission			$	137,918
Board of Equalization				
Board and Committee Members Fees	$	4,005		
Total Board of Equalization				4,005
County Mayor				
County Official/Administrative Officer	$	71,304		
Assistant(s)		26,571		
Social Security		5,801		
State Retirement		6,460		
Life Insurance		68		
Medical Insurance		10,160		
Employer Medicare		1,357		
Total County Mayor				121,721
County Attorney				
Other Salaries & Wages	$	1,200		
Social Security		74		
Employer Medicare		17		
Legal Services		80,082		
Total County Attorney				81,373
Election Commission				
County Official/Administrative Officer	$	53,072		
Deputy(ies)		44,402		
Overtime Pay		3,794		
Election Commission		12,000		
Election Workers		40,470		
Social Security		7,494		

(Continued)

Exhibit J-8

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

General Fund (Cont.)				
General Government (Cont.)				
Election Commission (Cont.)				
State Retirement	$	6,657		
Life Insurance		117		
Medical Insurance		7,818		
Employer Medicare		1,753		
Communication		858		
Contracts with Private Agencies		13,168		
Dues and Memberships		250		
Legal Notices, Recording and Court Costs		5,965		
Maintenance Agreements		2,570		
Maintenance & Repair Services- Buildings		1,169		
Printing, Stationery, and Forms		2,151		
Travel		957		
Office Supplies		3,491		
Total Election Commission			$	208,156
Register of Deeds				
Life Insurance	$	154		
Medical Insurance		40,169		
Communication		1,242		
Dues and Memberships		561		
Travel		386		
Office Supplies		13,521		
Data Processing Equipment		31,990		
Total Register of Deeds				88,023
Planning				
County Official/Administrative Officer	$	36,457		
Assistant(s)		28,775		
Deputy(ies)		44,641		
Secretary(s)		23,583		
Board and Committee Members Fees		15,400		
In-Service Training		50		
Social Security		9,043		
State Retirement		8,808		
Life Insurance		170		
Medical Insurance		25,712		
Employer Medicare		2,114		
Communication		1,527		
Contracts with Government Agencies		13,500		
Contracts with Other Public Agencies		16,500		

(Continued)

Exhibit J-8

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

General Fund (Cont.)				
General Government (Cont.)				
Planning (Cont.)				
Data Processing Services	$	346		
Dues and Memberships		2,600		
Legal Notices, Recording, and Court Costs		801		
Maintenance Agreements		452		
Maintenance & Repair Services- Office Equipment		198		
Maintenance & Repair Services- Vehicles		521		
Printing, Stationery, and Forms		256		
Travel		169		
Gasoline		2,491		
Office Supplies		1,988		
Refunds		105		
Total Planning			$	236,207
Other Facilities				
Assistant(s)	$	23,660		
Supervisor/Director		30,166		
Custodial Personnel		61,401		
Part-time Personnel		3,751		
Social Security		7,034		
State Retirement		7,605		
Life Insurance		170		
Medical Insurance		35,636		
Employer Medicare		1,645		
Communication		1,269		
Maintenance Agreements		8,404		
Maintenance & Repair Services- Buildings		48,543		
Maintenance & Repair Services- Equipment		483		
Maintenance & Repair Services- Vehicles		150		
Pest Control		2,273		
Custodial Supplies		16,398		
Electricity		115,632		
Natural Gas		34,735		
Other Equipment		1,438		
Total Other Facilities				400,393
Finance				
Accounting and Budgeting				
County Official/Administrative Officer	$	44,093		
Assistant(s)		25,201		
Accountants/Bookkeepers		19,179		

(Continued)

Exhibit J-8

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

General Fund (Cont.)				
Finance (Cont.)				
Accounting and Budgeting (Cont.)				
Social Security	$	4,590		
State Retirement		4,406		
Life Insurance		68		
Medical Insurance		7,846		
Employer Medicare		1,074		
Communication		4,465		
Dues and Memberships		1,027		
Legal Notices, Recording, and Court Costs		1,120		
Printing, Stationery, and Forms		556		
Travel		3,190		
Office Supplies		3,394		
In Service/Staff Development		750		
Total Accounting and Budgeting			$	120,959
Purchasing				
County Official/Administrative Officer	$	36,097		
Purchasing Personnel		23,583		
Social Security		3,515		
State Retirement		3,939		
Life Insurance		68		
Medical Insurance		11,338		
Employer Medicare		822		
Advertising		1,225		
Communication		432		
Dues and Memberships		55		
Postal Charges		500		
Printing, Stationery, and Forms		949		
Travel		292		
Office Supplies		442		
Total Purchasing				83,257
Property Assessor's Office				
County Official/Administrative Officer	$	58,780		
Deputy(ies)		117,449		
Data Processing Personnel		31,651		
Other Per Diem & Fees		7,309		
Social Security		12,684		
State Retirement		12,982		
Life Insurance		204		
Medical Insurance		33,877		

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Finance (Cont.)		
Property Assessor's Office (Cont.)		
Employer Medicare	$ 2,966	
Communication	915	
Contracts with Government Agencies	14,930	
Data Processing Services	8,475	
Dues and Memberships	270	
Maintenance Agreements	300	
Maintenance & Repair Services- Vehicles	266	
Printing, Stationery, and Forms	248	
Travel	1,774	
Data Processing Supplies	98	
Office Supplies	1,370	
Office Equipment	1,333	
Total Property Assessor's Office		$ 307,881
Reappraisal Program		
Deputy(ies)	$ 23,583	
Social Security	1,404	
State Retirement	1,556	
Life Insurance	34	
Medical Insurance	3,886	
Employer Medicare	328	
Contracts with Private Agencies	22,355	
Data Processing Services	5,495	
Postal Charges	7,109	
Office Supplies	656	
Office Equipment	337	
Total Reappraisal Program		66,743
County Trustee's Office		
Life Insurance	$ 170	
Medical Insurance	40,640	
Communication	703	
Legal Notices, Recording, and Court Costs	13	
Postal Charges	9,306	
Printing, Stationery, and Forms	5,194	
Office Supplies	1,946	
Office Equipment	728	
Total County Trustee's Office		58,700

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Finance (Cont.)		
County Clerk's Office		
Life Insurance	$ 609	
Medical Insurance	78,879	
Communication	2,097	
Maintenance Agreements	17,490	
Maintenance & Repair Services- Office Equipment	868	
Printing, Stationery, and Forms	3,855	
Rentals	841	
Office Supplies	4,330	
Office Equipment	9,345	
Total County Clerk's Office		$ 118,314
Data Processing		
Part-time Personnel	$ 6,936	
Social Security	430	
Employer Medicare	101	
Data Processing Services	7,624	
Maintenance Agreements	11,474	
Data Processing Supplies	973	
Communication Equipment	219	
Data Processing Equipment	9,320	
Total Data Processing		37,077
Other Finance		
Maintenance Personnel	$ 2,102	
Social Security	130	
Employer Medicare	30	
Communication	3,616	
Operating Lease Payments	20,416	
Office Supplies	2,271	
Office Equipment	895	
Total Other Finance		29,460
Administration of Justice		
Circuit Court		
County Official/Administrative Officer	$ 58,969	
Deputy(ies)	194,448	
Part-time Personnel	30,358	
Overtime Pay	747	
Other Salaries & Wages	22,175	
Board and Committee Members Fees	300	

(Continued)

