COMPREHENSIVE ANNUAL FINANCIAL REPORT

AND

INDEPENDENT AUDITORS' REPORT

WASHINGTON COUNTY, TENNESSEE

FOR THE FISCAL YEAR ENDED JUNE 30, 2005

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

American Institute of Certified Public Accountants

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COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2005

TABLE OF CONTENTS

	Page
SECTION I – GENERAL (UNAUDITED)	
General Information	1
Roster of County Officials	2
SECTION II – BASIC FINANCIAL STATEMENTS	
Independent Auditors' Report	3
Management's Discussion and Analysis	5
Basic Financial Statements:	
Government-wide Financial Statements:	
Statement of Net Assets	15
Statement of Activities	16
Fund Financial Statements:	
Balance Sheet – Governmental Funds	17
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	18
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	19
Reconciliation of the Statement of Revenues, Expenditures and Changes in Fund Balances of Governmental Funds to the Statement of Activities	20
Statement of Fiduciary Net Assets – Agency Funds	21
Notes to Financial Statements	22
SECTION III – REQUIRED SUPPLEMENTARY INFORMATION	
Budgetary Comparison Schedule – General Fund	58
Budgetary Comparison Schedule – Highway Fund	62
SECTION IV – SUPPLEMENTARY INFORMATION	
Combining and Individual Fund Statements and Schedules:	
Combining Balance Sheet – Nonmajor Governmental Funds	64
Combining Statement of Revenues, Expenditures and Changes in Fund Balances – Nonmajor Governmental Funds	65

WASHINGTON COUNTY, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2005

TABLE OF CONTENTS

	Page
SECTION IV – SUPPLEMENTARY INFORMATION (CONTINUED):	
Discretely Presented Component Unit:	
Government-wide Financial Statements:	
Statement of Activities	66
Fund Financial Statements:	
Balance Sheet – Governmental Funds	67
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	68
Statement of Revenues, Expenditures and Changes in Fund Balances – Governmental Funds	69
Reconciliation of the Statement of Revenues, Expenditures and Fund Balances of Governmental Funds to the Statement of Activities	70
Budgetary Comparison Schedule	71
Other Supplemental Schedules:	
Schedule of Changes in General Long-Term Debt and Other Notes Payable	73
Schedule of Accounts Receivable - Primary Government - All Funds	76
Schedule of Accounts Receivable - Component Units - All Funds	77
Schedule of Transfers - All Funds	78
Schedule of Salaries and Official Bonds of Principal Officials	79
Schedule of Detailed Revenues - All Governmental Fund Types and Discretely Presented Component Units	80
Schedule of Detailed Revenues - Special Revenue Funds	85
Schedule of Detailed Revenues - Discretely Presented Component Units	87
Schedule of Detailed Expenditures - All Governmental Fund Types and Discretely Presented Component Units	89
Constitutional Officers:	
Combined Schedule of Assets and Liabilities	122
Combined Schedule of Cash Receipts, Disbursements and Balances	124
Combining Schedule of Cash Receipts, Disbursements and Balances - General Sessions Court Clerk	125
Combining Schedule of Cash Receipts, Disbursements and Balances - Clerk and Master	126
Schedule of Cash Receipts, Disbursements and Balances - County Clerk	127
Schedule of Cash Receipts, Disbursements and Balances - Circuit Court Clerk	128
Schedule of Cash Receipts, Disbursements and Balances - General Sessions Court Clerk - Jonesborough	129
Schedule of Cash Receipts, Disbursements and Balances - General Sessions Court Clerk - Civil Court - Johnson City	130

WASHINGTON COUNTY, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2005

TABLE OF CONTENTS

	Page
SECTION IV – SUPPLEMENTARY INFORMATION (CONTINUED)	
Supplemental Schedules (Continued):	
Schedule of Cash Receipts, Disbursements and Balances - General Sessions Court Clerk - State Court - Johnson City	131
Schedule of Cash Receipts, Disbursements and Balances - General Sessions Court Clerk - Juvenile	132
Schedule of Cash Receipts, Disbursements and Balances - Law Court Clerk - Johnson City	133
Schedule of Cash Receipts, Disbursements and Balances - Clerk and Master - Jonesborough	134
Schedule of Cash Receipts, Disbursements and Balances - Clerk and Master - Johnson City	135
Schedule of Cash Receipts, Disbursements and Balances - Register	136
Schedule of Cash Receipts, Disbursements and Balances - Sheriff	137
Combined Schedule of Changes in Fee and Commission Accounts	138
Schedule of Expenditures of Federal Awards	140
Schedule of Expenditures of State Awards	142
SECTION V - STATISTICAL SECTION (UNAUDITED)	
Uncollected Taxes Filed in Chancery Court	144
Tax Rates and Assessments for Ten Years	145
Property Tax Levies and Collections - Last Ten Fiscal Years	146
Property Tax Rates Overlapping Governments - Last Ten Fiscal Years	147
Ratio of Net General Bonded Debt to Assessed Value and Net Bonded Debt Per Capita - Last Ten Fiscal Years	148
Ratio of Annual Debt Service for General Bonded Debt to Total General Expenditures - Last Ten Fiscal Years	149
Total Revenues By Source and Total Expenditures By Function and Other Uses - Last Ten Fiscal Years	150
Comparison of Revenues and Expenditures - Current Year to Previous Year	151
SECTION VI – INTERNAL CONTROL AND COMPLIANCE SECTION	
Independent Auditors' 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*	153

WASHINGTON COUNTY, TENNESSEE
COMPREHENSIVE ANNUAL FINANCIAL REPORT
For the Fiscal Year Ended June 30, 2005

TABLE OF CONTENTS

	Page
SECTION VI – INTERNAL CONTROL AND COMPLIANCE SECTION (CONTINUED)	
Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133	155
Schedule of Findings and Questioned Costs	157

SECTION I

GENERAL

WASHINGTON COUNTY, TENNESSEE
GENERAL INFORMATION

Washington County is located in Upper East Tennessee and covers 326 square miles.

The population of Washington County as reported in the 2003 Census Bureau estimates report was 110,078. Population growth increased 2.7% from 2000 to 2003.

Approximately 2,583 establishments in the County employ nearly 51,410 employees per 2002 First Tennessee Development District.

The following is a list of the larger employers and taxpayers in Washington County:

Employer	Number of Employees
Mountain States Health Alliance	3,541
East Tennessee State University	1,990
Citi Commerce Solutions	1,700
Washington County School System	1,275
James H. Quillen VA Medical Center	1,259
American Water Heater Company	1,194
Cingular Wireless	895
Johnson City School System	851
City of Johnson City	843
Superior Industries International	540

Ten Largest Taxpayers

Taxpayer	Assessed Valuation
Sprint United Management	$ 35,822,109
Johnson City Venture (Mall)	18,499,895
American Water Heater Company	10,804,691
Bosch Braking Systems	10,754,665
Atmos Energy Corp.	9,325,453
Superior Industries	8,819,394
Harris-Tarkett	7,372,441
New Johnson City Crossing	6,967,155
Wal-Mart	5,607,328
Institutional Jobbers Co.	5,431,074

WASHINGTON COUNTY, TENNESSEE
ROSTER OF COUNTY OFFICIALS
June 30, 2005

Title	Name
County Mayor	George Jaynes
Superintendent of Highways	John Deakins, Jr.
Director of Schools	Grant Rowland, Jr.
Trustee	Jack Daniels
County Clerk	Doyle Cloyd
Circuit and General Sessions Courts Clerk	Karen Guinn
Clerk and Master	Brenda Sneyd
Register	Ginger Jilton
Sheriff	Ed Graybeal, Jr.
Assessor of Property	Monty Treadway

Board of Commissioners

Mary Alexander
Robert Barnett
William Biles
Frank Bolus
Scott Buckingham
Sid Campbell
Richard Edens
Mark Ferguson
Eddie Haren
Sam Humphreys
Evert Jarrett
C. B. Kinch, Jr.
Ken Lyon
Greg Matherly
Richard Matherly
Roy McLain
Wendell Messimer
James T. Powell
Peggy Richardson
W.C. Rowe
Gerald Sparks
Pete Speropulos III
Janice White
Pat Wolfe
Paul Woodby

Board of Education

Dallas Hardin, Chairperson
Jarvey Felty, Vice Chairperson
Hontas Bailey
Eric Barnes
John Conley
Clarence Mabe
Curtis McGee
Phillip McLain
Mary Lo Silvers

SECTION II

BASIC FINANCIAL STATEMENTS

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REGIONAL EXPERTISE - LOCAL SERVICE

American Institute of Certified Public Accountants

Independent Auditors' Report

To the Honorable County Mayor
and Board of Commissioners
Washington County, Tennessee

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 Washington County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise the County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of the Washington County, Tennessee officials. Our responsibility is to express opinions on these financial statements based on our audit.

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

In our opinion, 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 Washington 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 November 15, 2005 on our consideration of Washington County, Tennessee's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on 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.

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website = http://www.BCScpa.com e-mail: BCS@BCScpa.com

The management's discussion and analysis and budgetary comparison information on pages 5 through 14 and 58 through 63 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Washington County, TN's basic financial statements. The introductory section, supplementary information and schedules, and statistical section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The accompanying schedule of expenditures of federal awards is presented for purposes of additional analysis as required by U.S. Office of Management and Budget Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations,* and is also not a required part of the basic financial statements of Washington County, TN. The supplementary information, including the schedule of expenditures of federal awards, has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical section have not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we express no opinion on them.

Blackburn, Childers and Steagall, PLC
BLACKBURN, CHILDERS AND STEAGALL, PLC

November 15, 2005

WASHINGTON COUNTY GOVERNMENT
Management's Discussion and Analysis

As management of the Washington County, TN Government, we offer readers of the Washington County, TN Government's financial statements this narrative overview and analysis of the financial activities of the Washington County, TN Government for the fiscal year ended June 30, 2005. We encourage readers to consider the information presented in this report.

Financial Highlights
Primary Government

- The assets of the Washington County Primary Government exceeded its liabilities at the close of the most recent fiscal year by $23,455,314 (net assets). Washington County has the obligation of the debt on the buildings the Board of Education owns. The combined invested in capital assets; net of related debt is $46,403,778. *Unrestricted net assets* after eliminating the debt of schools, of $20,921,892 may be used to meet the government's ongoing obligations to citizens and creditors.
- The government's total net assets increased by $3,879,505.
- As of the close of the current fiscal year, the Washington County Government's governmental funds reported combined ending fund balances of $22,537,807, a decrease of $545,189 in comparison with the prior year. Approximately 97 percent of this total amount, $21,830,916, *is available for spending* at the government's discretion (*unreserved fund balance*).
- At the end of the current fiscal year, unreserved fund balance for the general fund was $9,643,213, or 41 percent of the total general fund expenditures.
- The Washington County Government's total debt decreased by $3,206,033 during the current fiscal year.
- The General Bonded Debt decreased $21,885,000 and Capital Outlay Notes Payable decreased $2,442,444. The Government issued Capital Outlay Notes to purchase equipment for the Highway Department in the amount of $203,000, and refinanced the Bonded Debt in the amount of $19,700,000 with a savings of approximately $800,000.

Component Unit-
Board of Education

- The assets of the Washington County Board of Education, a component unit, exceeded its liabilities at the close of the most recent fiscal year by $50,635,597. Of this amount, $6,633,314 (unrestricted net assets) may be used to meet the government's ongoing obligations to citizens and creditors.
- The Board of Education's net assets decreased by $1,384,760.

Overview of the Financial Statements

This discussion and analysis are intended to serve as an introduction to the Washington County Government's basic financial statements. The Washington County Government's basic financial statements comprise three components: 1) government-wide financial statements, 2) fund

financial statements, and 3) notes to the financial statements. This report also contains other supplementary information in addition to the basic financial statements themselves.

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

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

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

Both of the government-wide financial statements distinguish functions of the Washington County Government that are principally supported by taxes and intergovernmental revenues (*governmental activities*) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (*business-type activities*). The governmental activities of the Washington County Government include general government, public safety, highways and streets, sanitation, economic development, and culture and recreation. The activities of the Washington County Board of Education, a component unit, are governmental in nature. The primary government has no business type activities. The Washington County Emergency Communications District, a component unit, is business type in nature.

The government-wide financial statements can be found on pages 15 - 16 of this report.

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. The Washington County Government, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the Washington County Government can be divided into two categories: governmental funds and fiduciary funds.

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

presented for *governmental activities* in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between *governmental funds* and *governmental activities*.

The Washington County Government maintains nine individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the general fund, highway fund, constitutional officer's fees fund and the debt service fund, all of which are considered to be major funds. Data from the other five governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of *combining statements* elsewhere in this report.

The Washington County Government adopts an annual appropriated budget for its general fund and highway fund. A budgetary comparison statement has been provided for the general and highway funds to demonstrate compliance with this budget.

The basic governmental fund financial statements can be found on pages 17 - 20 of this report.

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 financial statement because the resources of those funds are not available to support the Washington County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statements can be found on pages 21 of this report.

Notes to the 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 on pages 22 - 57 of this report.

Other information. In addition to the basic financial statements and accompanying notes, this report also presents certain *required supplementary information* concerning the general and highway funds budgets. Required supplementary information can be found on pages 58 -- 62 of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the required supplementary information. Combining and individual fund statements and schedules can be found on pages 64 - 65 of this report.

Financial statements for the Washington County Board of Education are presented immediately following the nonmajor funds on pages 66 - 72 of this report. This component unit does not issue separate financial statements.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial

position. In the case of the Washington County Government, combined with the Board of Education, assets exceeded liabilities by $74,090,911 at the close of the most recent fiscal year.

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

Washington County Government's Net Assets

	Primary Governmental Activities		Component Unit Washington Co. Board of Education	
Year	2004	2005	2004	2005
Current and other assets	47,873,837	46,715,134	15,034,288	16,613,823
Capital assets	42,333,000	43,015,227	46,095,742	44,022,718
Total Assets	90,206,837	89,730,361	61,130,030	60,636,541
Long-term liabilities outstanding	42,541,317	38,948,961	----------	----------
Other liabilities	28,089,711	27,326,085	9,109,673	10,000,944
Total liabilities	70,631,028	66,275,046	9,109,673	10,000,944
Net assets:				
Invested in capital assets, net of related debt	33,819,706	37,303,495	46,095,742	44,002,283
Restricted	-0-	131,927	----------	----------
Unrestricted	(14,243,897)	(13,980,108)	5,924,615	6,633,314
Total net assets	19,575,809	23,455,314	52,020,357	50,635,597

In fiscal year 2004-2005, $131,927 is subjected to external restrictions on Washington County Government's net assets for fiscal year 2004-2005. *Unrestricted net assets* ($13,980,108) and $6,633,314, Primary Government and Board of Education respectively, may be used to meet the government's ongoing obligations to citizens and creditors.

The primary government's net assets increased by $3,879,505 during the current fiscal year.

The Board of Education's net assets decreased by $1,384,760.

Key elements of these changes are as follows:

Washington County Government's Changes in Net Assets

	Primary Governmental Activities		Component Unit Washington Co. Board of Education	
Year	2004	2005	2004	2005
Revenues:				
Program Revenues:				
Charges for services	7,239,428	7,721,323	1,775,189	1,908,805
Operating grants and contributions	2,455,030	1,560,197	5,018,594	6,239,356
Capital grants and contributions	276,397	1,844,584	-0-	-0-
General revenues:				
Property taxes	19,807,356	20.748,184	7,263,299	9,350,737
Other taxes	3,781,740	3,763,454	11,814,721	12,663,931
Grants and contributions not restricted to specific programs	1,348,638	-0-	23,550,452	24,820,572
Other	2,815,032	3,115,223	121,776	232,442
Total revenues	37,723,621	38,752,965	49,544,031	55,215,843
Expenses:				
General government	15,095,581	15,048,925	----------	----------
Public safety	8,263,500	8,701,776	----------	----------
Highway / streets	6,800,823	7,197,616	----------	----------
Sanitation	1,372,151	1,480,623	----------	----------
Library	342,683	384,489	----------	----------
Debt Service	2,084,402	1,866,731	----------	----------
Education	----------	----------	50,872,590	56,607,394
Total Expenses	33,959,140	34,680,160	50,872,590	56,607,394
Increase in net assets before transfers & special items	3,764,481	4,072,805	(1,328,559)	(1,391,551)
Special Items	-0-	62,668	33,569	6,791
Transfers	235,605	(255,968)	(450,000)	-0-
Increase in net assets	4,000,086	3,879,505	(1,744,990)	(1,384,760)
Net assets (7-1)	15,575,723	19,575,809	53,765,347	52,020,357
Net assets (6-30)	19,575,809	23,455,314	52,020,357	50,635,597

- Property tax rates decreased for fiscal year 2004-2005 due to a complete re-appraisal. Washington County Government has a county wide re-appraisal every 6 years.
- The certified tax rate for the fiscal year 2004-2005 was $1.87 on each $100.00 of taxable property which provides revenue for the operation of the County.
- Washington County Government had maintained the same tax rate of $1.93 for the past 5 years. The budgets are reviewed by the Board of County Commissioners before a decision is made on the tax levy. The level of reserves and the ability to raise unlimited property taxes provide the county with significant financial flexibility for the foreseeable future.
- Capital grants for governmental activities increased by $1,568,187, mostly as a result of an aggressive grant application strategy undertaken by the Washington County Government during the current fiscal year. The new grant awards furnished sources to support three of the Washington County Government's functions: public safety, highways and streets, and culture and recreation.

Financial Analysis of the Government's Funds

As noted earlier, the Washington County Government uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

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

As of the end of the current fiscal year, the Washington County Government's governmental funds reported combined ending fund balances of $22,537,807, a decrease of $545,189 in comparison with the prior year. Approximately 97 percent of this total amount $21,830,916 constitutes *unreserved fund balance*, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period ($706,891), 2) Unemployment and General Liabilities ($1,380,324), or 3) for a variety of other restricted purposes ($1,381,098).

The general fund is the chief operating fund of the Washington County Government. At the end of the current fiscal year, unreserved fund balance of the general fund was $9,643,213, while total fund balance reached $12,351,714. 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 41 percent of total general fund expenditures, while total fund balance represents 52 percent of that same amount.

The fund balance of the Washington County Government's general fund increased by $939,181 during the current fiscal year due to conservative spending and increased revenues not budgeted.

The debt service fund has a total fund balance of $5,542,286, all of which is reserved or designated for the payment of debt service. The fund balance decreased during the current year in the debt service fund in the amount of $1,090,866. The government continued to levy a portion of its property tax for debt service. This tax produced revenues of $4,312,131 in the current fiscal year.

General Fund Budgetary Highlights

During the year there was an increase of $941,843 in appropriations between the original and final amended budget. Following is a brief summary of the difference:

- $315,939 - State and Federal grants awarded for various restricted uses.

- $147,465 - Reserved Funds - Budgeted Reserved Funds for restricted uses.
- $158,349 - Additional revenues budgeted for reimbursement of State prisoners medical in the amount of $153,886, contributions to the Sheriff's Department for the Child Restraint Grant & Community Service in the amount of $1,463, $1,000 contributed to the Health Department to use for various programs for children, and $2,000 additional revenue for handgun permits budgeted for law enforcement supplies.
- $320,110 - Appropriated $100,000 for ETSU College of Pharmacy, $100,000 for EMS building, $25,000 for removal of black mold from county owned buildings, $36,000 to the Sheriff's Department for gasoline due to price increase, $36,000 additional cost for housing juveniles, $20,000 for additional accounting services for the Re-appraisal program, $1,500 for the Board of County Commissioner's travel and $1,610 for local share of Homeland Security Grant.

  Additional information on the General Fund Budgetary Highlights may be found on page 58 - 61 of this report.

Capital Asset and Debt Administration

Capital Assets. The Washington County Government's investment in capital assets as of June 30, 2005, amounts to $43,015,227 (net of accumulated depreciation), and $44,022,718 for the Board of Education (net of accumulated depreciation). This investment in capital assets includes land, buildings and system, improvements, machinery and equipment, roads, and bridges. These numbers do include bridges placed into service prior to July 1, 2001. We plan to report the bridges placed in service prior to implementation of GASB #34 in the June 2006 report.

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

- The Washington County Board of County Commissioners issued Bonds on September 27, 2004 in the amount of $19,700,000 to refinance the school debt at a savings of approximately $800,000.
- Capital outlay notes were issued for $203,000 for the purchase of equipment for the Highway Department during the fiscal year.

Washington County Government's Capital Assets
(net of depreciation)

	Primary Governmental Activities		Component Unit Washington Co. Board of Education	
Year	2004	2005	2004	2005
Land	1,866,370	2,041,870	352,686	352,686
Buildings and Improvements	19,442,663	19,459,240	56,483,203	56,952,981
Furniture and Fixture	75,545	75,545	1,020,249	1,020,249
Office Machinery and Equipment	1,430,992	1,479,229	409,484	436,626
Machinery and Equipment	10,150,965	10,838,248	10,397,404	10,536,247
Infrastructure	31,553,795	32,999,211	----------	----------
Construction in Progress	123,342	109,843	20,435	13,785
Less: Accumulated Depreciation	(22,310,672)	(23,987,959)	(22,727,355)	(25,411,253)
Total	42,333,000	43,015,227	45,956,106	43,901,321

Additional information on the Washington County Government's capital assets can be found in Note 8 on this report.

Long-term debt. At the end of the current fiscal year, the Washington County Government had total debt outstanding of $42,028,535. Of this amount, $33,629,643 comprises debt backed by the full faith and credit of the government. The remainder of Washington County Government's debt represents capital outlay notes secured by the taxing power of the County. The primary government is obligated for the long-term debt of the Washington County Board of Education.

Washington County Government's Outstanding Debt
General Obligation and Revenue Bonds

	Primary Governmental Activities	
Year	2004	2005
General Obligation Bonds	34,690,000	33,629,643
Capital Outlay Notes	10,638,336	8,398,892
Total	45,328,336	42,028,535

- Washington County Government's total bonded debt and notes payable decreased $3,299,801 (7.28 percent) during the current fiscal year. The government issued $203,000 in capital outlay notes to purchase equipment for the Washington County Highway Department during the 2004-2005 fiscal year.
- The principal on the general bonded debt decreased $2,185,000 and notes payable increased $2,239,444.

The Washington County Government received an Aa3 rating from Moody Investors Service with a stable outlook to Washington County's series 2002 Refunding Bonds and Notes. In Moody's Investors Service opinion, the high quality rating reflected the County's favorable trends of sound financial operations including significant reserves, continued tax base growth, and low direct debt levels.

Limit on Amount of Outstanding Debt

Since nearly all services rendered by the county are required by the state and require sizable investments in capital improvements, counties are *not* limited as to the amount of indebtedness. TENN. CODE ANN.§ 9-21-103. However, when a county's debt ratio of outstanding debt to property values exceeds the state average or a national standard recognized by firms who trade municipal bonds, the county will pay a higher interest rate or be unable to issue additional bonds.

All debt issued must first be authorized by resolution adopted by the county legislative body and then approved by the state Director of Local Finance, a division of the state Comptroller of the Treasury. Before the Director of Local Finance will approve notes, the county must adopt a balanced budget which must also be approved by this same director. TENN. CODE ANN.§ § 9-21-403, 9-21-404.

Economic Factors and Next Year's Budgets and Rates

- Favorable economic factors including strong tax base growth, a substantial job base dominated by medical, educational and a variety of industrial employers supports an average employment rate of 4.1 percent as of December 2005, verses a 5.1 percent rate for the state.
- Currently Washington County is under architectural design on the construction of two (2) new K-8 schools and miscellaneous work for the two Washington County high schools with a preliminary estimated bond issue of $53,000,000. As a result of the City of Johnson City operating the only other public school system in Washington County, Washington County Government is required by state law to share bond proceeds for education purposes with the City of Johnson City. Based on the Average Daily Attendance (ADA), Washington County would be receiving 56.944% of the bond proceeds or $30,180,320 and the City of Johnson City's share would be 43.056% or $22,819,680.
- Currently the expansion of the Detention Center and the construction of a Justice Center is under architectural design with an estimated bond issue in the amount of $15,000,000. The current Detention Center was designed to house 334 inmates in 1994 according to state regulations. The justice center would provide office space for the courts. By constructing the justice center a savings could be realized in consolidating courts from two facilities to one, with reductions in deputy's salaries, transport vehicles and equipment, and transporting

prisoners to and from the two courthouses as well as duplication of clerk's positions and the benefits. Presently two (2) courthouses hold court on a daily basis, with one being located in Jonesborough and the other in Johnson City, which is approximately 10 miles from the Detention Center.

All of these factors were considered in preparing the Washington County Government's budget for the 2005-2006 fiscal year.

During the current fiscal year, unreserved fund balance in the general fund increased to $9,643,213. The Washington County Government has appropriated $2,644,509 of this amount for spending in the 2005-2006 fiscal year budget. Historically, this appropriation has not been utilized and returned in unreserved fund balance at the end of the fiscal year.

Requests for Information

This financial report is designed to provide a general overview of the Washington County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report or requests for additional information should be addressed to the Office of the Director of Accounts and Budgets, Washington County Office Building, P.O. Box 219, Jonesborough, TN 37659.

Complete financial statements for the component unit may be obtained from the following:

Washington County Emergency Communications District
401 Ashe Street
Johnson City, Tennessee 37605

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF NET ASSETS
JUNE 30, 2005

	Primary Government	Component Units	
	Governmental Activities	Washington County Board of Education	Emergency Communications District
Assets:			
Equity in Pooled Cash and Deposits	$ 21,550,388	3,014,441	-
Cash and Cash Equivalents	293,127	604,469	656,789
Due from Federal Government	126,420	500,003	-
Due from State of Tennessee	1,129,209	325,189	-
Due from Other Local Governments	82,527		-
Due from Primary Government	-	-	35,514
Due from Others	67,813	-	87,842
Sales Tax Receivable	-	1,985,607	-
Taxes Receivable	23,206,552	10,060,717	-
Allowance for Uncollectibles	(31,062)	(10,642)	-
Inventories	-	134,039	-
Prepaid Expenses	-	-	21,836
Bond Issue Costs (Net of Accumulated Amortization)	290,160	-	-
Plant and Equipment (Net of Accumulated Depreciation)	43,015,227	44,022,718	462,153
Total Assets	89,730,361	60,636,541	1,264,134
Liabilities:			
Accounts Payable	107,340	363,748	-
Accrued Expenses	1,154,718	1,066	36,478
Due to Other Governments	186,845	-	-
Due to Component Unit	35,514	-	-
Due to Others	1,234	-	-
Unearned Revenues	21,427,005	9,528,626	-
Long-term Liabilities:			
Due within one year	4,413,429	107,504	36,251
Due within more than one year	38,948,961	-	-
Total Liabilities	66,275,046	10,000,944	72,729
Net Assets:			
Invested in Capital Assets, Net of Related Debt	37,303,495	44,002,283	462,153
Restricted	131,927	-	-
Unrestricted	(13,980,108)	6,633,314	729,252
Total Net Assets	$ 23,455,314	50,635,597	1,191,405

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Functions/Programs	Expenses	PROGRAM REVENUES: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS: Primary Government: Governmental Activities	Component Units: Washington County School Board	Component Units: Emergency Communications District
Primary Government:							
Government Activities:							
General Government	$ 15,048,925	4,448,536	722,344	439,233	(9,438,812)	-	-
Sheriff's Department	8,701,776	2,686,445	372,955	-	(5,642,376)	-	-
Highways and Streets	7,197,616	329,490	197,960	1,384,221	(5,285,945)	-	-
Library	384,489	18,090	7,000	21,130	(338,269)	-	-
Sanitation	1,480,623	238,762	259,938	-	(981,923)	-	-
Interest on Long-Term Debt	1,866,731	-	-	-	(1,866,731)	-	
Total Primary Government	34,680,160	7,721,323	1,560,197	1,844,584	(23,554,056)	0	0
Component Units:							
Education - Board of Education	56,607,394	1,908,805	6,239,356	-	-	(48,459,233)	-
Emergency Communications	2,078,945	1,279,980	491,384	35,514	-	-	(272,067)
Total Component Units	58,686,339	3,188,785	6,730,740	35,514	0	(48,459,233)	(272,067)
General Revenues:							
Taxes:							
Property Taxes					20,748,184	9,350,737	-
In Lieu of Taxes					354,468	160,696	-
Sales Taxes					-	12,183,547	-
Business Taxes					730,434	319,688	-
Motor Fuel and Inspection Fee					2,678,552	-	-
Miscellaneous					1,080,175	128,568	-
Other Local Governments					960,470	70,967	-
State Aid					650,023	24,621,037	-
Federal Aid					26,486	-	-
Unrestricted Investment Earnings					398,069	232,442	9,677
Special Items:							
Gain on Sale of Assets					62,668	-	-
Damages from Individuals					-	6,791	-
Transfers					(255,968)	-	255,968
Total General Revenues, Special Items and Transfers					27,433,561	47,074,473	265,645
Change in Net Assets					3,879,505	(1,384,760)	(6,422)
Net Assets - Beginning					19,575,809	52,020,357	1,197,827
Net Assets - Ending					$ 23,455,314	50,635,597	1,191,405

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	General Fund	Highway Fund	Constitutional Officers - Fees Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Assets:						
Equity in Pooled Cash and Deposits	$ 11,552,946	2,874,083	149,179	5,538,784	1,435,396	21,550,388
Cash	100	-	293,027	-	-	293,127
Due from Federal Government	126,420	-	-	-	-	126,420
Due from State of Tennessee	1,054,586	12,148	-	-	62,475	1,129,209
Due from Other Local Governments	72,145	210	-	-	10,172	82,527
Due from Others	33,084	1,801	-	4,125	28,803	67,813
Taxes Receivable	13,760,067	3,414,794	-	4,955,830	1,075,861	23,206,552
Allowance for Uncollectibles	(14,359)	(3,191)	-	(5,242)	(8,270)	(31,062)
Due from Other Funds	454,231	9,472	-	-	-	463,703
Total Assets	27,039,220	6,309,317	442,206	10,493,497	2,604,437	46,888,677
Liabilities and Fund Equity:						
Liabilities:						
Accounts Payable	78,544	17,159	-	624	11,013	107,340
Accrued Expenses	563,834	61,951	-	-	38,160	663,945
Deferred Revenues	13,821,535	3,045,445	-	4,950,587	1,074,722	22,892,289
Due to Other Funds	-	488	442,206	-	21,009	463,703
Due to Other Governments	186,845	-	-	-	-	186,845
Due to Component Unit	35,514	-	-	-	-	35,514
Due to Others	1,234	-	-	-	-	1,234
Total Liabilities	14,687,506	3,125,043	442,206	4,951,211	1,144,904	24,350,870
Fund Equity:						
Reserved for:						
Encumbrances	180,552	130,950	-	-	263,462	574,964
Public Safety	124,349	-	-	-	7,578	131,927
Unreserved, designated for, reported in:						
General Fund	2,403,600	-	-	-	-	2,403,600
Highway Fund	-	21,000	-	-	-	21,000
Debt Service Fund	-	-	-	5,542,286	-	5,542,286
Special Revenue Funds	-	-	-	-	336,822	336,822
Unreserved, undesignated for, reported in:						
General Fund	9,643,213	-	-	-	-	9,643,213
Highway Fund	-	3,032,324	-	-	-	3,032,324
Special Revenue Funds	-	-	-	-	851,671	851,671
Total Fund Equity	12,351,714	3,184,274	0	5,542,286	1,459,533	22,537,807
Total Liabilities and Fund Equity	$ 27,039,220	6,309,317	442,206	10,493,497	2,604,437	46,888,677

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
RECONCILIATION OF THE BALANCE SHEET OF GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total Fund Balances - Governmental Funds	$ 22,537,807
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and, therefore, are not reported as assets in governmental funds. The cost of the assets is $67,003,186 and the accumulated depreciation is $23,987,959.	43,015,227
Revenue for amounts not received during the period of availability and, therefore, not considered "available" has been deferred in the funds.	1,465,284
Bond issue costs are treated as an expenditure when paid in governmental funds. They are considered an asset for full accrual purposes and amortized over the life of the debt. The cost of the asset is $371,222 and the accumulated amortization is $81,062.	290,160
Accrued interest is not due and payable in the current period and, therefore, is not reported as a liability in the funds.	(490,773)
Long-term liabilities, including bonds payable, are not due and payable in the current period and therefore are not reported in the funds.	(43,362,391)
Total Net Assets - Governmental Activities	$ 23,455,314