Exhibit J-8

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
Circuit Court (Cont.)				
Jury and Witness Fees	$	24,688		
Other Per Diem & Fees		595		
Social Security		18,305		
State Retirement		16,775		
Life Insurance		306		
Medical Insurance		49,054		
Employer Medicare		4,281		
Communication		1,657		
Legal Notices, Recording, and Court Costs		100		
Maintenance Agreements		2,160		
Maintenance & Repair Services- Office Equipment		489		
Printing, Stationery, and Forms		7,752		
Travel		314		
Office Supplies		5,459		
Office Equipment		1,947		
Total Circuit Court			$	440,879
General Sessions Court				
Judge(s)	$	150,237		
Other Salaries & Wages		52,017		
Social Security		11,171		
State Retirement		9,558		
Life Insurance		102		
Medical Insurance		21,096		
Employer Medicare		2,756		
Communication		643		
Travel		963		
Office Supplies		1,088		
Uniforms		576		
Total General Sessions Court				250,207
Drug Court				
Supervisor/Director	$	25,083		
Social Security		1,555		
State Retirement		1,656		
Life Insurance		34		
Employer Medicare		364		
Communication		516		
Postal Charges		203		
Printing, Stationery, and Forms		735		

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Administration of Justice (Cont.)		
Drug Court (Cont.)		
Rentals	$ 2,292	
Travel	6,243	
Drug Treatment	3,214	
Office Supplies	1,612	
Office Equipment	3,082	
Total Drug Court		$ 46,589
Chancery Court		
Life Insurance	$ 170	
Medical Insurance	26,352	
Communication	711	
Maintenance Agreements	687	
Printing, Stationery, and Forms	1,919	
Rentals	841	
Office Supplies	9,841	
Uniforms	144	
Office Equipment	999	
Total Chancery Court		41,664
Juvenile Court		
Judge(s)	$ 27,486	
Assistant(s)	29,724	
Probation Officer(s)	16,803	
Youth Service Officer(s)	36,097	
Educational Assistants	25,941	
Attendants	107,472	
Part-time Personnel	10,231	
Other Salaries & Wages	3,740	
Other Per Diem & Fees	1,951	
Social Security	15,663	
State Retirement	6,088	
Life Insurance	105	
Medical Insurance	17,926	
Employer Medicare	3,663	
Communication	2,936	
Consultants	9,719	
Contracts with Government Agencies	9,500	
Dues and Memberships	95	
Evaluation and Testing	6,844	
Maintenance Agreements	908	

(Continued)

Exhibit J-8

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

General Fund (Cont.)				
Administration of Justice (Cont.)				
Juvenile Court (Cont.)				
Maintenance & Repair Services- Vehicles	$	101		
Travel		1,849		
Food Supplies		3,421		
Gasoline		285		
Office Supplies		2,643		
Office Equipment		390		
Total Juvenile Court			$	341,581
Probation Services				
Other Salaries & Wages	$	31,744		
Social Security		1,968		
Employer Medicare		460		
Total Probation Services				34,172
Public Safety				
Sheriff's Department				
County Official/Administrative Officer	$	67,867		
Deputy(ies)		393,427		
Captain(s)		78,652		
Lieutenant(s)		184,940		
Sergeant(s)		289,037		
Salary Supplements		14,503		
Clerical Personnel		101,885		
Part-time Personnel		18,417		
Overtime Pay		48,102		
Other Salaries & Wages		59,614		
In-Service Training		7,770		
Social Security		75,332		
State Retirement		74,366		
Life Insurance		1,217		
Medical Insurance		206,901		
Employer Medicare		17,618		
Communication		29,281		
Dues and Memberships		1,600		
Evaluation and Testing		77		
Maintenance Agreements		2,914		
Maintenance & Repair Services- Equipment		3,321		
Maintenance & Repair Services- Vehicles		29,626		
Printing, Stationery, and Forms		2,840		
Tow-in Services		1,402		

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Public Safety (Cont.)		
Sheriff's Department (Cont.)		
Travel	$ 3,533	
Gasoline	79,597	
Law Enforcement Supplies	3,487	
Lubricants	5,781	
Office Supplies	7,565	
Tires and Tubes	4,769	
Uniforms	22,712	
Refunds	50	
Other Charges	9,684	
Principal on Notes	100,000	
Interest on Notes	9,175	
Law Enforcement Equipment	7,397	
Motor Vehicles	400,000	
Total Sheriff's Department		$ 2,364,459
Wheel Tax Officer		
Communication	$ 916	
Travel	3,130	
Office Supplies	3,601	
Total Wheel Tax Officer		7,647
Drug Enforcement		
Law Enforcement Supplies	$ 9,164	
Total Drug Enforcement		9,164
Administration of the Sexual Offender Registry		
Office Supplies	$ 377	
Office Equipment	1,080	
Total Administration of the Sexual Offender Registry		1,457
Jail		
Captain(s)	$ 33,811	
Guards	577,001	
Cafeteria Personnel	18,093	
Overtime Pay	7,768	
In-Service Training	198	
Social Security	38,291	
State Retirement	43,548	
Life Insurance	819	
Medical Insurance	146,530	

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Public Safety (Cont.)		
Jail (Cont.)		
Employer Medicare	$ 8,955	
Maintenance Agreements	450	
Maintenance & Repair Services- Buildings	4,027	
Maintenance & Repair Services- Equipment	18,427	
Maintenance & Repair Services- Vehicles	59	
Medical and Dental Services	133,604	
Printing, Stationery, and Forms	963	
Custodial Supplies	31,757	
Drugs and Medical Supplies	31,993	
Food Preparation Supplies	3,960	
Food Supplies	209,775	
Prisoners Clothing	6,703	
Other Charges	8,705	
Other Equipment	3,678	
Total Jail		$ 1,329,115
Workhouse		
Guards	$ 38,470	
Social Security	2,342	
State Retirement	1,718	
Life Insurance	56	
Medical Insurance	8,291	
Employer Medicare	548	
Total Workhouse		51,425
Work Release Program		
Supervisor/Director	$ 31,922	
Secretary(s)	23,624	
Overtime Pay	33	
Social Security	3,147	
State Retirement	3,668	
Life Insurance	68	
Medical Insurance	10,066	
Employer Medicare	736	
Communication	629	
Maintenance & Repair Services- Vehicles	641	
Gasoline	1,352	
Office Supplies	685	
Office Equipment	1,597	
Total Work Release Program		78,168

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Public Safety (Cont.)		
Fire Prevention and Control		
Contributions	$ 140,000	
Total Fire Prevention and Control		$ 140,000
Civil Defense		
Supervisor/Director	$ 30,608	
Part-time Personnel	11,206	
Social Security	2,556	
State Retirement	2,020	
Life Insurance	34	
Medical Insurance	3,933	
Employer Medicare	598	
Communication	1,363	
Dues and Memberships	35	
Maintenance & Repair Services- Vehicles	1,317	
Postal Charges	18	
Travel	288	
Gasoline	1,678	
Office Supplies	2,003	
Uniforms	2,090	
Liability Insurance	1,550	
Vehicle and Equipment Insurance	1,468	
Other Charges	1,927	
Communication Equipment	1,002	
Total Civil Defense		65,694
Rescue Squad		
Contracts with Government Agencies	$ 141,436	
Total Rescue Squad		141,436
Other Emergency Management		
Other Equipment	$ 782,416	
Total Other Emergency Management		782,416
County Coroner/Medical Examiner		
Assistant(s)	$ 2,825	
Other Salaries & Wages	67,611	
Other Contracted Services	6,000	
Total County Coroner/Medical Examiner		76,436