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005

	General Fund	Highway Fund	Constitutional Officers - Fees Fund	Debt Service Fund	Other Governmental Funds	Total Governmental Funds
Revenues:						
Taxes	$ 14,108,819	2,576,043	-	4,855,833	1,050,463	22,591,158
Licenses and Permits	400,637	630	-	1,114	188	402,569
Fines, Forfeitures and Penalties	355,138	-	-	-	66,395	421,533
Charges for Current Services	562,941	68,082	-	-	149,248	780,271
Other Local Revenues	449,234	402,941	772	114,016	146,643	1,113,606
Revenue from State of Tennessee	3,407,605	2,945,500	-	79,833	272,954	6,705,892
Revenue from Federal Government	567,132	199,323	-	-	-	766,455
Revenue from Other Governments and Citizens Groups	741,073	-	-	-	7,000	748,073
Excess Fees and Commissions	-	-	4,542,054	-	-	4,542,054
Total Revenues	20,592,579	6,192,519	4,542,826	5,050,796	1,692,891	38,071,611
Expenditures:						
General Government	14,658,958	-	31,900	-	59,900	14,750,758
Sheriff's Department	8,290,528	-	-	-	-	8,290,528
Highways and Streets	-	6,061,147	-	-	-	6,061,147
Library	-	-	-	-	355,385	355,385
Sanitation	-	-	-	-	1,442,172	1,442,172
Debt Service	-	-	-	6,244,658	-	6,244,658
Capital Outlay	581,754	872,788	-	150,000	67,638	1,672,180
Total Expenditures	23,531,240	6,933,935	31,900	6,394,658	1,925,095	38,816,828
Other Financing Sources (Uses):						
Note Proceeds	-	-	-	-	203,000	203,000
Refunding Bond Issued	-	-	-	19,700,000	-	19,700,000
Bond Premium	-	-	-	2,106,596	-	2,106,596
Payment to Refunded Bond Escrow Agent	-	-	-	(21,553,600)	-	(21,553,600)
Transfers to Other Funds	(377,116)	-	(4,510,926)	-	-	(4,888,042)
Transfers from Other Funds	4,510,926	-	-	-	377,116	4,888,042
Transfers (to)/from Component Unit	(255,968)	-	-	-	-	(255,968)
Total Other Financing Sources (Uses)	3,877,842	0	(4,510,926)	252,996	580,116	200,028
Excess of Revenues and Other Sources Over (Under) Expenditures and Other Uses	939,181	(741,416)	-	(1,090,866)	347,912	(545,189)
Fund Balance, July 1, 2004	11,412,533	3,925,690	0	6,633,152	1,111,621	23,082,996
Fund Balance, June 30, 2005	$ 12,351,714	3,184,274	0	5,542,286	1,459,533	22,537,807

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Total Net Change in Fund Balances - Governmental Funds	$ (545,189)
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which depreciation ($2,202,316) exceeds capital outlays $1,672,180 in the period.	(530,136)
The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets.	1,164,126
Revenue which was not collected in the period of availability has not been reflected as revenue in the governmental funds since it was not "available". This revenue has been included in the statement of activities. The difference is the change between the prior year amount of $1,378,524 and the current year amount of $1,465,284.	86,760
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.	(48,839)
The issuance of long-term debt (i.e., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of the governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of the issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.	3,752,783
Change in Net Assets of Governmental Activities	$ 3,879,505

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
STATEMENT OF FIDUCIARY NET ASSETS
AGENCY FUNDS
June 30, 2005

	Agency Funds				
	Johnson City School Fund	Cities Sales Tax Fund	Constitutional Officers	Judicial Drug Task Force	Total Agency Funds
Assets:					
Cash on Hand and in Bank	$ -	-	3,790,447	-	3,790,447
Equity in Pooled Cash and Deposits	-	-	-	190,396	190,396
Accounts Receivable	-	-	23,116	20,634	43,750
Taxes Receivable	7,609,065	-	-	-	7,609,065
Allowance for Uncollectibles	(8,048)	-	-	-	(8,048)
Sales Tax Receivable	1,526,879	3,090,252	-	-	4,617,131
Total Assets	9,127,896	3,090,252	3,813,563	211,030	16,242,741
Liabilities:					
Due to Other Governments	9,127,896	3,090,252	-	211,030	12,429,178
Due to State	-	-	835,493	-	835,493
Due to Litigants, Heirs and Others	-	-	2,978,070	-	2,978,070
Total Liabilities	$ 9,127,896	3,090,252	3,813,563	211,030	16,242,741

The Notes to the Financial Statements are an Integral Part of this Statement.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES:

The financial statements of Washington County, Tennessee, have been prepared in conformity with accounting principles generally accepted in the United States of America (GAAP) as applied to government units. The Governmental Accounting Standards Board (GASB) is the accepted standard setting body for establishing governmental accounting and financial reporting principles. The more significant of the County's accounting policies are described as follows:

A. Reporting Entity

Washington County, Tennessee, is a public municipal corporation governed by an elected twenty-five member board. As required by GAAP, these financial statements present Washington County, Tennessee, and its component units. In evaluating how to define the government, for financial reporting purposes, the County's management has considered all potential component units. A component unit is an organization for which the County is financially accountable, or for which the nature and significance of their relationship with the County is such that exclusion from the County's financial statements would cause them to be misleading or incomplete. The decision to include a potential component unit in the reporting entity was made by applying the criteria as set forth in GAAP. The basic criterion of financial accountability between the County and a potential component unit is demonstrated if the County's governing body appoints a voting majority of the organization's governing body and is also able to significantly influence the programs, projects, activities or level of services performed or provided by the organization. Another manifestation of financial accountability is an organization that is fiscally dependent on the County. The component units discussed below are included in the County's reporting entity because the County's management has determined that the County is financially accountable for those organizations.

B. Individual Component Unit Disclosures

Discretely Presented Component Units - The Component Units column in the financial statements includes the financial data of the Washington County Board of Education and the Washington County Emergency Communications District. They are reported in separate columns to emphasize that they are legally separate from the County. Both of the discretely presented component units serve the geographic area of Washington County, and their corporate charters grant them legally separate corporate powers. The Washington County Board of Education is fiscally dependent upon Washington County, which requires presentation as a discrete component unit of the County. The Washington County Board of Education may not issue debt without County approval and its budget and property tax levy are subject to County Board approval. The Board of Education's taxes are levied under the taxing authority of the County and are included as part of the County's total tax levy. The Board of Education uses the *current financial resource measurement focus* and the *modified accrual basis of accounting*. Complete financial statements are not prepared by the Board of Education; therefore, a complete set of statements is included in the supplementary information for Washington County. The Washington County Emergency Communications District (WCECD) is not fiscally dependent on Washington County. However, all of the Board of Directors are appointed by the County Mayor; therefore, the County has the ability to significantly influence the activities of the WCECD. In addition, the WCECD must obtain County Commission approval before the issuance of most debt. WCECD utilizes the *economic resources measurement focus* and the *full accrual basis of accounting*.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

B. Individual Component Unit Disclosures (Continued)
Complete financial statements of WCECD may be obtained from their administrative offices at:

Washington County Emergency Communications District
P.O. Box 448
Johnson City, Tennessee 37605

C. Joint Ventures and Jointly Governed Organizations
The County is a participant with the City of Johnson City in joint ventures to operate the Washington County-Johnson City Animal Shelter, the Washington County-Johnson City Emergency Medical Services, Inc. - Ambulance Division and the Johnson City/Jonesborough/Washington County Economic Development Board, Inc. In conjunction with Johnson City, Tennessee; Kingsport, Tennessee; Bristol, Tennessee; Bristol, Virginia and Sullivan County, Tennessee, Washington County jointly owns and administers the Tri-Cities Regional Airport, TN-VA. Detailed disclosures for the year ended are included in Note 13.

D. Government-wide and fund financial statements
The government-wide financial statements (i.e., the statement of net assets and the statement of changes in net assets) 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. The *primary government* is reported separately from certain legally separate *component units* for which the primary government is financially accountable.

The statement of activities demonstrates the degree to which the direct expenses of a given function or segment are offset by program revenues. *Direct expenses* are those that are clearly identifiable with a specific function or segment. *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 or segment and 2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function or segment. Taxes and other items not properly included among program revenues are reported instead as *general revenues.*

Separate financial statements are provided for governmental funds and fiduciary funds, even though the latter are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

E. 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.* 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.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Measurement focus, basis of accounting, and financial statement presentation (continued)
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 are 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 government considers revenues to be available if they are collected within 60 days of the end of the current fiscal period, for local revenues, 120 days for state-shared revenues, and 360 days for grant revenues. Expenditures generally are recorded when a liability is incurred, as under accrual accounting. However, debt service expenditures, as well as expenditures related to compensated absences and claims and judgments, are recorded only when payment is due.

Property taxes, franchise taxes, licenses, and interest associated with the current fiscal period are all considered to be susceptible to accrual and so have been recognized as revenues of the current fiscal period. All other revenue items are considered to be measurable and available only when cash is received by the government.

Certain revenues are required to be recognized as a receivable at June 30 and either as revenue or deferred revenue, depending upon revenue recognition policies of the entity. The following items for the County are recorded: Property tax, In-Lieu of tax: TVA, State Beer Tax, Telecommunications, Income Tax, Local Beer Tax, Mixed Drink and Gasoline Tax. Litigation tax, business tax, bank excise tax, fines, forfeitures & penalties and performance bond forfeiture are required to be recognized; however, they are not measurable or estimatable and are not generally material to the financial statements. Therefore, they are not recognized as revenue until received.

The government reports the following major governmental funds:

The *general fund* is the government's primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

The *highway fund* is used to account for transactions of the County Highway Department. The major source of funding for this is state gasoline taxes.

The *constitutional officers fees fund* is used to account for transactions of the fee and commission accounts of the Trustee, Clerks, Register and Sheriff. Revenues from fees and commissions earned by these officials are transferred to the County's General Fund.

The *debt service fund* accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

An additional fund type the County reports is an agency fund. An agency fund generally is used to account for assets that the County holds on behalf of others as their agent. The County currently has four agency funds: Johnson City School Fund, Cities Sales Tax Fund, Constitutional Officers and Judicial Drug Task Force. All agency funds use the accrual basis of accounting.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

E. Measurement focus, basis of accounting, and financial statement presentation (continued)

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in both the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the *option* of following subsequent private-sector guidance for their business-type activities and enterprise funds, subject to this same limitation. The government has elected not to follow subsequent private-sector guidance for its only proprietary fund type, the WCECD, a component unit.

As a general rule the effect of interfund activity has been eliminated from the government-wide financial statements.

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, including special assessments. 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 resources first, then unrestricted resources as they are needed.

F. Budgets/Encumbrances

Washington County and the Washington County Board of Education component unit are required by state statute to adopt annual budgets. Annual appropriated budgets are adopted for the General, certain Special Revenue and Debt Service Funds. Budgets are prepared on the basis where 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. The inclusion of the encumbrances is not consistent with accounting principles generally accepted in the United States of America. All unencumbered appropriations lapse at fiscal year end.

The budgetary level of control is at the major category level. Management may make revisions within major categories except for certain line items such as salaries, but only the governing body may make revisions between major categories. During the year, several supplementary appropriations were necessary.

Encumbrances represent commitments related to unperformed contracts for goods or services. Encumbrance accounting--under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation--is utilized in the governmental funds. Encumbrances outstanding at year end are reported as reservations of fund balances and do not constitute expenditures or liabilities because the commitments will be honored during the subsequent year.

The Constitutional Officers - Fees Fund is used to account for transactions of the fee and commission accounts of the County Trustee, Clerks, Register and Sheriff. Transactions related to the fee and commission accounts of these officials are not subject to the budgetary control of the County Commission. Therefore, this fund is presented as a non-budgeted special revenue fund.

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

G. Cash and Deposits

Cash includes amounts in demand deposits, certificates of deposit with a maturity date less than twelve months of the date acquired, as well as overnight repurchase agreements.

H. Taxes Receivable

Property taxes receivable on file in the Trustee's office are presented on the balance sheet of government funds and the statement of net assets with offsetting unearned revenue to reflect amounts not available as of June 30, 2005. Property taxes are levied on October 1 on property values assessed as of January 1. After March 1, the tax bill becomes delinquent and penalty and interest are assessed. Property taxes are declared to be a lien on the property after the 1st of January of the assessment year. The allowance for uncollectible taxes represents the estimated amount of the receivable, which will be filed in court for collection. Delinquent taxes filed in court for collection are included in taxes receivable and the offsetting account, deferred revenue.

I. Inventories and Prepaid Items

Inventories are valued at cost using a first-in, first-out method. Items are recorded as expenditures when consumed rather than when purchased.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both government-wide and fund financial statements.

J. Capital Assets

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and library books) 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 more than $5,000 (amount not rounded) for all assets other than infrastructure, which is a cost of $50,000 and an estimated useful life in excess of two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

Library books are not being depreciated, as books are inexhaustible assets. Washington County, TN is applying the transition provisions for retroactive reporting of infrastructure assets, such as roads and bridges.

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

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED):

J. Capital Assets (continued)

Property, plant, and equipment of the primary government, as well as the component units, are depreciated using the straight-line method over the following estimated useful lives:

Assets	Years
Buildings	40
Building improvements	20
System infrastructure	40
Vehicles	5-10
Office equipment	5-7
Computer equipment	5

K. Compensated Absences

It is the government's policy to permit employees to accumulate earned, but unused, vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since the government does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay and compensatory time is accrued when incurred in the government-wide financial statements. A liability for these amounts is reported in governmental funds only if they have matured, for example, as a result of employee resignations and retirements.

L. 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. Bond premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the bonds using the straight-line method. Bonds payable are reported net of the applicable bond premium or discount. Bond issuance costs are reported as deferred charges and amortized over the term of the related debt.

In the fund financial statements, governmental fund types recognize bond premiums and discounts, as well as bond 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.

M. Interfund Transactions

All interfund transactions are reported as transfers or due to/from.

N. Fund Equity

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change.

O. Estimates

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

NOTE 2. 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

The governmental fund balance sheet includes a reconciliation between *fund balance-total governmental funds* and *net assets-governmental activities* as reported in the government-wide statement of net assets. One element of that reconciliation explains that "long-term liabilities, including bonds payable, are not due and payable in the current period, and therefore, are not reported in the funds." The details of this difference are as follows:

	Primary Government	Component Unit
Bonds payable	$ (32,505,000)	-
Less: Deferred charge on refunding (net of amortization of $39,022 recorded as interest expense)	1,014,578	-
Add: Bond premium (net of amortization of $237,368 recorded as interest expense)	(2,139,221)	-
Notes payable	(8,398,892)	-
Lease payable	(78,211)	-
Settlement	(225,000)	-
Compensated Absences	(890,645)	(107,504)
Contingent Liability	(140,000)	-
Net adjustment to reduce *fund balance-total governmental funds* to arrive at *net assets-governmental activities*	$ (43,362,391)	(107,504)

Another element of that reconciliation explains that revenue for amounts not received during the period of availability and, therefore, not considered "available" has been deferred in the funds. The details of this difference are as follows:

	Primary Government	Component Unit
Property taxes	$ 1,172,674	521,449
Income taxes	52,500	-
Beer taxes	3,846	-
State Prison Board	138,450	-
Local Tax Revenue	66,931	-
Quarry Lease	30,883	-
Net adjustment to increase *fund balance-total governmental funds* to arrive at *net assets-governmental activities*	$ 1,465,284	521,449

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):

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

The governmental fund statement of revenues, expenditures, and changes in fund balances includes a reconciliation between *net changes in fund balances-total governmental funds* and *changes in net assets of governmental activities* as reported in the government-wide statement of activities. One element of that reconciliation explains that "The net effect of various miscellaneous transactions involving capital assets (i.e., sales and donations) is to increase net assets." The details of this $1,164,126 difference are as follows:

Donations of capital assets increase net assets in the statement of activities, but do not appear in the governmental funds because they are not financial resources.	$ 1,101,458
The statement of activities reports *gains* arising from the disposal of capital assets. Conversely, governmental funds do not report any gain or loss on disposals of capital assets.	62,668
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 1,164,126

Another element of that reconciliation states that "The issuance of long-term debt (e.g., bonds, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities." The details of this $3,752,783 difference are as follows:

Debt issued or incurred:	
Issuance of general obligation bonds	$ (19,700,000)
Issuance of Capital Outlay Notes	(203,000)
Principal repayments:	
General obligation debt	3,902,444
Capital leases	53,339
Bond Costs	252,996
Bond Premium	(2,106,596)
Payment to Escrow Agent for refunding	21,553,600
Net adjustment to increase *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities*	$ 3,752,783

NOTE 2. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS (CONTINUED):

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 (continued):

Another element of that reconciliation states that "Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds." The details of this $48,839 difference are as follows:

Claims and judgments	$ (140,000)
Prior year accrued interest	(33,871)
Current year accrued interest	69,107
Amortization of bond issuance costs	(30,878)
Amortization of bond premiums	86,803
Net adjustment to decrease *net changes in fund balances - total governmental funds* to arrive at *changes in net assets of governmental activities.*	$ (48,839)

NOTE 3. OFFICE OF CENTRAL ACCOUNTING, BUDGETING AND PURCHASING:

Washington County operates under provisions of the Fiscal Control Acts of 1957, which provides for a system of central accounting, budgeting, and purchasing covering funds administered by the County Mayor and the Highway Superintendent. These funds were maintained in the Office of Central Accounting and Purchasing under the supervision of the Director of Finance.

NOTE 4. PURCHASING LAWS:

Office of County Mayor

Purchasing procedures for the County Mayor's office are governed by the County Purchasing Law of 1957, Section 5-14-102 through 5-14-106, T.C.A., which provides for purchases in excess of $5,000 to be made after public advertisement and competitive bidding.

Office of Road Superintendent

Purchasing procedures for the Highway Department are governed by provisions of the Uniform Road Law, Section 54-7-113, T.C.A., which provides for purchases in excess of $5,000 to be made after public advertisement and competitive bidding.