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Public Safety (Cont.)		
Other Public Safety		
Other Equipment	$ 60,667	
Total Other Public Safety		$ 60,667
Public Health and Welfare		
Local Health Center		
Clerical Personnel	$ 74,407	
Social Security	4,342	
State Retirement	4,911	
Life Insurance	102	
Medical Insurance	17,529	
Employer Medicare	1,015	
Contracts with Government Agencies	57,267	
Travel	787	
Total Local Health Center		160,360
Rabies and Animal Control		
Contributions	$ 93,400	
Total Rabies and Animal Control		93,400
Nursing Home		
Contributions	$ 2,000	
Total Nursing Home		2,000
Crippled Children Services		
Contributions	$ 6,242	
Total Crippled Children Services		6,242
Appropriation to State		
Contributions	$ 110,500	
Total Appropriation to State		110,500
General Welfare Assistance		
Contributions	$ 6,300	
Total General Welfare Assistance		6,300
Aid to Dependent Children		
Contributions	$ 8,000	
Total Aid to Dependent Children		8,000

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Public Health and Welfare (Cont.)		
Child Support		
Contributions	$ 12,482	
Total Child Support		$ 12,482
Other Local Welfare Services		
Contributions	$ 45,740	
Total Other Local Welfare Services		45,740
Sanitation Management		
Contributions	$ 15,000	
Total Sanitation Management		15,000
Other Public Health and Welfare		
Contributions	$ 5,900	
Total Other Public Health and Welfare		5,900
Social, Cultural, and Recreational Services		
Adult Activities		
Contributions	$ 11,600	
Total Adult Activities		11,600
Senior Citizens Assistance		
Contributions	$ 6,500	
Total Senior Citizens Assistance		6,500
Libraries		
Contributions	$ 218,500	
Total Libraries		218,500
Parks and Fair Boards		
Contributions	$ 200,000	
Total Parks and Fair Boards		200,000
Other Social, Cultural, and Recreational		
Contracts with Government Agencies	$ 47,576	
Contributions	5,130	
Total Other Social, Cultural, and Recreational		52,706
Agriculture & Natural Resources		
Agriculture Extension Service		
Contributions	$ 102,550	
Total Agriculture Extension Service		102,550

(Continued)

Exhibit J-8

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

General Fund (Cont.)		
Agriculture & Natural Resources (Cont.)		
Forest Service		
Contributions	$ 1,000	
Total Forest Service		$ 1,000
Soil Conservation		
Secretary(s)	$ 21,297	
Social Security	1,170	
State Retirement	1,406	
Life Insurance	34	
Medical Insurance	10,076	
Employer Medicare	274	
Total Soil Conservation		34,257
Other Operations		
Tourism		
Contributions	$ 12,500	
Total Tourism		12,500
Industrial Development		
Contributions	$ 40,000	
Total Industrial Development		40,000
Veterans' Services		
County Official/Administrative Officer	$ 11,272	
Social Security	699	
Employer Medicare	163	
Communication	326	
Printing, Stationery and Forms	54	
Travel	362	
Office Supplies	131	
Office Equipment	614	
Total Veterans' Services		13,621
Other Charges		
Communication	$ 18,028	
Contracts with Private Agencies	28,480	
Data Processing Services	12,010	
Dues and Memberships	18,265	
Legal Notices, Recording, and Court Costs	1,272	
Maintenance Agreements	11,590	
Postal Charges	40,243	

(Continued)

Exhibit J-8

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

General Fund (Cont.)			
Other Operations (Cont.)			
Other Charges (Cont.)			
Contracts for Postclosure Care Costs	$ 28,919		
Data Processing Supplies	976		
Duplicating Supplies	135		
Other Supplies and Materials	3,067		
Premiums on Corporate Surety Bonds	1,813		
Refunds	45		
Trustee's Commission	129,424		
Other Charges	25,343		
Data Processing Equipment	6,029		
Office Equipment	1,349		
Total Other Charges		$ 326,988	
Employee Benefits			
Handling Charges & Administrative Costs	$ 2,271		
Medical Insurance	105,707		
Unemployment Compensation	6,440		
Other Fringe Benefits	330		
Liability Insurance	245,007		
Workers' Compensation Insurance	289,591		
Total Employee Benefits		649,346	
Principal			
General Government			
Principal on Capitalized Leases	$ 19,279		
Total General Government		19,279	
Interest			
General Government			
Interest on Notes	$ 16,203		
Interest on Capitalized Leases	916		
Total General Government		17,119	
Capital Projects			
General Administration Projects			
Other Charges	$ 118,429		
Total General Administration Projects		118,429	
Total General Fund			$ 10,653,682

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund			
Public Health and Welfare			
Sanitation Management			
Foremen	$ 32,404		
Equipment Operators - Heavy	70,926		
Truck Drivers	160,318		
Laborers	159,357		
Overtime Pay	6,010		
Social Security	25,766		
Handling Charges & Administrative Costs	154		
State Retirement	28,101		
Life Insurance	708		
Medical Insurance	111,969		
Unemployment Compensation	1,156		
Employer Medicare	6,026		
Advertising	2,482		
Contracts with Private Agencies	73,496		
Legal Notices, Recording, and Court Costs	358		
Maintenance & Repair Services- Equipment	52,769		
Postal Charges	14		
Disposal Fees	635,330		
Other Contracted Services	2,500		
Diesel Fuel	61,963		
Gasoline	1,901		
Lubricants	1,017		
Office Supplies	332		
Tires and Tubes	16,925		
Uniforms	4,585		
Other Supplies and Materials	9,329		
Liability Insurance	20,073		
Trustee's Commission	34,654		
Workers' Compensation Insurance	83,935		
Principal on Notes	61,600		
Interest on Notes	2,201		
Motor Vehicles	93,085		
Total Sanitation Management		$ 1,761,444	
Total Solid Waste/Sanitation Fund			$ 1,761,444
Special Purpose Fund			
Social, Cultural, and Recreational Services			
Parks and Fair Boards			
County Official/Administrative Officer	$ 35,029		

(Continued)

Exhibit J-8

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

Special Purpose Fund (Cont.)			
Social, Cultural, and Recreational Services (Cont.)			
Parks and Fair Boards (Cont.)			
Supervisor/Director	$ 26,891		
Overtime Pay	1,338		
Other Salaries & Wages	29,773		
Social Security	5,768		
State Retirement	4,301		
Life Insurance	74		
Medical Insurance	7,865		
Employer Medicare	1,349		
Advertising	8,757		
Bank Charges	720		
Communication	5,546		
Maintenance Agreements	242		
Maintenance & Repair Services- Equipment	5,014		
Maintenance & Repair Services- Vehicles	211		
Medical and Dental Services	7,568		
Custodial Supplies	9,055		
Diesel Fuel	1,438		
Electricity	8,672		
Gasoline	3,737		
Office Supplies	192		
Uniforms	1,393		
Water and Sewer	8,738		
Other Supplies and Materials	6,003		
Liability Insurance	5,391		
Refunds	270		
Workers' Compensation Insurance	11,451		
Other Charges	1,278		
Other Equipment	12,767		
Other Construction	40,763		
Total Parks and Fair Boards		$ 251,594	
Total Special Purpose Fund			$ 251,594
Drug Control Fund			
Public Safety			
Drug Enforcement			
Dues and Memberships	$ 300		
Maintenance Agreements	4,835		
Maintenance & Repair Services- Vehicles	366		
Rentals	73		