Office of the Director of Schools

Purchasing procedures for the discretely presented Washington County Board of Education are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, T.C.A., which provides for the County Board of Education, through its executive committee (School Superintendent and Chairman of the Board of Education), to make all purchases. This statute requires that competitive bids be solicited through newspaper advertisement on all purchases estimated to exceed $5,000.

NOTE 5. LEGAL COMPLIANCE - BUDGETS:

The County Mayor is required by charter to present to the Board of Commissioners an estimate of expenditures and revenue of the County for the ensuing fiscal year. The estimates are to be compiled from detailed information obtained from the several departments of the County. The Board of Commissioners then prepares a tentative appropriation ordinance. Three readings of the appropriation ordinance must be approved on or before June 30, after which the new budget goes into effect.

Encumbrance accounting, under which purchase orders, contracts and other commitments for the expenditure of resources are recorded to reserve that portion of the applicable appropriation, is utilized in the preparation of the County's budgets.

NOTE 6. DEPOSITS AND INVESTMENTS:

The captions on the statement of net assets related to cash and deposits are as follows for Washington County and its discretely presented component units:

	Washington County	Washington County Board of Education	Washington County Emergency Communications
Equity in Pooled Cash and Deposits	$ 21,550,388	3,014,441	-
Cash and Cash Equivalents	293,127	604,469	656,789
	$ 21,843,515	3,618,910	656,789
Agency Funds			
Equity in Pooled Cash		$ 190,396	
Cash on Hand and in Bank		3,790,447	
		$3,980,843	

Washington County and the Washington County Board of Education maintain a cash and deposits pool through the office of the County Trustee.

The Washington County Trustee is the treasurer of the County and in this capacity, is responsible for receiving, disbursing, depositing and investing most County funds.

Each fund type's portion of this pool is displayed on the balance sheet as "Equity in Pooled Cash and Deposits." "Cash" reflected on the balance sheet represents non-pooled amounts held separately by individual funds.

Cash on the statement of net assets includes demand deposits, certificates of deposit with a maturity date of less than twelve months, and passbook savings accounts.

Various restrictions on deposits and investments, including repurchase agreements, are imposed by state statutes. These restrictions are summarized as follows:

NOTE 6. DEPOSITS AND INVESTMENTS (CONTINUED):

DEPOSITS - All deposits with financial institutions must be collateralized in an amount equal to 105% of the market value of uninsured deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the County.

The County does not have a policy for interest rate risk or other credit risk other than pledging securities for amounts in excess of FDIC coverage.

Separate disclosures concerning carrying amounts and bank balances of pooled deposits cannot be made for Washington County and the discretely presented Washington County Board of Education since both pool their deposits and investments through the County Trustee. The carrying amount of Washington County's, including the agency funds, and the Washington County Board of Education's deposits with financial institutions was $24,755,225 and the bank balance was $24,407,663. Overnight repurchase agreements are included in deposits rather than in investments. There were no overnight repurchase agreements on June 30, 2005.

In addition to the above County deposits, the following deposits were held for operations. The bank balances are as follows:

	Carrying Amount	Bank Balance
Primary Government:		
Cash in Bank - Others (Elected Officials accounts)	$ 4,074,394	4,776,000
Component Unit:		
Washington County Emergency Communications District	$ 656,337	694,755
Washington County Board of Education - School Food Service	$ 604,245	265,238

All of the County and its component units deposits of $30,143,656 were collateralized with the State of Tennessee Collateral Pool or insured by the FDIC.

NOTE 6. DEPOSITS AND INVESTMENTS (CONTINUED):

INVESTMENTS - Counties are authorized to make direct investments in bonds, notes or treasury 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 the State law are followed. Counties are also authorized to make investments in the State Pooled Investment Fund 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 2% below the market value of the securities on the day of purchase.

As of June 30, 2005, the County held no investments.

NOTE 7. RECEIVABLES:

	General	Highway	Debt Service	Nonmajor and Other	Total Primary Government	Agency Funds	Component Units	Reporting Entity Total (Memorandum Only)
Sales Tax	$ -	-	-	-	-	4,617,131	1,985,607	6,602,738
Property Tax	13,760,067	3,414,794	4,955,830	1,075,861	23,206,552	7,609,065	10,060,717	40,876,334
Accounts	33,084	1,801	4,125	28,803	67,813	23,272	87,792	178,877
Intergovernmental	1,253,151	12,358	-	72,647	1,338,156	20,478	825,192	2,183,826
Gross Receivables	15,046,302	3,428,953	4,959,955	1,177,311	24,612,521	12,269,946	12,959,308	49,841,775
Less: Allowance for Uncollectibles	(14,359)	(3,191)	(5,242)	(8,270)	(31,062)	(8,048)	(10,642)	(49,752)
Net Total Receivables	$ 15,031,943	3,425,762	4,954,713	1,169,041	24,581,459	12,261,898	12,948,666	49,792,023

NOTE 7. RECEIVABLES (CONTINUED):

Property taxes are levied as of the first Monday in October and the lien date is January 1. 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. Numerous additional costs attach to delinquent taxes after court suit has been filed.

Revenues from property taxes are recognized on the accrual basis. Taxes receivable on file in the Trustee's office in the amount of $33,267,269 are presented on the statement of net assets with an allowance for uncollectibles and an offsetting contra-account, unearned revenues.

Tennessee Code Annotated Section 67-1326 provides for a ten year limitation on the collection of delinquent land taxes.

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. At the end of the current fiscal year, the various components of *deferred revenue* and *unearned revenue* reported in the governmental funds were as follows:

	Primary Government		Component Unit	
	Unavailable	Unearned	Unavailable	Unearned
Grant drawdowns prior to meeting all eligibility requirements:				
Title I	$ -	-	-	-
Title V	-	-	-	-
Title II A	-	-	-	-
Receivables not received within period of availability:				
Property Taxes Receivable:				
General Fund	$ 703,605	12,856,203	-	-
Highway Fund	156,356	2,858,206	-	-
Debt Service Fund	256,871	4,693,716	-	-
Solid Waste Fund	55,842	1,018,880	-	-
General Purpose School Fund	-	-	521,449	9,528,626
Beer Tax (General Fund)	3,846	-	-	-
Income Tax Receivable (General Fund)	52,500	-	-	-
Federal Prisoner Board (General Fund)	-	-	-	-
State Prisoner Board (General Fund)	138,450	-	-	-
Local Tax Revenue (General Fund)	66,931	-	-	-
Quarry Lease (Highway Fund)	30,883	-	-	-
	$ 1,465,284	21,427,005	521,449	9,528,626

NOTE 8. FIXED ASSETS:

Primary Government

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

	Beginning Balance	Increases	Decreases	Transfers/ Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	$ 1,866,370	175,500	-	-	2,041,870
Library Infrastructure	770,996	44,697	(34,033)	-	781,660
Construction in Progress	123,342	19,244	-	(32,743)	109,843
Total, capital assets, not being depreciated	2,760,708	239,441	(34,033)	(32,743)	2,933,373
Capital assets, being depreciated:					
Buildings and Improvements	19,442,663	16,577	-	-	19,459,240
Furniture and Fixtures	75,545	-	-	-	75,545
Office Machinery and Equipment	1,430,992	48,237	-	-	1,479,229
Machinery and Equipment	10,150,965	1,237,085	(549,802)	-	10,838,248
Roads & Bridges	30,782,799	1,402,009	-	32,743	32,217,551
Total, capital assets being depreciated	61,882,964	2,703,908	(549,802)	32,743	64,069,813
Less accumulated depreciation for:					
Buildings and Improvements	(5,554,971)	(488,165)	-	-	(6,043,136)
Furniture and Fixtures	(61,770)	(4,562)	-	-	(66,332)
Office Machinery and Equipment	(1,096,516)	(99,973)	-	-	(1,196,489)
Machinery and Equipment	(7,081,167)	(827,116)	525,029	-	(7,383,254)
Roads & Bridges	(8,516,248)	(782,500)	-	-	(9,298,748)
Total accumulated depreciation	(22,310,672)	(2,202,316)	525,029	-	(23,987,959)
Total capital assets, being depreciated, net	39,572,292	501,592	(24,773)	32,743	40,081,854
Governmental Activities capital assets, net	$ 42,333,000	741,033	(58,806)	-	43,015,227

Note: The amount of additions to capital assets and total capital outlay differs due to Library infrastructure items being recorded in supply expense accounts within the Library fund and a new capital lease with payments recorded in rental expense accounts within the General fund.

NOTE 8. FIXED ASSETS (CONTINUED):

Primary Government (continued)

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

Governmental activities:	
General Government	$ 438,664
Sheriff's Department	456,015
Highways and Streets, including depreciation of general infrastructure assets	1,227,966
Library	18,905
Sanitation	60,766
Total depreciation expense-governmental activities	$ 2,202,316

NOTE 8. FIXED ASSETS (CONTINUED):

Discretely presented component units

Washington County Board of Education

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, not being depreciated:					
Land	$ 352,686	-	-	-	352,686
Construction In Progress	20,435	13,785	-	(20,435)	13,785
Total capital assets, not being depreciated	373,121	13,785	0	(20,435)	366,471
Capital assets, being depreciated:					
Buildings and Improvements	56,483,203	449,343	-	20,435	56,952,981
Furniture and Fixtures	1,020,249	-	-	-	1,020,249
Office Machinery and Equipment	409,484	27,142	-	-	436,626
Machinery and Equipment	10,397,404	138,843	-	-	10,536,247
Total, capital assets being depreciated	68,310,340	615,328	0	20,435	68,946,103
Less accumulated depreciation for:					
Buildings and Improvements	(14,649,807)	(1,844,703)	-	-	(16,494,510)
Furniture and Fixtures	(737,332)	(70,957)	-	-	(808,289)
Office Machinery and Equipment	(387,255)	(10,110)	-	-	(397,365)
Machinery and Equipment	(6,952,961)	(758,128)	-	-	(7,711,089)
Total accumulated depreciation	(22,727,355)	(2,683,898)	0	0	(25,411,253)
Total capital assets, being depreciated, net	45,582,985	(2,068,570)	0	20,435	43,534,850
Washington County Board of Education capital assets, net	$ 45,956,106	(2,054,785)	0	0	43,901,321

Note: The adjustments are due to completion of construction in progress and correction of the life of some assets.

NOTE 8. FIXED ASSETS (CONTINUED):

Discretely presented component units (continued)

Washington County Board of Education (continued)

	Beginning Balance	Increases	Decreases	Ending Balance
Capital assets, being depreciated:				
Office Machinery and Equipment	$ 90,425	37,000	(24,986)	102,439
Machinery and Equipment	1,187,963	-	-	1,187,963
Total capital assets, being depreciated	1,278,388	37,000	(24,986)	1,290,402
Less accumulated depreciation for:				
Office Machinery and Equipment	(58,259)	(18,079)	21,568	(54,770)
Machinery and Equipment	(1,080,493)	(33,742)	-	(1,114,235)
Total accumulated depreciation	(1,138,752)	(51,821)	21,568	(1,169,005)
School Food Service Fund capital assets, net	$ 139,636	(14,821)	(3,418)	121,397

Washington County Emergency Communications District, Proprietary Fund Type

	Beginning Balance	Increases	Decreases	Adjustments	Ending Balance
Capital assets, being depreciated:					
Building Improvements	$ 310,238	35,514	-	-	345,752
Vehicles	25,695	-	-	-	25,695
Office Equipment	744,077	69,721	-	-	813,798
Furniture & Fixtures	56,268	-	-	-	56,268
Total, capital assets being depreciated	1,136,278	105,235	0	0	1,241,513
Less accumulated depreciation for:					
Building Improvements	(159,018)	(14,294)	-	-	(173,312)
Vehicles	(18,028)	(2,000)	-	-	(20,028)
Office Equipment	(418,573)	(122,943)	-	-	(541,516)
Furniture & Fixtures	(39,852)	(4,652)	-	-	(44,504)
Total accumulated depreciation	(635,471)	(143,889)	0	0	(779,360)
Total, capital assets being depreciated, net	$ 500,807	(38,654)	0	0	462,153

NOTE 9. OPERATING LEASES:

Washington County is committed under leases for several copiers and storage facilities. These leases are considered for accounting purposes to be operating leases. Lease expenditures for the year ended June 30, 2005 amount to $46,463. Future minimum lease payments are as follows:

Year Ending June 30	Amount
2006	$ 40,642
2007	35,843
TOTAL	$ 76,485

Washington County Board of Education is committed under a lease for a copier. The lease is considered for accounting purposes to be an operating lease. Lease expenditures for the year ended June 30, 2005 amount to $644. Future minimum lease payments are as follows:

Year Ending June 30	Amount
2006	$ 2,575
2007	2,575
2008	2,575
2009	2,575
2010	1,931
TOTAL	$ 12,231

NOTE 10. CAPITAL LEASE:

During 2001, the County entered into lease agreements for copy equipment and computer software for the Sheriff's department. The lease agreements qualify as capital leases for accounting purposes (bargain purchase options) and therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates. These lease agreements expired during fiscal year 2005.

The assets acquired through capital leases are as follows:

Copy Equipment	$ 60,721
Less: Accumulated Depreciation	(60,721)
Total	$ 0
Computer Software	$ 117,329
Less: Accumulated Depreciation	(117,329)
Total	$ 0

During 2003, the County entered into lease agreements for copy equipment for the Circuit Court, Health Department, and County Office. The lease agreements qualify as capital leases for accounting purposes (bargain purchase options) and therefore, have been recorded at the present value of their future minimum lease payments as of the inception dates.

NOTE 10. CAPITAL LEASE (CONTINUED):

The assets acquired through capital leases are as follows:

Copy Equipment	$ 29,899
Less: Accumulated Depreciation	(7,475)
Total	$ 22,424
Copy Equipment	$ 10,431
Less: Accumulated Depreciation	2,695
Total	$ 7,736
Copy Equipment	$ 12,443
Less: Accumulated Depreciation	2,800
Total	$ 9,643

During 2005, the County entered into a lease agreement for copy equipment for the Sheriff's department. The lease agreement qualifies as a capital lease for accounting purposes (minimum lease payments equal or exceed fair market value) and therefore, has been recorded at the present value of its future minimum lease payments as of the date of the inception of the lease.

The asset acquired through the capital lease is as follows:

Copy Equipment	$ 48,237
Less: Accumulated Depreciation	0
Total	$ 48,237

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2005, are presented in Note 11.

NOTE 11. LONG-TERM DEBT:

The following is a summary of bonds, notes and other long-term obligations comprising general long-term debt for the fiscal year ended June 30, 2005.