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)			
Public Safety (Cont.)			
Drug Enforcement (Cont.)			
Tow-in Services	$ 85		
Travel	938		
Veterinary Services	243		
Animal Food and Supplies	346		
Law Enforcement Supplies	4,704		
Office Supplies	1,589		
Uniforms	678		
Trustee's Commission	463		
In Service/Staff Development	150		
Law Enforcement Equipment	14,981		
Total Drug Enforcement		$ 29,751	
Total Drug Control Fund			$ 29,751
Constitutional Officers - Fees Fund			
General Government			
Register of Deeds			
Constitutional Officers' Operating Expenses	$ 381,101		
Total Register of Deeds		$ 381,101	
Finance			
County Trustee's Office			
Constitutional Officers' Operating Expenses	$ 202,210		
Total County Trustee's Office		202,210	
County Clerk's Office			
Constitutional Officers' Operating Expenses	$ 564,438		
Total County Clerk's Office		564,438	
Administration of Justice			
Chancery Court			
Constitutional Officers' Operating Expenses	$ 180,919		
Total Chancery Court		180,919	
Public Safety			
Sheriff's Department			
Constitutional Officers' Operating Expenses	$ 501		
Total Sheriff's Department		501	
Total Constitutional Officers - Fees Fund			1,329,169

(Continued)

Exhibit J-8

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

Highway/Public Works Fund		
Highways		
Administration		
County Official/Administrative Officer	$ 64,865	
Assistant(s)	39,456	
Accountants/Bookkeepers	28,670	
Board and Committee Members Fees	18,600	
Social Security	9,138	
State Retirement	7,216	
Life Insurance	111	
Medical Insurance	17,999	
Employer Medicare	2,137	
Communication	5,610	
Dues and Memberships	2,261	
Legal Services	9,030	
Postal Charges	296	
Travel	269	
Electricity	9,560	
Office Supplies	1,386	
Propane Gas	8,977	
Water and Sewer	650	
Liability Insurance	26,412	
Trustee's Commission	19,030	
Vehicle and Equipment Insurance	19,164	
Other Charges	16,455	
Total Administration		$ 307,292
Highway and Bridge Maintenance		
Foremen	$ 37,500	
Equipment Operators	184,495	
Truck Drivers	219,701	
Laborers	58,824	
Overtime Pay	8,191	
Social Security	30,312	
State Retirement	33,408	
Life Insurance	810	
Medical Insurance	115,420	
Employer Medicare	7,089	
Contracts with Private Agencies	25,512	
Rentals	2,720	
Other Contracted Services	2,536	
Asphalt - Cold Mix	1,032	
Asphalt - Hot Mix	80,455	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)				
Highways (Cont.)				
Highway and Bridge Maintenance (Cont.)				
Concrete	$	10,884		
Crushed Stone		56,667		
General Construction Materials		3,485		
Other Road Supplies		12,240		
Pipe - Metal		11,018		
Road Signs		25,005		
Small Tools		1,742		
Uniforms		4,942		
Fencing		19,115		
Total Highway and Bridge Maintenance			$	953,103
Operation and Maintenance of Equipment				
Mechanic(s)	$	50,964		
Overtime Pay		2,375		
Social Security		3,141		
State Retirement		3,520		
Life Insurance		49		
Medical Insurance		14,008		
Employer Medicare		735		
Diesel Fuel		30,398		
Equipment Parts - Heavy		68,713		
Garage Supplies		12,080		
Gasoline		16,417		
Lubricants		4,828		
Small Tools		1,468		
Tires and Tubes		10,104		
Other Supplies and Materials		12,556		
Total Operation and Maintenance of Equipment				231,356
Employee Benefits				
Handling Charges & Administrative Costs	$	225		
Unemployment Compensation		3,018		
Other Fringe Benefits		960		
Legal Notices, Recording, and Court Costs		471		
Workers' Compensation Insurance		58,466		
Total Employee Benefits				63,140
Capital Outlay				
Highway Equipment	$	58,964		
Office Equipment		200		

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)			
Highways (Cont.)			
Capital Outlay (Cont.)			
State Aid Projects	$ 287,206		
Other Capital Outlay	2,312		
Total Capital Outlay		$ 348,682	
Total Highway/Public Works Fund			$ 1,903,573
General Debt Service Fund			
Principal			
General Government			
Principal on Bonds	$ 535,000		
Principal on Notes	62,662		
Principal on Capitalized Leases	130,082		
Total General Government		$ 727,744	
Education			
Principal on Bonds	$ 1,170,000		
Total Education		1,170,000	
Interest			
General Government			
Interest on Bonds	$ 17,387		
Interest on Notes	1,201		
Interest on Capitalized Leases	7,240		
Interest on Other Loans Payable	235,214		
Total General Government		261,042	
Education			
Interest on Bonds	$ 105,630		
Interest on Other Loans Payable	1,548,589		
Total Education		1,654,219	
Other Debt Service			
General Government			
Trustee's Commission	$ 55,936		
Total General Government		55,936	
Education			
Other Debt Service	$ 804		
Total Education		804	
Total General Debt Service Fund			3,869,745

(Continued)

Exhibit J-8

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

Special Debt Service Fund			
Principal			
General Government			
Principal on Other Loans Payable	$ 220,000		
Total General Government		$ 220,000	
Interest			
General Government			
Interest on Other Loans Payable	$ 57,300		
Total General Government		57,300	
Other Debt Service			
General Government			
Other Debt Service	$ 608		
Total General Government		608	
Total Special Debt Service Fund			$ 277,908
Hospital Debt Service Fund			
Public Health and Welfare			
Other Public Health and Welfare			
Other Capital Outlay	$ 14,343,336		
Total Other Public Health and Welfare		$ 14,343,336	
Interest			
General Government			
Interest on Bonds	$ 48,787		
Interest on Other Loans Payable	437,273		
Total General Government		486,060	
Other Debt Service			
General Government			
Refunds	$ 448,613		
Other Debt Issuance Charges	419,324		
Total General Government		867,937	
Total Hospital Debt Service Fund			15,697,333
General Capital Projects Fund			
Capital Projects			
General Administration Projects			
Architects	$ 19,788		
Legal Notices, Recording and Court Costs	238		

(Continued)

Exhibit J-8

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

General Capital Projects Fund (Cont.)			
Capital Projects (Cont.)			
General Administration Projects (Cont.)			
Building Construction	$ 180,543		
Total General Administration Projects		$ 200,569	
Administration of Justice Projects			
Architects	$ 1,500		
Evaluation and Testing	541		
Building Construction	77,716		
Total Administration of Justice Projects		79,757	
Public Utility Projects			
Evaluation and Testing	$ 664		
Total Public Utility Projects		664	
Total General Capital Projects Fund			$ 280,990
Total Governmental Funds - Primary Government			$ 36,055,189