Governmental Activities

	Balance Beginning of Year	Additions	Retirements / Reductions	Balance End of Year	Due Within One Year
Governmental Activities:					
Primary Government:					
General Obligation Bonds	$ 34,690,000	19,700,000	(21,885,000)	32,505,000	1,715,000
Less Deferred Amounts:					
On Refunding	-	(1,053,600)	39,022	(1,014,578)	-
For Issuance of Premium	-	2,376,589	(237,368)	2,139,221	-
Total General Obligation Bonds	34,690,000	21,022,989	(22,083,346)	33,629,643	1,715,000
Capital Outlay Notes	10,638,336	203,000	(2,442,444)	8,398,892	2,280,444
Capital Leases	83,313	48,237	(53,339)	78,211	20,126
Compensated Absences	856,774	33,870	-	890,644	182,860
Settlement Payable	300,000	-	(75,000)	225,000	75,000
Contingent Liability	-	140,000	-	140,000	140,000
Primary Government Long-Term Liabilities	$ 46,568,423	21,448,096	(24,654,129)	43,362,390	4,413,430
Component Unit:					
Compensated Absences	$ 112,289	-	(4,785)	107,504	107,504
Component Unit Long-term Liabilities	$ 112,289	-	(4,785)	107,504	107,504

	Date Issued	Date Matures	Amount Issued	Interest Rate	Outstanding June 30, 2005
Leases Payable:					
Sheriff Copier	06/30/05	06/30/10	$48,237	2.130%	$ 48,236
Circuit Court Copier	12/18/02	12/18/07	29,899	7.000%	16,250
Health Dept. Copier	12/10/02	12/10/07	10,431	7.420%	5,697
County Office Copier	04/11/03	04/11/08	12,443	13.156%	8,028
Total					$ 78,211

NOTE 11. LONG-TERM DEBT (CONTINUED):

Leases Payable (continued):

Copy Equipment - Sheriff

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 9,310	851	10,161
2007	9,423	738	10,161
2008	9,626	535	10,161
2009	9,833	328	10,161
2010	10,044	116	10,160
Total	$ 48,236	2,568	50,804

Circuit Court Copier

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 6,162	942	7,104
2007	6,607	497	7,104
2008	3,481	71	3,552
Total	$ 16,250	1,510	17,760

Health Dept. Copier

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 2,153	350	2,503
2007	2,318	185	2,503
2008	1,226	27	1,253
Total	$ 5,697	562	6,259

NOTE 11. LONG-TERM DEBT (CONTINUED):

Leases Payable (continued):

County Office Copier

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 2,501	909	3,410
2007	2,850	559	3,409
2008	2,677	164	2,841
Total	$ 8,028	1,632	9,660

Total future minimum lease obligations are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 20,126	3,052	23,178
2007	21,198	1,979	23,178
2008	17,010	797	17,805
2009	9,833	328	10,161
2010	10,044	116	10,161
Total	$ 78,211	6,272	84,483

Bonds Payable:	Date Issued	Date Matures	Amount Issued	Interest Rate	Outstanding June 30, 2005
School Construction Bonds	05/01/98	05/01/13	$4,800,000	4.40-4.70%	$ 600,000
School Construction Bonds	10/21/99	10/21/18	8,100,000	4.90-5.20%	2,600,000
School Construction Bonds	03/01/99	03/01/13	8,100,000	3.55-5.50%	2,950,000
School Construction Bonds	12/01/00	10/01/15	6,100,000	4.50-4.875%	5,100,000
Refunding Bonds	02/01/02	02/01/07	3,680,000	3.50%	1,555,000
School Construction Bonds	09/15/04	06/30/18	19,700,000	2.70-5.00%	19,700,000
Total					$32,505,000

NOTE 11. LONG-TERM DEBT (CONTINUED):

Bonds Payable (continued):

School Construction Bonds issued May 1, 1998, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 200,000	26,700	226,700
2007	200,000	17,900	217,900
2008	200,000	9,000	209,000
Total	$ 600,000	53,600	653,600

School Construction Bonds issued October 21, 1999, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 500,000	105,250	605,250
2007	600,000	85,500	685,500
2008	700,000	61,500	761,500
2009	800,000	32,800	832,800
Total	$ 2,600,000	285,050	2,885,050

School Construction Bonds issued March 1, 1999, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ -	149,200	149,200
2007	-	149,200	149,200
2008	1,400,000	149,200	1,549,200
2009	1,550,000	80,600	1,630,600
Total	$ 2,950,000	528,200	3,478,200

NOTE 11. LONG-TERM DEBT (CONTINUED):

Bonds Payable (continued):

School Construction Bonds issued December 1, 2000, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 250,000	238,138	488,138
2007	300,000	226,888	526,888
2008	300,000	213,388	513,388
2009	400,000	199,888	599,888
2010	400,000	181,888	581,888
2011-2015	2,700,000	569,035	3,269,035
2016	750,000	36,563	786,563
Total	$5,100,000	1,665,788	6,765,788

Refunding Bonds issued February 1, 2002, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 765,000	54,424	819,424
2007	790,000	27,650	817,650
Total	$ 1,555,000	82,074	1,637,074

School Construction Bonds issued September 15, 2004, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ -	982,125	982,125
2007	-	982,125	982,125
2008	-	982,125	982,125
2009	125,000	982,125	1,107,125
2010	2,920,000	978,750	3,898,750
2011-2015	10,695,000	3,024,000	13,719,000
2016-2018	5,960,000	586,000	6,546,000
Total	$ 19,700,000	8,517,250	28,217,250

NOTE 11. LONG-TERM DEBT (CONTINUED):

Bonds Payable (continued):

Total bond debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 1,715,000	1,555,837	3,270,837
2007	1,890,000	1,489,263	3,379,263
2008	2,600,000	1,415,213	4,015,213
2009	2,875,000	1,295,413	4,170,413
2010	3,320,000	1,160,638	4,480,638
2011-2015	13,395,000	3,593,035	16,988,035
2016-2018	6,710,000	622,563	7,332,563
Total	$ 32,505,000	11,131,962	43,636,962

Notes Payable:

	Date Issued	Maturity Date	Amount Issued	Interest Rate	Outstanding June 30, 2005
Note Payable - Land Acquisition	03/13/99	03/13/09	1,086,604	5.00%	$ 380,304
2002 Series Capital Outlay Refunding	02/01/02	02/01/08	8,880,000	4.00%	3,435,000
Highway Department Capital Outlay	03/04/02	03/04/07	338,720	3.69%	135,488
Highway Department Capital Outlay	03/25/03	03/25/10	211,000	3.05%	150,800
Sheriff Department Capital Outlay	11/14/02	11/14/05	225,000	2.55%	75,000
Education Department Capital Outlay	04/29/03	04/29/15	4,742,000	1.46-3.80%	3,952,000
Solid Waste Capital Outlay	11/14/03	11/14/06	101,000	2.30%	67,300
Highway Department Capital Outlay	01/27/05	01/27/08	203,000	2.75-3.10%	203,000
Total					$ 8,398,892

Land Acquisition note payable issued March 13, 1999, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 100,900	19,016	119,916
2007	100,900	13,970	114,870
2008	178,504	8,925	187,429
Total	$ 380,304	41,911	422,215

NOTE 11. LONG-TERM DEBT (CONTINUED):

Notes Payable (continued):

2002 Series Capital Outlay Refunding Notes issued February 1, 2002 debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 1,510,000	137,400	1,647,400
2007	1,470,000	77,000	1,547,000
2008	455,000	18,200	473,200
Total	$ 3,435,000	232,600	3,667,600

Highway Department Capital Outlay Notes issued March 4, 2002, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 67,744	5,070	72,814
2007	67,744	2,533	70,277
Total	$ 135,488	7,603	143,091

Highway Department Capital Outlay Note payable issued March 25, 2003, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 30,100	4,600	34,700
2007	30,100	3,681	33,781
2008	30,100	2,763	32,863
2009	30,100	1,845	31,945
2010	30,400	927	31,327
Total	$ 150,800	13,816	164,616

Highway Department Capital Outlay Note payable issued January 27, 2005, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 68,000	5,953	73,953
2007	68,000	4,083	72,083
2008	67,000	2,077	69,077
Total	$ 203,000	12,113	215,113

NOTE 11. LONG-TERM DEBT (CONTINUED):

Notes Payable (continued):

Sheriff Department Capital Outlay Note payable issued November 14, 2002, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 75,000	964	75,964
Total	$ 75,000	964	75,964

Education Department Capital Outlay Note payable issued April 29, 2003, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 395,000	124,699	519,699
2007	395,000	116,601	511,601
2008	395,000	106,924	501,924
2009	395,000	96,061	491,061
2010	395,000	84,408	479,408
2011-2015	1,977,000	218,223	2,195,223
Total	$ 3,952,000	746,916	4,698,916

Solid Waste Capital Outlay Note payable issued November 14, 2003, debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 33,700	1,160	34,860
2007	33,600	387	33,987
Total	$ 67,300	1,547	68,847

Total annual debt service requirements to maturity are as follows:

Fiscal Year Ending June 30	Principal	Interest	Total
2006	$ 2,280,444	298,861	2,579,305
2007	2,165,344	218,255	2,383,599
2008	1,125,604	138,889	1,264,493
2009	425,100	97,906	523,006
2010	425,400	85,335	510,735
2011-2015	1,977,000	218,224	2,195,224
Total	$ 8,398,892	1,057,470	9,456,362

NOTE 11. LONG-TERM DEBT (CONTINUED):

Settlement Payable:

The Johnson City School System questioned the division of the local option sales tax revenue between them and the Washington County, Tennessee School System. A report was prepared by the Johnson City School System, which reflected a receivable from the County School System in excess of $1,000,000. The Washington County Trustee changed the method of dividing the revenue as of July 1, 1991. In October 1994, an agreement was reached between the City of Johnson City and Washington County in which the County will repay $1,125,000 to the City at $75,000 per year over a fifteen (15) year period. This amount has been recorded as long-term debt of the County.

Contingent Liability:

The County is involved in a lawsuit for injuries to an individual. The County denies any liability. This is a disputed matter, but the Plaintiff is more likely than not to recover. The County has a potential exposure of $140,000. Accordingly, a provision for this liability that may result has been made in the financial statements.

Advance Refundings

The County issued $19,700,000 of Series 2004 School and Public Improvement Refuding Bonds to provide resources that were placed in an irrevocable trust for the purpose of generating resources for the future debt service payments of $24,803,663 on the County's outstanding Series 1998 General Obligation School and Library Bonds, Series 1998 and Series 1999A School Bonds, and Series 1999B General Obligation School Bonds. As a result, the refunded bonds are considered to be defeased. The reacquisition price was less than the net carrying amount of the old debt by $800,000. This amount is being netted against the new debt and amortized over the remaining life of the refunded debt, which is the same as the life of the new debt issued in the basic financials. This advance refunding was undertaken to reduce the total debt service payments over the next thirteen years by $837,375 and resulted in an economic gain of $615,053. On June 30, 2005, the following bonds outstanding are considered to be defeased:

Date of Refunding		Amount	Issues Refunded
9/15/2004	GO School Bonds	$20,500,000	1998, 1999

NOTE 12. 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
General	Constitutional Officers	$ 442,206
Highway	Solid Waste	9,472
General	District Attorney Trust	11,537
General	Highway	488
Total		$ 463,703

Interfund Transfers:

	Tranfer In				
	Primary Government			Component Unit	
	General Fund	Debt Service Fund	Nonmajor Governmental Funds	Emergency Communications District	Total
Transfer Out:					
Primary Government					
General Fund	$ -	-	377,116	255,968	633,084
Constitutional Officers	4,510,926	-	-	-	4,510,926
Total Transfers Out	$ 4,510,926	-	377,116	255,968	5,144,010

The purposes for the interfund transfers noted above were to fund operations and remit excess fees and commissions.

NOTE 13. JOINT VENTURES:

Johnson City and Washington County, Tennessee, jointly own an animal shelter operated by the Washington County-Johnson City Animal Control Center. Washington County is responsible for funding 50% of any deficits from operations. Washington County contributed $110,000 to the operations during the year ended June 30, 2005.

The Washington County-Johnson City Emergency Medical Services, Inc., - Ambulance Division receives revenue from Washington County and Johnson City, as well as patient billings. Washington County contributed $1,081,656 to the operations during the year ended June 30, 2005.

Washington County is responsible for funding at least 30% of operations of the Johnson City/Jonesborough/Washington County Economic Development Board, Inc. Washington County contributed $105,000 to the operations during the year ended June 30, 2005.

The Tri-City Airport is jointly owned and administered by Johnson City, Kingsport and Bristol, Tennessee, Bristol, Virginia and Washington and Sullivan County, Tennessee. Washington County is a 20 percent owner and is represented by three of the twelve commissioners.

Complete financial statements for each of the individual joint ventures may be obtained at the administrative offices of:

Animal Control Center
525 Sells Avenue
Johnson City, TN 37601

Tri-Cities Airport Commission
P.O. Box 1055
Blountville, TN 37617

Emergency Medical Services
East Main Street
Johnson City, TN 37601

Economic Development Board
603 East Market Street
Johnson City, TN 37601

Audited information for each of the above, as of June 30, 2005, is available at their respective administrative offices and is summarized below for each organization. All are presented on the accrual basis of accounting.

NOTE 13. JOINT VENTURES (CONTINUED):

	Washington County Johnson City Animal Control Center	Emergency Medical Services - Ambulance Division	Johnson City/ Jonesborough/ Washington County Economic Development Board, Inc.	Tri-City Airport Commission
Operating Revenues	$ 94,368	4,802,490	304,412	5,740,432
Operating Expenses	(368,730)	(5,626,480)	(319,361)	(5,333,989)
Depreciation	(19,837)	(259,702)	(5,428)	(2,282,141)
Amortization	-	-	-	(13,501)
Other Income (Expense)	269,860	1,565,738	7,056	482,993
Capital Contributions	-	-	-	2,672,004
Net Income(Loss) or Excess of Revenues and Other Sources over Expenditures Transferred to Fund Equity	(24,339)	482,046	(13,321)	1,265,798
Total Fund Equity, July 1	432,267	1,429,425	875,390	38,112,363
Prior Period Adjustments:				
Permanently Restricted Endowment	-	153,012	-	-
Total Fund Equity, June 30	$ 407,928	2,064,483	862,069	39,378,161
Total Assets	$ 456,749	3,194,955	873,462	51,505,639
Total Liabilities	48,821	1,130,472	11,393	12,127,478
Total Fund Equity	$ 407,928	2,064,483	862,069	39,378,161

NOTE 14. RISK MANAGEMENT ACTIVITIES:

The County has chosen to establish reserves for Unemployment Compensation, General Liability and Health Insurance for risks associated with the related expenses. Assets are set aside for claim settlements. The Unemployment Compensation Reserve is used to set aside funds for future unemployment claims. The General Liability Reserve is used to provide additional reserves for general liabilities of the County.

NOTE 14. RISK MANAGEMENT ACTIVITIES (CONTINUED):

Washington County carries insurance coverage through CIGNA Property & Casualty and Tennessee Board of Educations Liability Trust for all commercial property, general liability, automobile liability, loss of money, and miscellaneous contractors. Workman compensation insurance is carried through Jonesborough Insurance Agency. The County carries additional coverage for public officials and a dishonesty policy through Aetna Casualty & Surety. There was no reduction in insurance coverage from the prior year. During the past three years the settlements paid by the County for General Liabilities were as follows:

June 30, 2003	$ 5,135
June 30, 2004	110,797
June 30, 2005	664

In addition to the above insurance, the County provides medical insurance to full-time employees as well as post-employment health care benefits though a partially self-funded health insurance plan. Participants in the plan pay premiums as determined by the County to offset a portion of the cost of the plan. The County carries stop-loss insurance with an individual specific limit of $40,000. A reconciliation of claims for the year ended June 30, 2005 and 2004 are as follows:

	2005	2004
Claims Accrued at July 1	$ 1,681	3,186
Claims Incurred	234,424	215,137
Claims Paid	(236,075)	(216,642)
Claims Accrued at June 30	$ 30	1,681

NOTE 15. RETIREMENT PLAN:

Plan Description:

Employees of Washington County and WCECD 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 became 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 the Tennessee

NOTE 15. RETIREMENT PLAN (CONTINUED):

Plan Description (Continued):

Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Washington 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 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.

Funding Policy:

Both Washington County and WCECD have adopted a noncontributory retirement plan for their employees by assuming employee contributions up to 5.0 percent of annual covered payroll.

Washington County is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2005 was 12.87% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Washington County is established and may be amended by the TCRS Board of Trustees.

WCECD is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2005 was 10.23% of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for WCECD is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost:

For the year ending June 30, 2005, Washington County's annual pension cost of $2,382,010 to TCRS was equal to Washington County's required and actual contributions and WCECD's annual pension cost of $110,064 to TCRS was equal to WCECD'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 Social Security wage base, and (d) projected post retirement increases of 3.0 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. Washington 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 12 years for Washington County and 15 years for WCECD.

NOTE 15. RETIREMENT PLAN (CONTINUED):

Washington County

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	$ 2,382,010	100%	$ 0
June 30, 2004	$ 2,112,458	100%	$ 0
June 30, 2003	$ 2,048,900	100%	$ 0

Required Supplementary Information:

Schedule of Funding Progress for Washington County
(Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) (AAL) Actuarial Accrued Liability	(b) – (a) (UAAL) Unfunded AAL	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a % of Covered Payroll
July 1, 2003	$35,120	$39,876	$4,756	88.07%	$17,291	27.51%
July 1, 2001	$30,077	$35,630	$5,553	84.41%	$15,686	35.40%
July 1, 1999	$24,903	$29,109	$4,206	85.55%	$14,160	29.70%

WCECD

Trend Information

Fiscal Year Ending	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
June 30, 2005	$ 110,064	100%	$ 0
June 30, 2004	$ 84,869	100%	$ 0
June 30, 2003	$ 83,229	100%	$ 0

NOTE 15. RETIREMENT PLAN (CONTINUED):

Required Supplementary Information (Continued):

Schedule of Funding Progress for Washington County Emergency Communications District
(Dollar Amounts in Thousands)

Actuarial Valuation Date	(a) Actuarial Value of Assets	(b) (AAL) Actuarial Accrued Liability	(b) – (a) (UAAL) Unfunded AAL	(a/b) Funded Ratio	(c) Covered Payroll	((b-a)/c) UAAL as a % of Covered Payroll
July 1, 2003	$1,114	$ 1,368	$ 254	81.43%	$ 940	27.02%
July 1, 2001	$ 865	$ 1,134	$ 269	76.28%	$ 836	32.18%
July 1, 1999	$ 661	$ 793	$ 132	83.35%	$ 788	16.75%

Component Unit - Washington County Schools:

Plan Description:

The Washington County Schools contribute 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 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 the Tennessee Code Annotated (TCA). State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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.

NOTE 15. RETIREMENT PLAN (CONTINUED):

Component Unit - Washington County Schools (continued):

Funding Policy:

Most teachers are required by state statute to contribute 5.0% percent of salary to the plan. The employer contribution rate for Washington County Schools is established at an actuarially determined rate. The employer rate for the fiscal year ending June 30, 2005 was 5.50% of annual covered payroll. The employer contribution requirement for Washington County Schools is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ending June 30, 2005, 2004, and 2003 were $1,390,885, $790,602, and $760,382, respectively, equal to the required contributions for each year.