Exhibit J-9

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

General Purpose School Fund		
Instruction		
Regular Instruction Program		
Teachers	$ 17,720,932	
Career Ladder Program	366,434	
Career Ladder Extended Contracts	124,600	
Educational Assistants	826,529	
Other Salaries & Wages	749,515	
Certified Substitute Teachers	219,845	
Social Security	1,176,787	
State Retirement	1,083,962	
Life Insurance	19,672	
Medical Insurance	3,201,886	
Unemployment Compensation	8,887	
Employer Medicare	280,748	
Other Contracted Services	87,515	
Instructional Supplies and Materials	341,537	
Textbooks	443,725	
Other Supplies and Materials	9,070	
Other Charges	260,841	
Total Regular Instruction Program		$ 26,922,485
Special Education Program		
Teachers	$ 2,535,756	
Career Ladder Program	53,797	
Career Ladder Extended Contracts	11,400	
Educational Assistants	222,909	
Certified Substitute Teachers	20,922	
Social Security	169,373	
State Retirement	157,193	
Life Insurance	3,005	
Medical Insurance	568,984	
Unemployment Compensation	1,221	
Employer Medicare	39,957	
Other Contracted Services	475,587	
Instructional Supplies and Materials	22,875	
Textbooks	1,131	
Special Education Equipment	26,983	
Total Special Education Program		4,311,093
Vocational Education Program		
Teachers	$ 1,718,364	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)		
Instruction (Cont.)		
Vocational Education Program (Cont.)		
Career Ladder Program	$ 33,822	
Career Ladder Extended Contracts	2,000	
Certified Substitute Teachers	23,138	
Social Security	104,146	
State Retirement	94,514	
Life Insurance	1,613	
Medical Insurance	292,203	
Unemployment Compensation	703	
Employer Medicare	24,707	
Instructional Supplies and Materials	50,560	
Other Supplies and Materials	14,054	
Vocational Instruction Equipment	15,734	
Total Vocational Education Program		$ 2,375,558
Student Body Education Program		
Other Fringe Benefits	$ 900	
Other Contracted Services	7,954	
Other Supplies and Materials	10,377	
Other Charges	13,202	
Total Student Body Education Program		32,433
Adult Education Program		
Teachers	$ 87,193	
Social Security	5,338	
State Retirement	3,383	
Life Insurance	37	
Medical Insurance	5,263	
Unemployment Compensation	71	
Employer Medicare	1,248	
Instructional Supplies and Materials	18,278	
Other Supplies and Materials	57	
Other Equipment	10,231	
Total Adult Education Program		131,099
Support Services		
Attendance		
Clerical Personnel	$ 18,345	
Social Security	1,137	
State Retirement	1,211	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Attendance (Cont.)				
Life Insurance	$	38		
Medical Insurance		4,420		
Unemployment Compensation		15		
Employer Medicare		266		
Travel		1,025		
Total Attendance			$	26,457
Health Services				
Medical Personnel	$	12,218		
Social Security		610		
State Retirement		439		
Life Insurance		38		
Medical Insurance		9,971		
Unemployment Compensation		25		
Employer Medicare		143		
Drugs and Medical Supplies		2,664		
Total Health Services				26,108
Other Student Support				
Career Ladder Program	$	12,659		
Guidance Personnel		641,156		
Other Salaries & Wages		12,545		
Social Security		39,093		
State Retirement		35,413		
Life Insurance		646		
Medical Insurance		107,782		
Unemployment Compensation		330		
Employer Medicare		9,317		
Evaluation and Testing		13,194		
Total Other Student Support				872,135
Regular Instruction Program				
Supervisor/Director	$	4,410		
Career Ladder Program		3,600		
Secretary(s)		51,308		
In-Service Training		4,466		
Social Security		3,542		
State Retirement		3,824		
Life Insurance		41		

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Regular Instruction Program (Cont.)				
Medical Insurance	$	11,714		
Unemployment Compensation		47		
Employer Medicare		828		
Travel		12,064		
Other Contracted Services		56,728		
Library Books/Media		20,139		
Other Supplies and Materials		26,762		
Other Charges		7,490		
Other Equipment		9,044		
Total Regular Instruction Program			$	216,007
Special Education Program				
Supervisor/Director	$	59,127		
Career Ladder Program		3,600		
Secretary(s)		52,510		
Clerical Personnel		18,212		
Social Security		8,202		
State Retirement		8,197		
Life Insurance		144		
Medical Insurance		19,823		
Unemployment Compensation		59		
Employer Medicare		1,918		
Travel		14,321		
Other Contracted Services		2,834		
Other Supplies and Materials		6,057		
Other Charges		18,070		
Total Special Education Program				213,074
Vocational Education Program				
Supervisor/Director	$	56,373		
Career Ladder Program		1,000		
Secretary(s)		25,228		
Social Security		4,811		
State Retirement		4,821		
Life Insurance		75		
Medical Insurance		13,696		
Unemployment Compensation		29		
Employer Medicare		1,125		
Travel		2,175		
Total Vocational Education Program				109,333

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)				
Support Services (Cont.)				
Adult Programs				
Supervisor/Director	$	41,780		
Other Salaries & Wages		8,648		
Social Security		3,127		
State Retirement		2,298		
Life Insurance		38		
Medical Insurance		4,542		
Unemployment Compensation		29		
Employer Medicare		731		
Travel		945		
In Service/Staff Development		3,113		
Total Adult Programs			$	65,251
Board of Education				
Board and Committee Members Fees	$	37,200		
Social Security		2,306		
State Retirement		1,822		
Life Insurance		188		
Employer Medicare		539		
Audit Services		16,500		
Dues and Memberships		16,807		
Legal Services		35,982		
Travel		16,708		
Liability Insurance		150,640		
Premiums on Corporate Surety Bonds		1,739		
Trustee's Commission		456,473		
Workers' Compensation Insurance		201,500		
Other Charges		3,725		
Total Board of Education				942,129
Director of Schools				
County Official/Administrative Officer	$	95,534		
Assistant(s)		144,636		
Career Ladder Program		1,750		
Secretary(s)		71,759		
Social Security		18,790		
State Retirement		22,484		
Life Insurance		188		
Medical Insurance		27,925		
Unemployment Compensation		74		

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Director of Schools (Cont.)		
Employer Medicare	$ 4,535	
Communication	22,781	
Postal Charges	8,026	
Travel	10,443	
Other Contracted Services	3,632	
Office Supplies	14,488	
Other Charges	20,972	
Total Director of Schools		$ 468,017
Office of the Principal		
Principals	$ 1,076,246	
Career Ladder Program	37,533	
Assistant Principals	494,033	
Secretary(s)	561,955	
Social Security	128,734	
State Retirement	124,503	
Life Insurance	2,049	
Medical Insurance	335,688	
Unemployment Compensation	823	
Employer Medicare	30,375	
Communication	113,945	
Total Office of the Principal		2,905,884
Fiscal Services		
Supervisor/Director	$ 57,960	
Accountants/Bookkeepers	101,012	
Social Security	9,236	
State Retirement	9,855	
Life Insurance	151	
Medical Insurance	25,974	
Unemployment Compensation	62	
Employer Medicare	2,160	
Other Fringe Benefits	504,418	
Maintenance & Repair Services- Equipment	5,393	
Travel	1,702	
Data Processing Supplies	4,282	
Office Supplies	4,724	
Administration Equipment	5,467	
Total Fiscal Services		732,396