NOTE 16. CONTINGENT LIABILITIES:

The County is a defendant in various lawsuits. The outcome of these suits is not presently determinable, except for the lawsuit stated in Note 11, Long-Term Debt. However, it is the opinion of the County Attorney that the resolution of these matters will not have a material adverse effect on the financial condition of the County.

SECTION III

REQUIRED SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	$ 13,569,925	13,569,925	14,108,819	538,894
Licenses and Permits	334,000	336,000	400,637	64,637
Fines, Forfeitures and Penalties	273,000	273,000	355,138	82,138
Charges for Current Services	545,800	545,800	562,941	17,141
Other Local Revenues	260,130	261,130	449,234	188,104
Revenue from State of Tennessee	3,151,348	3,316,890	3,407,605	90,715
Revenue from Federal Government	99,123	351,901	567,132	215,231
Revenue from Other Governments and Citizens Groups	460,000	462,610	741,073	278,463
Total Revenues	18,693,326	19,117,256	20,592,579	1,475,323
Expenditures and Encumbrances:				
County Commission	$ 166,883	168,383	163,110	5,273
Boards and Committees	500	500	13,166	(12,666)
Board of Equalization	18,030	18,030	-	18,030
County Executive	158,153	158,153	155,272	2,881
County Attorney	30,564	30,564	29,507	1,057
Election Commission	490,630	490,630	398,244	92,386
Register of Deeds	417,492	426,492	381,235	45,257
Planning and Zoning	29,450	29,450	29,939	(489)
Codes Compliance	184,669	184,669	171,879	12,790
County Building	50,100	50,100	26,094	24,006
Other General Administration	1,895,512	1,981,312	1,708,765	272,547
Accounting and Budgeting	249,943	249,943	229,983	19,960
Purchasing	131,594	131,594	129,352	2,242
Property Assessor	436,997	436,997	361,291	75,706
Reappraisal Program	309,273	329,273	249,436	79,837
Trustee	373,268	373,268	301,771	71,497
County Clerk	714,916	714,916	688,464	26,452
Circuit Court	1,114,801	1,114,801	1,056,367	58,434
Chancery Court	411,499	413,610	345,877	67,733
Attorney General	23,663	23,663	7,925	15,738
Judicial Court	472,673	472,673	408,158	64,515
Sheriff's Department	4,127,413	4,175,222	3,937,154	238,068
Substance Abuse Grant	133,318	133,318	133,314	4
Jail	4,489,203	4,663,089	4,333,241	329,848
Juvenile Services	384,780	420,780	395,874	24,906
Work Release Program	19,887	19,887	20,748	(861)
Federal Asset Forfeiture	-	10,000	7,060	2,940
Public Safety Other	303,959	303,959	-	303,959
Fire Protection and Control	830,000	830,000	830,000	-
Civil Defense	45,000	45,080	269,890	(224,810)
Rescue Squad	74,300	74,300	74,300	-
County Coroner	83,133	83,133	84,177	(1,044)
School Resource Officer	59,720	59,720	56,449	3,271

(Continued)

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis)	Variance with Final Budget- Favorable
Expenditures and Encumbrances (Continued):	Original	Final	(See Note A)	(Unfavorable)
RSAT Expansion Grant	33,367	34,967	34,914	53
Public Safety Grant - Optional Safety Prog	-	41,000	62,554	(21,554)
LLEBG Grant	13,836	26,273	17,078	9,195
County Health Center	801,651	806,651	676,456	130,195
Health Center Grant	565,882	565,882	535,827	30,055
Rabies and Animal Control	110,000	110,000	110,000	-
Ambulance Service	1,081,656	1,081,656	1,081,656	-
Alcohol and Drug Programs	12,205	12,205	9,039	3,166
Regional Mental Health Center	65,250	70,250	70,250	-
Public Welfare	92,000	92,000	88,600	3,400
Aid to Dependent Children	5,000	5,000	5,000	-
County Farm	15,000	15,000	10,898	4,102
Litter Grant	55,576	55,576	51,384	4,192
Senior Citizen's Assistance	71,213	71,213	71,213	-
Libraries	100,000	100,000	100,000	-
Social, Cultural and Recreational	60,000	160,000	160,000	-
Agriculture Extension Service	182,032	182,032	164,285	17,747
Forest Service	1,500	1,500	1,500	-
Soil Conservation	39,785	39,785	39,734	51
Storm Water Management	28,500	28,500	23,935	4,565
Cannery	19,035	19,035	15,264	3,771
Economic and Community Development	111,971	111,971	111,971	-
Transportation	35,285	35,285	35,285	-
Contributions to Other Agencies	34,200	34,200	30,786	3,414
Employee Benefits	2,510,000	2,510,000	2,426,293	83,707
Judgments	25,000	25,000	664	24,336
Capital Outlay	396,400	787,020	617,643	169,377
Total Expenditures and Encumbrances	$ 24,697,667	25,639,510	23,550,271	2,089,239
Other Financing Sources (Uses):				
Transfer to Library Fund	(377,116)	(377,116)	(377,116)	-
Transfer from Constitutional Officers - Fees Fund	3,840,000	3,840,000	4,510,926	670,926
Transfer to Component Unit	-	-	(255,968)	(255,968)
Total Other Financing Sources (Uses)	3,462,884	3,462,884	3,877,842	414,958
Excess of Revenues and Other Sources Over(Under) Expenditures, Encumbrances and Other Uses	(2,541,457)	(3,059,370)	920,150	3,979,520
Fund Balance, July 1, 2004	11,251,012	11,251,012	11,251,012	-
Fund Balance, June 30, 2005	$ 8,709,555	8,191,642	12,171,162	3,979,520

See Independent Auditors' Report

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

		Budget to GAAP Differences (1)		
	Actual Budgetary Basis	Less: Encumbrances 6/30/2005	Add: Encumbrances 6/30/2004	Actual GAAP Basis
Total Revenues	$ 20,592,579	-	-	20,592,579
Expenditures:				
County Commission	163,110	-	-	163,110
Boards and Committees	13,166	-	-	13,166
County Executive	155,272	-	-	155,272
County Attorney	29,507	-	-	29,507
Election Commission	398,244	-	-	398,244
Register of Deeds	381,235	-	-	381,235
Planning and Zoning	29,939	-	-	29,939
Codes Compliance	171,879	-	-	171,879
County Building	26,094	-	500	26,594
Other General Administration	1,708,765	92,134	98,856	1,715,487
Accounting and Budgeting	229,983	-	-	229,983
Purchasing	129,352	-	-	129,352
Property Assessor	361,291	50	-	361,241
Reappraisal Program	249,436	-	-	249,436
Trustee	301,771	-	-	301,771
County Clerk	688,464	-	-	688,464
Circuit Court	1,056,367	3,180	650	1,053,837
Chancery Court	345,877	3,206	4,712	347,383
Attorney General	7,925	-	-	7,925
Judicial Court	408,158	809	-	407,349
Sheriff's Department	3,937,154	15,720	36,349	3,957,783
Substance Abuse Grant	133,314	-	-	133,314
Jail	4,333,241	18,000	17,504	4,332,745
Juvenile Services	395,874	4,509	-	391,365
Work Release Program	20,748	-	-	20,748
Federal Asset Forfeiture	7,060	3,406	-	3,654
Fire Protection and Control	830,000	-	-	830,000
Civil Defense	269,890	-	-	269,890
Rescue Squad	74,300	-	-	74,300
County Coroner	84,177	-	-	84,177
School Resource Officer	56,449	-	-	56,449
RSAT Expansion Grant	34,914	-	-	34,914
Public Safety Grant - Opt. Safety Prog.	62,554	-	-	62,554
LLEBG Grant	17,078	3,142	-	13,936
County Health Center	676,456	507	739	676,688
Health Center Grant	535,827	-	2,211	538,038
Rabies and Animal Control	110,000	-	-	110,000
Ambulance Service	1,081,656	-	-	1,081,656

(Continued)

WASHINGTON COUNTY, TENNESSEE
GENERAL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures (continued).

		Budget to GAAP Differences (1)		
	Actual Budgetary Basis	Less: Encumbrances 6/30/2005	Add: Encumbrances 6/30/2004	Actual GAAP Basis
Expenditures (continued):				
Alcohol and Drug Programs	9,039	-	-	9,039
Regional Mental Health Center	70,250	-	-	70,250
Public Welfare	88,600	-	-	88,600
Aid to Dependent Children	5,000	-	-	5,000
County Farm	10,898	-	-	10,898
Litter Grant	51,384	-	-	51,384
Senior Citizen's Assistance	71,213	-	-	71,213
Libraries	100,000	-	-	100,000
Social, Cultural and Recreational	160,000	-	-	160,000
Agriculture Extension Service	164,285	-	-	164,285
Forest Service	1,500	-	-	1,500
Soil Conservation	39,734	-	-	39,734
Storm Water Management	23,935	-	-	23,935
Cannery	15,264	-	-	15,264
Economic and Community Development	111,971	-	-	111,971
Transportation	35,285	-	-	35,285
Contributions to Other Agencies	30,786	-	-	30,786
Employee Benefits	2,426,293	-	-	2,426,293
Judgments	664	-	-	664
Capital Outlay	617,643	35,889	-	581,754
Total Expenditures	23,550,271	180,552	161,521	23,531,240
Total Other Financing Sources(Uses)	3,877,842	-	-	3,877,842
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	920,150	180,552	(161,521)	939,181
Fund Balance, July 1, 2004	11,251,012	-	161,521	11,412,533
Fund Balance, June 30, 2005	$ 12,171,162	180,552	0	12,351,714

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
HIGHWAY FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual Amounts (Budgetary Basis) (See Note A)	Variance with Final Budget- Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	$ 2,922,350	2,922,350	2,576,043	(346,307)
Licenses and Permits	1,000	1,000	630	(370)
Charges for Current Services	100,000	100,000	68,082	(31,918)
Other Local Revenue	181,000	181,000	402,941	221,941
Revenue from State of Tennessee	2,842,971	2,842,971	2,945,500	102,529
Revenue from Federal Government	95,000	95,000	199,323	104,323
Total Revenues	6,142,321	6,142,321	6,192,519	50,198
Expenditures and Encumbrances:				
Administration	558,495	567,181	540,014	27,167
Highway and Bridge Maintenance	2,056,947	2,055,947	1,855,073	200,874
Operation and Maintenance of Equipment	695,520	696,520	680,580	15,940
Asphalt Plant Operations	2,279,673	2,355,987	2,083,282	272,705
Other Charges	90,000	90,000	189,222	(99,222)
Employee Benefits	655,200	655,200	712,976	(57,776)
Capital Outlay	307,482	780,480	660,556	119,924
Total Expenditures and Encumbrances	6,643,317	7,201,315	6,721,703	479,612
Excess of Revenues and Other Financing Sources Over (Under) Expenditures, Encumbrances and Other Financing Uses	(500,996)	(1,058,994)	(529,184)	529,810
Fund Balance, July 1, 2004	3,582,508	3,582,508	3,582,508	-
Fund Balance, June 30, 2005	$ 3,081,512	2,523,514	3,053,324	529,810

(Continued)

WASHINGTON COUNTY, TENNESSEE
HIGHWAY FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

		Budget to GAAP Differences (1)		
	Actual Budgetary Basis	Less: Encumbrances 6/30/2005	Add: Encumbrances 6/30/2004	Actual GAAP Basis
Total Revenues	$ 6,192,519	0	0	6,192,519
Expenditures:				
Administration	540,014	-	-	540,014
Highway and Bridge Maintenance	1,855,073	-	-	1,855,073
Operation and Maintenance of Equipment	680,580	-	-	680,580
Asphalt Plant Operations	2,083,282	-	-	2,083,282
Other Charges	189,222	-	-	189,222
Employee Benefits	712,976	-	-	712,976
Capital Outlay	660,556	130,950	343,182	872,788
Total Expenditures	6,721,703	130,950	343,182	6,933,935
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(529,184)	130,950	(343,182)	(741,416)
Fund Balance, July 1, 2004	3,582,508	-	343,182	3,925,690
Fund Balance, June 30, 2005	$ 3,053,324	130,950	0	3,184,274

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

See Independent Auditors' Report.

SECTION IV

SUPPLEMENTARY INFORMATION

WASHINGTON COUNTY, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING BALANCE SHEET
June 30, 2005

	Special Revenue Funds						Total
	Solid Waste/ Sanitation Fund	Library Fund	Drug Fines Fund	District Attorney General	Total	Capital Projects Fund	Nonmajor Governmental Funds
Assets:							
Equity in Pooled Cash and Deposits	$ 561,172	110,588	187,203	16,686	875,649	559,747	1,435,396
Due from State of Tennessee	62,475	-	-	-	62,475	-	62,475
Due from Other Local Governments	10,172	-	-	-	10,172	-	10,172
Due from Others	28,528	145	130	-	28,803	-	28,803
Taxes Receivable	1,075,861	-	-	-	1,075,861	-	1,075,861
Allowance for Uncollectibles	(8,270)	-	-	-	(8,270)	-	(8,270)
Total Assets	1,729,938	110,733	187,333	16,686	2,044,690	559,747	2,604,437
Liabilities:							
Accounts Payable	774	587	9,652	-	11,013	-	11,013
Accrued Expenses	23,058	15,102	-	-	38,160	-	38,160
Due to Other Funds	9,472	-	-	11,537	21,009	-	21,009
Deferred Revenues	1,074,722	-	-	-	1,074,722	-	1,074,722
Total Liabilities	1,108,026	15,689	9,652	11,537	1,144,904	-	1,144,904
Fund Equity:							
Reserved for:							
Encumbrances	16,680	-	43,782	-	60,462	203,000	263,462
Public Safety	-	-	7,578	-	7,578	-	7,578
Unreserved, designated for, reported in:							
Special Revenue Funds	-	-	-	-	-	336,822	336,822
Unreserved, undesignated for, reported in:							
Special Revenue Funds	605,232	95,044	126,321	5,149	831,746	19,925	851,671
Total Fund Equity	621,912	95,044	177,681	5,149	899,786	559,747	1,459,533
Total Liabilities and Fund Equity	$ 1,729,938	110,733	187,333	16,686	2,044,690	559,747	2,604,437

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
NONMAJOR GOVERNMENTAL FUNDS
COMBINING STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
For the Fiscal Year Ended June 30, 2005

	Special Revenue Funds						Total
	Solid Waste/ Sanitation Fund	Library Fund	Drug Fines Fund	District Attorney General	Total	Capital Projects Fund	Nonmajor Governmental Funds
Revenues:							
Taxes	$ 1,050,463	-	-	-	1,050,463	-	1,050,463
Licenses and Permits	188	-	-	-	188	-	188
Fines, Forfeitures and Penalties	-	6,709	40,651	19,035	66,395	-	66,395
Charges for Current Services	142,461	6,787	-	-	149,248	-	149,248
Other Local Revenues	108,465	4,992	25,159	75	138,691	7,952	146,643
Revenue from State of Tennessee	272,954	-	-	-	272,954	-	272,954
Revenue from Other Governments and Citizens Groups	-	7,000	-	-	7,000	-	7,000
Total Revenues	1,574,531	25,488	65,810	19,110	1,684,939	7,952	1,692,891
Expenditures:							
General Government	-	-	35,192	24,029	59,221	679	59,900
Library	-	355,385	-	-	355,385	-	355,385
Sanitation	1,442,172	-	-	-	1,442,172	-	1,442,172
Capital Outlay	22,823	-	25,645	-	48,468	19,170	67,638
Total Expenditures	1,464,995	355,385	60,837	24,029	1,905,246	19,849	1,925,095
Other Financing Sources (Uses):							
Note Proceeds	-	-	-	-	-	203,000	203,000
Transfers from Other Funds	-	377,116	-	-	377,116	-	377,116
Total Other Financing Sources (Uses)	-	377,116	-	-	377,116	203,000	580,116
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	109,536	47,219	4,973	(4,919)	156,809	191,103	347,912
Fund Balance, July 1, 2004	512,376	47,825	172,708	10,068	742,977	368,644	1,111,621
Fund Balance, June 30, 2005	$ 621,912	95,044	177,681	5,149	899,786	559,747	1,459,533

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Functions/Programs	Expenses	PROGRAM REVENUES: Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	NET (EXPENSES) REVENUES AND CHANGES IN NET ASSETS: Board of Education Governmental Activities
Component Unit					
Governmental Activities:					
Regular Instruction	$ 31,495,994	9,275	2,602,882	-	(28,883,837)
Special Education	4,933,718	-	1,689,076	-	(3,244,642)
Vocational Education	1,904,753	-	173,753	-	(1,731,000)
Adult Education	7,397	3,593	-	-	(3,804)
Attendance	95,268	-	-	-	(95,268)
Health Services	589,624	-	78,187	-	(511,437)
Other Student Support	936,988	-	49,730	-	(887,258)
Board of Education	930,385	-	-	-	(930,385)
Office of the Director	486,430	-	-	-	(486,430)
Office of the Principal	2,356,129	-	6,524	-	(2,349,605)
Fiscal Services	156,834	-	-	-	(156,834)
Operation of Plant	2,805,213	3,403	-	-	(2,801,810)
Maintenance of Plant	1,308,074	-	-	-	(1,308,074)
Transportation	2,266,442	-	-	-	(2,266,442)
Central and Other	141,621	-	33,000	-	(108,621)
Food Service	3,058,080	1,460,878	1,606,204	-	9,002
Community Service	398,725	431,656	-	-	32,931
Depreciation - All unallocated	2,735,719	-	-	-	(2,735,719)
Total Governmental Activities	56,607,394	1,908,805	6,239,356	0	(48,459,233)