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Operation of Plant		
Custodial Personnel	$ 1,225,856	
Other Salaries & Wages	30,469	
Social Security	74,775	
State Retirement	77,692	
Life Insurance	1,908	
Medical Insurance	275,661	
Unemployment Compensation	868	
Employer Medicare	17,515	
Other Contracted Services	128,977	
Custodial Supplies	137,082	
Electricity	1,357,620	
Natural Gas	418,473	
Water and Sewer	180,822	
Other Supplies and Materials	890	
Other Charges	3,405	
Total Operation of Plant		$ 3,932,013
Maintenance of Plant		
Supervisor/Director	$ 42,185	
Other Salaries & Wages	466,159	
Social Security	30,630	
State Retirement	33,716	
Life Insurance	637	
Medical Insurance	96,939	
Unemployment Compensation	264	
Employer Medicare	7,163	
Laundry Service	4,541	
Maintenance & Repair Services- Buildings	212,672	
Maintenance & Repair Services- Equipment	55,183	
Equipment and Machinery Parts	77,949	
Other Charges	1,883	
Maintenance Equipment	7,188	
Total Maintenance of Plant		1,037,109
Transportation		
Supervisor/Director	$ 34,774	
Mechanic(s)	151,543	
Bus Drivers	624,321	
Clerical Personnel	28,503	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Transportation (Cont.)		
Social Security	$ 48,327	
State Retirement	53,780	
Life Insurance	1,992	
Medical Insurance	341,022	
Unemployment Compensation	854	
Employer Medicare	11,302	
Contracts with Parents	15,241	
Maintenance & Repair Services- Vehicles	27,900	
Medical and Dental Services	4,772	
Rentals	2,109	
Travel	1,073	
Diesel Fuel	168,016	
Garage Supplies	1,816	
Gasoline	32,075	
Lubricants	7,184	
Tires and Tubes	24,211	
Vehicle Parts	77,362	
Other Supplies and Materials	13,341	
Vehicle and Equipment Insurance	65,504	
Other Charges	13,446	
Transportation Equipment	514,469	
Total Transportation		$ 2,264,937
Central and Other		
Supervisor/Director	$ 59,417	
Computer Programmer(s)	43,222	
Secretary(s)	25,228	
Other Salaries & Wages	292,094	
Social Security	25,258	
State Retirement	27,458	
Life Insurance	489	
Medical Insurance	75,633	
Unemployment Compensation	199	
Employer Medicare	5,907	
Communication	34,582	
Consultants	1,451	
Travel	4,684	
Other Contracted Services	4,249	
Office Supplies	936	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)		
Support Services (Cont.)		
Central and Other (Cont.)		
In Service/Staff Development	$ 1,753	
Data Processing Equipment	108,365	
Total Central and Other		$ 710,925
Operation of Non-Instructional Services		
Community Services		
Supervisor/Director	$ 47,090	
Other Salaries & Wages	131,306	
Social Security	11,417	
State Retirement	2,590	
Life Insurance	38	
Medical Insurance	4,542	
Unemployment Compensation	290	
Employer Medicare	2,670	
Travel	3,262	
Other Contracted Services	2,610	
Other Supplies and Materials	5,953	
Other Charges	33,998	
Other Equipment	1,594	
Total Community Services		247,360
Capital Outlay		
Regular Capital Outlay		
Building Improvements	$ 824,331	
Total Regular Capital Outlay		824,331
Principal		
Education		
Principal on Notes	$ 307,775	
Principal on Capitalized Leases	66,295	
Total Education		374,070
Interest		
Education		
Interest on Notes	$ 17,895	
Interest on Capitalized Leases	14,118	
Total Education		32,013

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)			
Other Debt Service			
Education			
Other Debt Service	$ 500,000		
Total Education		$ 500,000	
Total General Purpose School Fund			$ 50,272,217
School Federal Projects Fund			
Instruction			
Regular Instruction Program			
Teachers	$ 1,062,910		
Educational Assistants	236,589		
Other Salaries & Wages	48,863		
Certified Substitute Teachers	15,612		
Social Security	84,745		
State Retirement	75,300		
Life Insurance	1,545		
Medical Insurance	249,837		
Unemployment Compensation	805		
Employer Medicare	19,860		
Travel	868		
Other Contracted Services	32,638		
Instructional Supplies and Materials	275,287		
Library Books/Media	36		
In Service/Staff Development	98,395		
Regular Instruction Equipment	236,049		
Total Regular Instruction Program		$ 2,439,339	
Special Education Program			
Teachers	$ 127,486		
Educational Assistants	988,635		
Certified Substitute Teachers	16,922		
Social Security	66,735		
State Retirement	69,746		
Life Insurance	2,397		
Medical Insurance	369,674		
Unemployment Compensation	1,042		
Employer Medicare	15,637		
Other Contracted Services	242,183		
Instructional Supplies and Materials	6,917		
Other Supplies and Materials	44,058		
Total Special Education Program		1,951,432	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)				
Instruction (Cont.)				
Vocational Education Program				
Educational Assistants	$	17,229		
Social Security		1,068		
State Retirement		1,137		
Life Insurance		38		
Medical Insurance		4,542		
Unemployment Compensation		24		
Employer Medicare		250		
Travel		15,276		
Instructional Supplies and Materials		23,570		
Vocational Instruction Equipment		75,376		
Total Vocational Education Program			$	138,510
Support Services				
Health Services				
Medical Personnel	$	96,916		
Social Security		5,448		
State Retirement		5,740		
Life Insurance		157		
Medical Insurance		33,379		
Unemployment Compensation		69		
Employer Medicare		1,274		
Other Supplies and Materials		473		
Total Health Services				143,456
Other Student Support				
Evaluation and Testing	$	551		
Workers' Compensation Insurance		394		
In Service/Staff Development		11,000		
Other Charges		41,777		
Total Other Student Support				53,722
Regular Instruction Program				
Supervisor/Director	$	50,713		
Other Salaries & Wages		101,840		
Social Security		9,443		
State Retirement		9,129		
Life Insurance		144		
Medical Insurance		21,447		
Unemployment Compensation		67		

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)			
Support Services (Cont.)			
Regular Instruction Program (Cont.)			
Employer Medicare	$ 2,191		
Travel	2,158		
Instructional Supplies and Materials	368		
Library Books/Media	1,738		
Other Supplies and Materials	4,168		
In Service/Staff Development	106,494		
Other Equipment	5,341		
Total Regular Instruction Program		$ 315,241	
Special Education Program			
Maintenance & Repair Services- Equipment	$ 846		
Travel	2,519		
Other Supplies and Materials	427		
In Service/Staff Development	13,267		
Total Special Education Program		17,059	
Vocational Education Program			
Travel	$ 2,189		
Total Vocational Education Program		2,189	
Board of Education			
Workers' Compensation Insurance	$ 4,800		
Total Board of Education		4,800	
Transportation			
Bus Drivers	$ 6,380		
Social Security	396		
State Retirement	83		
Unemployment Compensation	11		
Employer Medicare	92		
Gasoline	1,712		
Office Supplies	65		
Total Transportation		8,739	
Total School Federal Projects Fund			$ 5,074,487

(Continued)

Exhibit J-9

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

Central Cafeteria Fund			
Support Services			
Board of Education			
Audit Services	$ 2,440		
Workers' Compensation Insurance	38,679		
Total Board of Education		$ 41,119	
Operation of Non-Instructional Services			
Food Service			
Supervisor/Director	$ 43,145		
Accountants/Bookkeepers	28,754		
Clerical Personnel	23,852		
Cafeteria Personnel	1,157,550		
Other Salaries & Wages	45,457		
In-Service Training	650		
Social Security	78,305		
State Retirement	50,763		
Life Insurance	2,521		
Medical Insurance	363,690		
Unemployment Compensation	1,866		
Employer Medicare	18,313		
Maintenance & Repair Services- Equipment	24,972		
Travel	3,369		
Other Contracted Services	192,762		
Food Supplies	1,696,791		
Office Supplies	2,097		
Other Supplies and Materials	133,366		
In Service/Staff Development	25,762		
Other Charges	8,340		
Food Service Equipment	57,781		
Total Food Service		3,960,106	
Total Central Cafeteria Fund			$ 4,001,225
Education Capital Projects Fund			
Capital Projects			
Education Capital Projects			
Other Contracted Services	$ 6,276		
Building Improvements	10,124		
Regular Instruction Equipment	2,337		
Total Education Capital Projects		$ 18,737	
Total Education Capital Projects Fund			18,737
Total Governmental Funds - Hamblen County School Department			$ 59,366,666

Exhibit J-10

Hamblen County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balance - Cities Agency Fund
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund
Cash Receipts	
Local Option Sales Tax	$ 9,209,304
City Property Tax	36,154
Miscellaneous Refunds	15,852
Total Cash Receipts	$ 9,261,310
Cash Disbursements	
Remittance of Revenues Collected	$ 9,171,381
Trustee's Commission	92,089
Total Cash Disbursements	$ 9,263,470
Excess of Cash Receipts Over (Under) Cash Disbursements	$ (2,160)
Cash Balance, July 1, 2004	18,557
Cash Balance, June 30, 2005	$ 16,397

STATISTICAL SECTION

Table 1

Hamblen County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year		Total
1994	$	616
1995		1,484
1996		1,070
1997		1,908
1998		2,840
1999		12,464
2000		10,328
2001		41,142
2002		60,887
2003		147,597
Total	$	280,336

Table 2

Hamblen County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	$ 0.50	$ 0.50	$ 0.48	$ 0.48	$ 0.48	$ 0.39	$ 0.39	$ 0.46	$ 0.49	$ 0.49
General Purpose School	1.46	1.44	1.44	1.44	1.44	1.18	1.18	1.30	1.30	1.30
General Debt Service	0.48	0.50	0.50	0.50	0.50	0.34	0.34	0.30	0.27	0.27
Total Inside Tax Rate	$ 2.44	$ 2.44	$ 2.42	$ 2.42	$ 2.42	$ 1.91	$ 1.91	$ 2.06	$ 2.06	$ 2.06
Solid Waste/Sanitation	0.08	0.08	0.12	0.12	0.12	0.09	0.09	0.09	0.30	0.30
Volunteer Fire	0.02	0.02	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Total Tax Rates	$ 2.54	$ 2.54	$ 2.54	$ 2.54	$ 2.54	$ 2.00	$ 2.00	$ 2.15	$ 2.36	$ 2.36
Assessed Valuation										
Real and Personal	$ 549,944,616	$ 581,000,406	$ 610,497,438	$ 625,508,435	$ 646,000,000	$ 886,365,615	$ 904,657,000	$ 919,770,544	$ 924,577,443	$ 933,172,572
Public Utilities	34,008,883	32,311,860	30,217,670	31,492,136	29,329,000	38,498,920	36,905,270	35,448,031	34,963,118	35,415,595
Total Assessed Valuation	$ 583,953,499	$ 613,312,266	$ 640,715,108	$ 657,000,571	$ 675,329,000	$ 924,864,535	$ 941,562,270	$ 955,218,575	$ 959,540,561	$ 968,588,167

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

February 1, 2006

Hamblen County Mayor and
Board of County Commissioners
Hamblen 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Hamblen County's basic financial statements and have issued our report thereon dated February 1, 2006. 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 Hamblen 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 Hamblen 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, 05.06, and 05.07.

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, we believe that none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Hamblen County's 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 which are described in the accompanying Schedule of Findings and Questioned Costs as items 05.02, 05.03, and 05.05.

We have also noted certain other matters that we reported to the management of Hamblen 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/rd

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

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

February 1, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Hamblen 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. Hamblen 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 Hamblen County's management. Our responsibility is to express an opinion on Hamblen 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 Hamblen 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 Hamblen County's compliance with those requirements.

In our opinion, Hamblen 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 Hamblen 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 Hamblen 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.

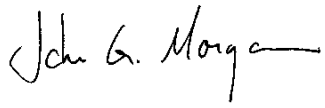
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with the 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 internal control over compliance and its operations 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 Hamblen County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated February 1, 2006. 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/rd

OTHER AUDITOR'S 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 the Hamblen County Emergency Communications District

Board of Directors
Hamblen County Emergency Communications District
Morristown, Tennessee

We have audited the financial statements of the Hamblen County Emergency Communications District 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 the Hamblen County Emergency Communications District'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 the following instances of noncompliance that are required to be reported under Government Auditing Standards.

As required by Section 7-86-120, Tennessee Code Annotated, all emergency communications districts are required to adopt and operate under an annual budget. We noted that expenditures exceeded budget amounts for 1) employee benefits, 2) audit services, 3) other contracted services, 4) custodial supplies, 5) postal charges, 6) other supplies and materials, 7) dues and memberships, 8) insurance, 9) training, and 10) travel.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Hamblen County Emergency Communications District'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 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 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.

This report is intended for the information of the Board of Directors, management, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Hamblen 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	$ 291,047
Total Passed-through State Department of Agriculture			$ 291,047
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	$ 457,721
National School Lunch Program	10.555	N/A	1,534,040
Total Passed-through State Department of Education			$ 1,991,761
Passed-through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	$ 4,729
Total Passed-through State Department of Human Services			$ 4,729
Total U.S. Department of Agriculture			$ 2,287,537
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	Z-02-009147-00	$ 8,017
Total Passed-through State Department of Economic and Community Development			$ 8,017
Total U.S. Department of Housing and Urban Development			$ 8,017
U.S. Department of Justice			
Passed-through State Office of Criminal Justice Programs:			
Byrne Formula Grant Program	16.579	2004-DB-BX-009	$ 58,651
Total Passed-through State Office of Criminal Justice Programs			$ 58,651
Passed-through Hamilton County Sheriff's Department:			
Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program	16.580	2003-LB-BX-1855	$ 1,847
Total Passed-through Hamilton County Sheriff's Department			$ 1,847
Total U.S. Department of Justice			$ 60,498
U.S. Department of Education:			
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-05-022223-00	$ 117,124
Title I Grants to Local Educational Agencies	84.010	N/A	1,874,854
Migrant Education - State Grant Program	84.011	N/A	73,166
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,994,034
Special Education - Preschool Grants	84.173	N/A	96,638
Vocational Education - Basic Grants to States	84.048	N/A	158,307
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	72,504
Education for Homeless Children and Youth	84.196	DG-04-01832-00	78,939
State Grants for Innovative Programs	84.298	N/A	136,233
Education Technology State Grants	84.318	(2)	44,105

(Continued)