General Revenues:	
Taxes:	
Property Taxes	9,350,737
In Lieu of Taxes	160,696
Sales Taxes	12,183,547
Business Taxes	319,688
Miscellaneous	128,568
Other Local Governments	70,967
State Aid	24,621,037
Unrestricted Investment Earnings	232,442
Special Item - Damages Recovered from Individuals	6,791
Total General Revenues, special items and transfers	47,074,473
Change in Net Assets	(1,384,760)
Net Assets - Beginning	52,020,357
Net Assets - Ending	$ 50,635,597

The Notes to the Financial Statements are an Integral Part of this statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
BALANCE SHEET
GOVERNMENTAL FUNDS
June 30, 2005

	Washington County Board of Education			
	General Purpose School Fund	School Federal Projects Fund	School Food Service Fund	Total Washington County Board of Education
Assets:				
Equity in Pooled Cash and Deposits	$ 3,356,827	(342,386)	-	3,014,441
Cash and Deposits	-	-	604,469	604,469
Accounts Receivable:				
Due from State of TN	324,839	350	-	325,189
Due from Federal Government	18,261	343,001	138,741	500,003
Due from Other Funds	-	3	-	3
Sales Tax Receivable	1,985,607	-	-	1,985,607
Inventory - Food Service	-	-	134,039	134,039
Taxes Receivable	10,060,717	-	-	10,060,717
Allowance for Uncollectibles	(10,642)	-	-	(10,642)
Total Assets	15,735,609	968	877,249	16,613,826
Liabilities and Fund Equity:				
Liabilities:				
Accounts Payable	363,748	-	-	363,748
Accrued Expenses	-	-	1,066	1,066
Deferred Revenues	10,050,075	-	-	10,050,075
Due to Other Funds	3	-	-	3
Total Liabilities	10,413,826	-	1,066	10,414,892
Fund Equity:				
Reserved for Encumbrances	459,718	968	-	460,686
Reserved for Inventory	-	-	157,938	157,938
Reserved for Special Projects	1,108,033	-	-	1,108,033
Unreserved	3,754,032	-	718,245	4,472,277
Total Fund Equity	5,321,783	968	876,183	6,198,934
Total Liabilities and Fund Equity	$ 15,735,609	968	877,249	16,613,826

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
RECONCILIATION OF THE BALANCE SHEET OF
GOVERNMENTAL FUNDS TO THE STATEMENT OF NET ASSETS
June 30, 2005

Total Fund Balances - Governmental Funds	6,198,934
Amounts reported for governmental activities in the statement of net assets are different because:	
Capital assets used in governmental activities are not financial resources and; therefore, are not reported as assets in governmental funds. The cost of the assets is $70,602,976 and the accumulated depreciation is $26,580,258.	44,022,718
Taxes receivable will be collected this year, but are not available soon enough to pay for the current period's expenditures and; therefore, are deferred in the funds.	521,449
Long-term liabilities are not due and payable in the current period and; therefore, are not reported as liabilities in the funds. Long-term liabilities at year end consist of compensated absences.	(107,504)
Total Net Assets - Governmental Activities	$ 50,635,597

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES
GOVERNMENTAL FUNDS
For the Fiscal Year Ended June 30, 2005

	Washington County Board of Education			
	General Purpose School Fund	School Federal Projects Fund	School Food Service Fund	Total Washington County Board of Education
Revenues:				
Taxes	$ 21,930,051	-	-	21,930,051
Licenses and Permits	1,963	-	-	1,963
Fines, Forfeitures and Penalties	61,716	-	-	61,716
Charges for Current Services	450,811	-	1,460,879	1,911,690
Other Local Revenue	315,524	-	196	315,720
Revenue from State of Tennessee	25,531,193	-	-	25,531,193
Revenue from Federal Government	135,045	3,617,055	1,606,204	5,358,304
Total Revenues	48,426,303	3,617,055	3,067,279	55,110,637
Expenditures:				
Regular Instruction	29,688,489	1,822,999	-	31,511,488
Special Education	3,616,554	1,330,289	-	4,946,843
Vocational Education	1,794,310	111,348	-	1,905,658
Adult Education	7,397	-	-	7,397
Attendance	95,268	-	-	95,268
Health Services	589,624	-	-	589,624
Other Student Support	856,215	80,773	-	936,988
Board of Education	930,385	-	-	930,385
Office of the Director	486,430	-	-	486,430
Office of the Principal	2,356,129	-	-	2,356,129
Fiscal Services	156,834	-	-	156,834
Operation of Plant	2,805,213	-	-	2,805,213
Maintenance of Plant	1,308,074	-	-	1,308,074
Transportation	2,016,999	249,443	-	2,266,442
Central and Other	141,621	-	-	141,621
Food Service	249,201	-	2,808,879	3,058,080
Community Service	398,725	-	-	398,725
Capital Outlay	602,683	26,430	37,000	666,113
Total Expenditures	48,100,151	3,621,282	2,845,879	54,567,312
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	326,152	(4,227)	221,400	543,325
Fund Balance, July 1, 2004	4,995,631	5,195	654,783	5,655,609
Fund Balance, June 30, 2005	$ 5,321,783	968	876,183	6,198,934

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
RECONCILIATION OF THE STATEMENT OF REVENUES, EXPENDITURES AND CHANGES IN FUND BALANCES OF GOVERNMENTAL FUNDS TO THE STATEMENT OF ACTIVITIES
For the Fiscal Year Ended June 30, 2005

Total Net Change in Fund Balances - Governmental Funds	$ 543,325
Amounts reported for governmental activities in the statement of activities are different because:	
Capital outlays are reported in governmental funds as expenditures. However, in the statement of activities, the costs of those assets are allocated over their estimated useful lives as depreciation expense. This is the amount by which capital outlays $666,113 are exceeded by depreciation ($2,735,719) for the period.	(2,069,606)
The net effect of various miscellaneous transactions involving capital assets (i.e. abandonment) is to decrease net assets.	(3,418)
Because some property taxes will not be collected for several months after the district's fiscal year ends, they are not considered "available" revenues and are deferred in the governmental funds. Deferred tax revenues decreased by this amount for the current year.	140,154
In the statement of activities compensated absences are measured by the amounts earned during the year. In the governmental funds; however, expenditures for these items are measured by the amount of financial resources used. Compensated absences expended for the current year were greater than the amount earned.	4,785
Change in Net Assets of Governmental Activities	$ (1,384,760)

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
GENERAL PURPOSE SCHOOL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

	Budgeted Amounts		Actual (Budgetary Basis) (See Note A)	Variance with Final Budget - Favorable (Unfavorable)
	Original	Final		
Revenues:				
Taxes	$ 20,870,663	21,853,922	21,930,051	76,129
Licenses and Permits	1,840	1,900	1,963	63
Fines, Forfeitures and Penalties	61,600	61,980	61,716	(264)
Charges for Current Services	440,500	452,809	450,811	(1,998)
Other Local Revenue	170,275	247,300	315,524	68,224
Revenue from State of Tennessee	25,059,440	25,569,714	25,531,193	(38,521)
Revenue from Federal Government	145,059	145,059	135,045	(10,014)
Amounts Available for Appropriation	46,749,377	48,332,684	48,426,303	93,619
Expenditures:				
Regular Instruction	28,998,325	29,723,375	29,625,231	98,144
Special Education Program	3,606,190	3,659,683	3,616,554	43,129
Vocational Education Program	1,796,878	1,803,414	1,793,810	9,604
Adult Education Program	4,000	7,655	7,397	258
Attendance	93,612	95,451	95,268	183
Health Services	605,523	593,839	590,580	3,259
Other Student Services	874,680	877,589	856,215	21,374
Board of Education	919,981	952,595	930,385	22,210
Office of Director	499,078	501,204	486,430	14,774
Office of Principal	2,274,763	2,357,812	2,356,129	1,683
Fiscal Services	156,855	158,679	156,834	1,845
Operation of Plant	2,837,930	2,860,605	2,805,213	55,392
Maintenance of Plant	1,386,121	1,542,589	1,295,735	246,854
Transportation	1,812,871	2,069,781	2,045,417	24,364
Central and Other	137,642	144,392	141,291	3,101
Food Service	235,382	249,821	249,201	620
Community Service	420,478	432,309	399,195	33,114
Capital Outlay	455,282	753,468	728,908	24,560
Total Expenditures	47,115,591	48,784,261	48,179,793	604,468
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	(366,214)	(451,577)	246,510	698,087
Fund Balance, July 1, 2004	4,615,555	4,615,555	4,615,555	-
Fund Balance, June 30, 2005	$ 4,249,341	4,163,978	4,862,065	698,087

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
COMPONENT UNIT - BOARD OF EDUCATION
GENERAL PURPOSE SCHOOL FUND
BUDGETARY COMPARISON SCHEDULE
For the Fiscal Year Ended June 30, 2005

Note A-Explanation of Differences between Budgetary Expenditures and GAAP Expenditures.

	Budget to GAAP Differences (1)			
	Actual Budgetary Basis	Less: Encumbrances 6/30/2005	Add: Encumbrances 6/30/2004	Actual GAAP Basis
Total Revenues	$ 48,426,303	-	-	$ 48,426,303
Expenditures:				
Regular Instruction	29,625,231	266,038	329,296	29,688,489
Special Education Program	3,616,554	-	-	3,616,554
Vocational Education Program	1,793,810	-	500	1,794,310
Adult Education Program	7,397	-	-	7,397
Attendance	95,268	-	-	95,268
Health Services	590,580	956	-	589,624
Other Student Services	856,215	-	-	856,215
Board of Education	930,385	-	-	930,385
Office of Director	486,430	-	-	486,430
Office of Principal	2,356,129	-	-	2,356,129
Fiscal Services	156,834	-	-	156,834
Operation of Plant	2,805,213	-	-	2,805,213
Maintenance of Plant	1,295,735	37,456	49,795	1,308,074
Transportation	2,045,417	28,563	145	2,016,999
Central and Other	141,291	-	330	141,621
Food Service	249,201	-	-	249,201
Community Service	399,195	480	10	398,725
Capital Outlay	728,908	126,225	-	602,683
Total Expenditures	48,179,793	459,718	380,076	48,100,151
Excess of Revenues and Other Financing Sources Over (Under) Expenditures and Other Financing Uses	246,510	459,718	(380,076)	326,152
Fund Balance, July 1, 2004	4,615,555	-	380,076	4,995,631
Fund Balance, June 30, 2005	$ 4,862,065	459,718	0	5,321,783

(1) Encumbrances for equipment and supplies ordered but not received are reported in the year the orders are placed for budgetary purposes, but are reported in the year the equipment and supplies are received for GAAP purposes.

The Notes to the Financial Statements are an Integral Part of this Statement.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT AND OTHER NOTES PAYABLE
For the Fiscal Year Ended June 30, 2005

Description of Indebtedness	Creditor	Authority	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2004	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2005	Anticipated Source of Revenue
Notes Payable											
Payable Through Debt Service Fund:											
Note - General Projects Industrial Park Land	Mary Goings	Sections 5-10-501 to 5-10-509, T.C.A.	$1,086,604	5.00%	3/13/1999	3/13/2009	481,204	-	100,900	380,304	Ad Valorem
02 Series Refunding Capital Outlay	JP Morgan	Sections 5-10-501 to 5-10-509, T.C.A.	8,880,000	4.00%	2/1/2002	2/1/2008	5,175,000	-	1,740,000	3,435,000	Ad Valorem
Highway Department Capital Outlay	Suntrust	Sections 5-10-501 to 5-10-509, T.C.A.	338,720	3.69%	3/4/2002	3/4/2007	203,232	-	67,744	135,488	Ad Valorem
Highway Department Capital Outlay	First TN Bank	Sections 5-10-501 to 5-10-509, T.C.A.	211,000	3.05%	3/25/2003	3/25/2010	180,900	-	30,100	150,800	Ad Valorem

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT AND OTHER NOTES PAYABLE
For the Fiscal Year Ended June 30, 2005

Description of Indebtedness	Creditor	Authority	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2004	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2005	Anticipated Source of Revenue
Notes Payable (continued)											
Sheriff Department Capital Outlay	First TN Bank	Sections 5-10-501 to 5-10-509, T.C.A.	225,000	2.55%	11/14/2002	11/14/2005	150,000	-	75,000	75,000	Ad Valorem
Board of Education Capital Outlay	Suntrust	Sections 5-10-501 to 5-10-509, T.C.A.	4,742,000	1.40% 3.80%	4/29/2003	4/29/2015	4,347,000	-	395,000	3,952,000	Ad Valorem
Solid Waste Department Capital Outlay	First TN Bank	Sections 5-10-501 to 5-10-509, T.C.A.	101,000	2.30%	11/14/2003	11/14/2006	101,000	-	33,700	67,300	Ad Valorem
Highway Department Capital Outlay	Suntrust	Sections 5-10-501 to 5-10-509, T.C.A.	203,000	2.75% 3.10%	1/27/2005	1/27/2008	-	203,000	-	203,000	Ad Valorem
Total Notes Payable - Payable Through Debt Service Fund							$10,638,336	203,000	2,442,444	8,398,892	

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF CHANGES IN GENERAL LONG-TERM DEBT AND OTHER NOTES PAYABLE
For the Fiscal Year Ended June 30, 2005

Description of Indebtedness	Authority	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7/1/2004	Issued During Period	Paid and/or Matured During Period	Outstanding 6/30/2005	Anticipated Source of Revenue
General Bonded Debt										
Payable Through County Trustee:										
School Bonds	Section 9-21-901 to 9-21-909, T.C.A	$ 7,400,000	4.80% 5.00%	4/1/1998	1/1/2018	7,400,000	-	7,400,000	-	Ad Valorem
School Bonds	Section 9-21-901 to 9-21-909, T.C.A.	4,800,000	4.40% 4.70%	5/1/1998	5/1/2013	4,800,000	-	4,200,000	600,000	Ad Valorem
School Bonds (1999)	Section 9-21-901 to 9-21-909, T.C.A.	8,100,000	4.90% 5.20%	10/21/1999	10/21/2018	6,750,000	-	4,150,000	2,600,000	Ad Valorem
School Bonds (1999)	Section 9-21-901 to 9-21-909, T.C.A.	8,100,000	3.55% 5.50%	3/1/1999	3/1/2013	8,100,000	-	5,150,000	2,950,000	Ad Valorem
School Bonds (2000)	Section 9-21-901 to 9-21-909, T.C.A.	6,100,000	4.50% 4.875%	12/1/2000	10/1/2015	5,350,000	-	250,000	5,100,000	Ad Valorem
2002 Series GO Refunding	Section 9-21-901 to 9-21-909, T.C.A.	3,680,000	3.50%	2/1/2002	2/1/2007	2,290,000	-	735,000	1,555,000	Ad Valorem
School Bonds (2004)	Section 9-21-901 to 9-21-909, T.C.A.	19,700,000	2.70% 5.00%	9/15/2004	6/30/2018	-	19,700,000	-	19,700,000	Ad Valorem
Total General Bonded Debt - Payable Through County Trustee						$ 34,690,000	19,700,000	21,885,000	32,505,000	

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF ACCOUNTS RECEIVABLE - PRIMARY GOVERNMENT - ALL FUNDS
June 30, 2005