Hamblen 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 Education (Cont.):			
Reading Excellence/Tutorial Assistance Program	84.338	Z-03-011055-01	$ 137,258
English Language Acquisition Grants	84.365	N/A	91,741
Improving Teacher Quality State Grants	84.367	N/A	366,452
Total Passed-through State Department of Education			$ 5,241,355
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	$ 81,716
Total Passed-through State Department of Human Services			$ 81,716
Total U.S. Department of Education			$ 5,323,071
U.S. Department of Health and Human Services:			
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-05-022316-00	$ 24,914
Total Passed-through State Department of Labor and Workforce Development			$ 24,914
Total U.S. Department of Health and Human Services			$ 24,914
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	(3)	$ 1,085,736
Total Passed-through State Department of Military			$ 1,085,736
Total U.S. Department of Homeland Security			$ 1,085,736
Total Expenditures of Federal Awards			$ 8,789,773
State Grants			
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	$ 17,803
Waste Tire Program - State Department of Environment & Conservation	N/A	(2)	46,096
Litter Program - State Department of Transportation	N/A	(2)	47,787
Local Archives Development Grant - State Library and Archives	N/A	(2)	5,000
Health Department Programs - State Department of Health	N/A	(2)	95,615
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	29,010
Adult Basic Education Grant - State Department of Labor and Workforce Development	N/A	(2)	22,142
Safe Schools Act - State Department of Education	N/A	(2)	90,099
Child Care Assistance Program - State Department of Education	N/A	(2)	13,617
Families First State Grant - State Department of Labor	N/A	(2)	11,724
Family Resource Center State Grant - State Department of Education	N/A	(2)	66,600
Total State Grants			$ 445,493

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) - Z0301775300; Z0402009800; Z0402244601

Hamblen 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 Annual Financial Report for Hamblen County, Tennessee, for the year ended June 30, 2004, which have not been corrected.

OFFICE OF TRUSTEE

Finding Number	Page Number	Subject
04.08	196	Internal control deficiencies were noted relating to cash collections and deposits

OFFICE OF COUNTY CLERK

Finding Number	Page Number	Subject
04.09	197	The remaining cash shortage from a previous auditor's special report had not been liquidated

OFFICE OF SHERIFF

Finding Number	Page Number	Subject
04.10	197	The cash shortage from the 2002-03 year audit had not been liquidated
04.12	198	Collections were not deposited in compliance with the three-day deposit law

OTHER FINDINGS AND RECOMMENDATIONS

Finding Number	Page Number	Subject
04.14	199	Duties were not adequately segregated in the Offices of Trustee, Clerk and Master, and Sheriff
04.15	200	A central system of accounting, budgeting, and purchasing had not been adopted

HAMBLEN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Hamblen County is unqualified.

2. The audit of the financial statements of Hamblen County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.

3. The audit did not disclose any instances of noncompliance which were material to the financial statements of Hamblen 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 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 National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Education Cluster: Special Education – Grants to States and Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) 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. Hamblen 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 of Hamblen County, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the trustee are paraphrased in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF TRUSTEE

FINDING 05.01 **INTERNAL CONTROL DEFICIENCIES WERE NOTED RELATING TO CASH COLLECTIONS AND DEPOSITS**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The following weaknesses were noted in controls relating to cash collections and deposits:

A. The trustee used one cash drawer for all of his courthouse office employees, although as many as three stations received collections. Using a separate cash drawer for each employee and printing the control register for each station would improve controls over the daily checkout process as well as provide a means of identifying specific employees with any errors.

B. The trustee collected city property taxes and issued separate prenumbered receipts for these collections. However, the trustee did not deposit all city property tax collections into the bank account for later distribution. Instead, the trustee deposited only the cash portion of the collections into the bank account and delivered all checks collected to the city.

RECOMMENDATION

Each employee should work from their own cash drawer. All city property tax collections should be deposited to the office bank account for subsequent distribution to the city.

MANAGEMENT'S RESPONSE – TRUSTEE

The trustee uses one cash drawer for all employees because it is the most practical use of time and resources for our size operation for most of the year. We haven't encountered any problems with missing funds because of this practice; however, I plan to implement a separate drawer system beginning in October 2006. This system will be used during the peak tax collection period from October through March. A single drawer will be used during the other months.

The trustee chooses to deliver tax payments by check directly to the City of Morristown to avoid receiving a check with insufficient funds. The trustee plans to review the policy with the City of Morristown to determine if it is feasible to deposit the payments directly into the trustee bank accounts and distribute them to the City of Morristown with a check from the Trustee's Office.

REBUTTAL

A separate cash drawer for each employee throughout the year would clearly segregate transactions and tie specific transactions and monies to specific employees.

OFFICE OF COUNTY CLERK

FINDING 05.02 **THE REMAINING BALANCE OF A CASH SHORTAGE FROM A PRIOR YEAR HAD NOT BEEN LIQUIDATED**
(Noncompliance Under Government Auditing Standards)

In a special review from a prior year, a cash shortage of $41,379.85 was reported in the Office of County Clerk. Subsequent to the special review, a claim was filed with the county's insurance carrier, and the county received $26,799.43. However, the remaining $14,580.42 had not been collected as of June 30, 2005, and is reflected as a cash shortage in the financial statements of this report. Subsequent to year-end, a former employee of the office entered into a pre-trial diversion agreement related to charges stemming from the cash shortage and agreed to pay restitution to the office totaling $15,000.

OFFICE OF SHERIFF

FINDING 05.03 **THE CASH SHORTAGE FROM 2002-03 HAD NOT BEEN LIQUIDATED**
(Noncompliance Under Government Auditing Standards)

Our audit of Hamblen County for 2002-03 reported a cash shortage of $14,326.40 in the Office of Sheriff. This cash shortage remains unpaid as of June 30, 2005, and continues to be reflected as a cash shortage in the financial statements of this report. During the year, a former employee of the office was acquitted on criminal charges related to the shortage.

RECOMMENDATION

Hamblen County officials should continue to pursue the liquidation of the cash shortage of $14,326.40.

FINDING 05.04 **THE OFFICE HAD ACCOUNTING DEFICIENCIES**
(Internal Control – Reportable Condition Under Government Auditing Standards)

The following accounting deficiencies were noted:

A. Accounting activity was not maintained on an official cash journal in the Office of Sheriff. A computerized spreadsheet was maintained to summarize

the receipts and checks issued for the Records Department. However, transactions of the work release and sex offender programs were not included on the spreadsheet.

B. Formal bank reconciliations were not performed.

C. Fees received from the sex offender registry program were not deposited into the sheriff's bank account. Instead, once the fees were receipted, the monies collected were taken to the county Trustee's Office.

RECOMMENDATION

A double-entry cash journal should be maintained to record all financial activity of the Sheriff's Office. Bank statements should be reconciled with the cash journal monthly. All collections should be receipted, deposited into the sheriff's bank account, and remitted to the appropriate agencies by check monthly.

FINDING 05.05 **COLLECTIONS WERE NOT DEPOSITED PROPERLY**
(Noncompliance Under Government Auditing Standards)

On several occasions, the Sheriff's Department did not deposit collections to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. This statute requires that county officials deposit all funds within three days of collection.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the Sheriff's Department should deposit all funds intact within three days of collection.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 05.06 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

County officials should consider adopting the County Financial Management System of 1981 or a private act which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

FINDING 05.07 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF TRUSTEE, CLERK AND MASTER, AND SHERIFF**
(Internal Control – Reportable Condition Under Government Auditing Standards)

Duties were not segregated adequately in the Offices of Trustee, Clerk and Master, and Sheriff. Officials and employees responsible for maintaining the accounting records of these offices 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.

MANAGEMENT'S RESPONSE – TRUSTEE

The size of the office staff prohibits complete segregation of duties. We separate the functions of the office as much as possible under our staffing situation.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs for federal awards.

HAMBLEN 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.