	County General Fund	Highway Fund	Solid Waste/ Sanitation Fund	Library	Drug Fines Fund	Debt Service Fund	Agency Funds	Total
Due from State of Tennessee:								
Waste Tire Reimbursement	$ -	-	62,475	-	-	-	-	62,475
Litter Grant	22,019	-	-	-	-	-	-	22,019
Health Department Grant	213,200	-	-	-	-	-	-	213,200
WCHD Grant	363	-	-	-	-	-	-	363
Prisoner Board	138,450	-	-	-	-	-	-	138,450
RSAT Grant	40,287	-	-	-	-	-	-	40,287
Law Enforcement Grants	-	-	-	-	-	-	20,478	20,478
Homeland Security	222,359	-	-	-	-	-	-	222,359
Bush Hog Traffic Light	26,486	-	-	-	-	-	-	26,486
Utility Vehicles	18,700	-	-	-	-	-	-	18,700
SRO Grant	10,478	-	-	-	-	-	-	10,478
TEMA	204,070	-	-	-	-	-	-	204,070
TVA	-	12,148	-	-	-	-	-	12,148
Supplement Pay	33,715	-	-	-	-	-	-	33,715
Salary	4,095	-	-	-	-	-	-	4,095
Unclaimed Property	118,593	-	-	-	-	-	-	118,593
HIDTA Grant	1,471	-	-	-	-	-	-	1,471
Miscellaneous	300	-	-	-	-	-	-	300
Total Due from State of Tennessee	1,054,586	12,148	62,475	0	0	0	20,478	1,149,687
Due from Federal Government:								
Prisoner Board	126,420	-	-	-	-	-	-	126,420
Total Due from Federal Government	126,420	0	0	0	0	0	0	126,420
Due from Local Government:								
Due from Johnson City	67,981	-	-	-	-	-	-	67,981
Due from Jonesborough	4,164	210	-	-	-	-	-	4,374
Due from Other Local Govt's	-	-	10,172	-	-	-	-	10,172
Total Due from Local Government	72,145	210	10,172	0	0	0	0	82,527
Due from Others:								
Miscellaneous	33,084	1,801	28,528	145	130	4,125	23,272	91,085
Total Due from Others	33,084	1,801	28,528	145	130	4,125	23,272	91,085
Total Accounts Receivable	$ 1,286,235	14,159	101,175	145	130	4,125	43,750	1,449,719

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF ACCOUNTS RECEIVABLE - COMPONENT UNITS - ALL FUNDS
June 30, 2005

	General Purpose School Fund	Total School Federal Projects Fund	School Food Service Fund	Washington County Emergency Communications District	Component Units
Due from State of Tennessee:					
Department of Education	$ 324,839	350	-	-	325,189
Total Due from State of Tennessee	324,839	350	0	0	325,189
Due from Federal Government:					
Federal Projects	-	343,001	-	-	343,001
R.O.T.C. Funds	18,261	-	-	-	18,261
U.S.D.A.	-	-	138,741	-	138,741
Total Due from Federal Government	18,261	343,001	138,741	0	500,003
Due from Others:					
Miscellaneous	-	-	-	87,842	87,842
Total Due from Others	0	0	0	87,842	87,842
Total Accounts Receivable	$ 343,100	343,351	138,741	87,842	913,034

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF TRANSFERS - ALL FUNDS
For the Fiscal Year Ended June 30, 2005

From Fund	To Fund	Purpose	Amount
Operating Transfers			
General	Library	To provide funds for operations	$ 377,116
Constitutional Officers - Fees Fund	General Fund	Excess fees and commissions	4,510,926
General Fund	Component Unit- Washington County Emergency Comm. District	To provide funds for operations	255,968
Total Operating Transfers			$ 5,144,010

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF SALARIES AND OFFICIAL BONDS OF PRINCIPAL OFFICIALS
For the Fiscal Year Ended June 30, 2005

	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, T.C.A.	$80,001	50,000	Traveler's Property & Casualty
Highway Superintendent	Section 54-7-106, T.C.A.	69,265	100,000	United States Fidelity & Guaranty Company
Director of Schools	Minimum Salary - State Board of Education Schedule plus local supplement to comply with Southern Association of Schools Requirements	102,082	100,000	Western Surety Company
Trustee	Section 8-24-102, T.C.A.	62,969	1,631,900	Traveler's Property & Casualty
Assessor of Property	Section 8-24-102, T.C.A.	62,969	10,000	Jonesborough Insurance Agency
County Clerk	Section 8-24-102, T.C.A.	62,969	50,000	Traveler's Property & Casualty
Circuit Court Clerk	Section 8-24-102, T.C.A.	62,969	50,000	Traveler's Property & Casualty
Clerk and Master	Section 8-24-102, T.C.A.	62,969	60,000	Traveler's Property & Casualty
Register	Section 8-24-102, T.C.A.	62,969	25,000	Traveler's Property & Casualty
Sheriff	Section 8-24-102, T.C.A. Section 8-24-111, T.C.A.	69,265 6,926	25,000	Traveler's Property & Casualty

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Source	County General	Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Primary Government (Memorandum Only)	Total Component Units	Total Reporting Entity (Memorandum Only)
Taxes:							
Current Property Taxes	$ 11,914,074	3,176,891	-	4,312,131	19,403,096	8,754,374	28,157,470
Taxes Prior Years:							
Trustee	424,049	137,189	-	168,530	729,768	285,389	1,015,157
Clerk and Master	135,045	43,316	-	53,076	231,437	87,732	319,169
Interest and Penalty	127,195	40,697	-	49,941	217,833	83,088	300,921
Pick-Up Taxes	21,063	6,385	-	7,737	35,185	-	35,185
Tax Equivalent:							
Federal	2,603	785	-	950	4,338	3,388	7,726
Local	197,779	74,949	-	72,205	344,933	146,589	491,522
Other	3,778	-	-	1,419	5,197	10,720	15,917
Excise Tax	61,420	18,524	-	22,423	102,367	45,523	147,890
Local Option Sales Tax	-	-	-	-	-	10,969,423	10,969,423
1/4 Cent Sales Tax	-	-	-	-	-	1,214,124	1,214,124
Interstate Telecommunications	7,977	-	-	-	7,977	10,012	17,989
Litigation Tax	341,507	-	-	-	341,507	-	341,507
Business Tax	435,243	127,770	-	167,421	730,434	319,689	1,050,123
Beer Tax	324,877	-	-	-	324,877	-	324,877
Other Statutory Local Tax	112,209	-	-	-	112,209	-	112,209
Total Taxes	14,108,819	3,626,506	-	4,855,833	22,591,158	21,930,051	44,521,209
Licenses and Permits:							
Marriage Licenses	2,752	818	-	1,114	4,684	1,963	6,647
Cable TV Franchise	282,085	-	-	-	282,085	-	282,085
Building Permits	111,240	-	-	-	111,240	-	111,240
Handgun Permits	4,560	-	-	-	4,560	-	4,560
Total Licenses and Permits	400,637	818	-	1,114	402,569	1,963	404,532
Fines, Forfeitures and Penalties:							
Fines and Cost:							
Circuit Court	65,962	51,867	-	-	117,829	61,716	179,545
Criminal Court	87,434	-	-	-	87,434	-	87,434
General Sessions Court	167,550	14,528	-	-	182,078	-	182,078

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Source	County General	Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Primary Government (Memorandum Only)	Total Component Units	Total Reporting Entity (Memorandum Only)
Fines, Forfeitures and Penalties (Continued):							
Chancery Court	30,521	-	-	-	30,521	-	30,521
Other Courts	3,671	-	-	-	3,671	-	3,671
Total Fines, Forfeitures and Penalties	355,138	66,395	-	-	421,533	61,716	483,249
Charges for Current Services:							
Breakfast and Lunch Payments	-	-	-	-	-	986,528	986,528
Ala Carte Sales	-	-	-	-	-	286,664	286,664
Indirect Cost	-	-	-	-	-	187,687	187,687
Tuition and Fees	-	-	-	-	-	450,811	450,811
Other Employee Benefit	477,497	-	-	-	477,497	-	477,497
Work Release	85,444	217,330	-	-	302,774	-	302,774
Total Charges for Current Services	562,941	217,330	-	-	780,271	1,911,690	2,691,961
Other Local Revenues:							
Interest Earned	210,255	65,816	7,952	114,016	398,040	232,442	630,482
Sale of Property	20,267	170,551	-	-	190,818	-	190,818
Refunds	48,817	5,690	-	-	54,507	-	54,507
Insurance Recovery	3,120	4,896	-	-	8,016	-	8,016
Damages from Individuals	250	-	-	-	250	6,791	7,041
Employee Benefit Charges	-	134,741	-	-	134,741	-	134,741
Rentals	-	-	-	-	-	3,403	3,403
Contributions	1,000	-	-	-	1,000	1,000	2,000
Fingerprinting Services	(60)	7,000	-	-	6,940	-	6,940
Proceeds-Confiscated Property	-	15,383	-	-	15,383	-	15,383
Other Local Revenue	106,505	16,000	-	-	122,505	72,084	194,589
Commissary Sales	59,080	-	-	-	59,080	-	59,080
Lease	-	121,554	-	-	121,554	-	121,554

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Source	County General	Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Primary Government (Memorandum Only)	Total Component Units	Total Reporting Entity (Memorandum Only)
Other Local Revenues (Continued):							
Special Commissioner Fees	-	772	-	-	772	-	772
Total Other Local Revenues	449,234	542,403	7,952	114,016	1,113,604	315,720	1,429,324
From State of Tennessee:							
Beer Tax	10,359	-	-	-	10,359	-	10,359
Income Tax	56,455	-	-	-	56,455	-	56,455
Alcoholic Beverage	88,753	-	-	-	88,753	946	89,699
State Preschool Funds	-	-	-	-	-	455,997	455,997
State Salary Supplements	16,380	-	-	-	16,380	-	16,380
Litter Grant	53,319	-	-	-	53,319	-	53,319
Contracted Prisoner Board	1,839,530	-	-	-	1,839,530	-	1,839,530
Basic Education Program	-	-	-	-	-	23,595,959	23,595,959
Gasoline and Motor Fuel	-	2,577,947	-	-	2,577,947	-	2,577,947
Gasoline Inspection Fee	-	100,605	-	-	100,605	-	100,605
Mineral Severance Tax	-	13,730	-	-	13,730	-	13,730
Bridge Program	-	204,624	-	-	204,624	-	204,624
Health Department Programs	624,903	-	-	-	624,903	-	624,903
Driver Education	-	-	-	-	-	36,455	36,455
Law Enforcement Training	33,716	-	-	-	33,716	-	33,716
Reappraisal Program	32,117	-	-	-	32,117	-	32,117
LLEBG Grant	11,193	-	-	-	11,193	-	11,193
Substance Grant	99,986	-	-	-	99,986	-	99,986
TVA Replacement	218,672	48,594	-	79,833	347,099	284,621	631,720
Juvenile Grant	12,000	-	-	-	12,000	-	12,000
Career Ladder/Extended Contract	-	-	-	-	-	740,457	740,457
Juvenile Services	8,483	-	-	-	8,483	-	8,483

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Source	County General	Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Primary Government (Memorandum Only)	Total Component Units	Total Reporting Entity (Memorandum Only)
From State of Tennessee (Continued):							
Board of Jurors	1,618	-	-	-	1,618	-	1,618
Recycling Grant	-	13,016	-	-	13,016	-	13,016
Tires/Solid Waste Grant	-	259,938	-	-	259,938	-	259,938
Other State Revenues	300,121	-	-	-	300,121	416,758	716,879
Total From State of Tennessee	3,407,605	3,218,454	-	79,833	6,705,892	25,531,193	32,237,085
From Federal Government:							
School Lunch Funds	-	-	-	-	-	1,293,097	1,293,097
School Breakfast Funds	-	-	-	-	-	313,107	313,107
D.A.R.E.	-	-	-	-	-	4,250	4,250
R.O.T.C.	-	-	-	-	-	106,887	106,887
Title I Funds	-	-	-	-	-	1,302,137	1,302,137
Title II Funds	-	-	-	-	-	477,588	477,588
Title IV Funds	-	-	-	-	-	46,033	46,033
Title VI Funds	-	-	-	-	-	43,799	43,799
Preschool and IDEA	-	-	-	-	-	1,582,542	1,582,542
Indirect Costs	-	-	-	-	-	28,158	28,158
Program Improvement	-	-	-	-	-	160,706	160,706
Prisoner Board	1,447	-	-	-	1,447	-	1,447
COPS	51,675	-	-	-	51,675	-	51,675
Asset Forfeiture Funds	40,463	-	-	-	40,463	-	40,463
Homeland Security Grants	424,679	-	-	-	424,679	-	424,679
Law Enforcement Grants	14,554	-	-	-	14,554	-	14,554
Federal Incentive	9,600	-	-	-	9,600	-	9,600
RSAT Expansion	24,713	-	-	-	24,713	-	24,713
Emergency Watershed Protection	-	199,323	-	-	199,323	-	199,323
Total From Federal Government	567,131	199,323	-	-	766,454	5,358,304	6,124,758

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2004

Source	County General	Special Revenue Funds	Total Capital Projects Funds	Debt Service Fund	Total Primary Government (Memorandum Only)	Total Component Units	Total Reporting Entity (Memorandum Only)
Revenue from Other Governments and Citizens Groups:							
Donations from Town of Jonesborough	2,125	7,000	-	-	9,125	-	9,125
Reimbursement - Local Governments	665,070	-	-	-	665,070	-	665,070
Reappraisal Program - Johnson City	73,878	-	-	-	73,878	-	73,878
Total Revenue from Other Governments and Citizens Groups	741,073	7,000	0	0	748,073	0	748,073
Excess Fees and Commissions Received from County Officials:							
Fees	4,510,926	2,659,466	-	-	7,170,392	-	7,170,392
Commissions	-	1,882,588	-	-	1,882,588	-	1,882,588
Total Excess Fees and Commissions Received from County Officials	4,510,926	4,542,054	0	0	9,052,980	0	9,052,980
Total Revenues	$ 25,103,504	12,420,283	7,952	5,050,796	42,582,535	55,110,637	97,693,172

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2005

Source	Highway Fund	Solid Waste/ Sanitation Fund	Library Fund	Drug Fines Fund	District Attorney General	Constitutional Officers	Total Special Revenue Funds
Taxes:							
Current Property Taxes	$ 2,239,471	937,420	-	-	-	-	3,176,891
Taxes Prior Years:							
Trustee	99,798	37,391	-	-	-	-	137,189
Clerk and Master	31,552	11,764	-	-	-	-	43,316
Interest and Penalty	29,674	11,023	-	-	-	-	40,697
Pick-Up Taxes	4,700	1,685	-	-	-	-	6,385
Tax Equivalent:							
Federal	578	207	-	-	-	-	785
Local and Other	58,941	16,008	-	-	-	-	74,949
Excise Tax	13,649	4,875	-	-	-	-	18,524
Business Tax	97,680	30,090	-	-	-	-	127,770
Total Taxes	2,576,043	1,050,463	-	-	-	-	3,626,506
Licenses and Permits:							
Marriage Licenses	630	188	-	-	-	-	818
Total Licenses and Permits	630	188	-	-	-	-	818
Fines, Forfeitures and Penalties:							
Fees and Dues	-	-	6,709	166	-	-	6,875
Circuit & Criminal Courts	-	-	-	25,957	19,035	-	44,992
General Sessions Court	-	-	-	14,528	-	-	14,528
Total Fines, Forfeitures and Penalties	-	-	6,709	40,651	19,035	-	66,395
Charges for Current Services:							
Other Charges	68,082	142,461	6,787	-	-	-	217,330
Total Charges for Current Services	68,082	142,461	6,787	-	-	-	217,330
Other Local Revenues:							
Interest Earned	50,726	12,163	398	2,529	-	-	65,816
Sale of Property	90,654	79,897	-	-	-	-	170,551
Insurance Recovery	4,896	-	-	-	-	-	4,896
Refunds	5,368	-	-	247	75	-	5,690
Fingerprinting Services	-	-	-	7,000	-	-	7,000
Proceeds-Confiscated Property	-	-	-	15,383	-	-	15,383
Other Local Revenue	16,000	-	-	-	-	-	16,000
Employee Benefit Charges	113,742	16,405	4,594	-	-	-	134,741
Lease	121,554	-	-	-	-	-	121,554
Special Commissioner Fees	-	-	-	-	-	772	772
Total Other Local Revenues	402,940	108,465	4,992	25,159	75	772	542,403

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES - SPECIAL REVENUE FUNDS
For the Fiscal Year Ended June 30, 2005

Source	Highway Fund	Solid Waste/ Sanitation Fund	Library Fund	Drug Fines Fund	District Attorney General	Constitutional Officers	Total Special Revenue Funds
From State of Tennessee:							
Gasoline and Motor Fuel	2,577,947	-	-	-	-	-	2,577,947
Gasoline Inspection Fee	100,605	-	-	-	-	-	100,605
Mineral Severance Tax	13,730	-	-	-	-	-	13,730
Bridge Program	204,624	-	-	-	-	-	204,624
TVA Replacement	48,594	-	-	-	-	-	48,594
Tires/Solid Waste Grant	-	259,938	-	-	-	-	259,938
Recycling Grant	-	13,016	-	-	-	-	13,016
Total From State of Tennessee	2,945,500	272,954	-	-	-	-	3,218,454
From Federal Government:							
Grant Revenue	199,323	-	-	-	-	-	199,323
Total From Federal Government	199,323	-	-	-	-	-	199,323
Revenue from Other Governments and Citizen Groups:							
Donations from Town of Jonesborough	-	-	7,000	-	-	-	7,000
Total Revenue from Other Governments and Citizen Groups	-	-	7,000	-	-	-	7,000
Excess Fees and Commissions:							
Commissions	-	-	-	-	-	1,882,588	1,882,588
Fees	-	-	-	-	-	2,659,466	2,659,466
Total Excess Fees and Commissions	-	-	-	-	-	4,542,054	4,542,054
Total Revenues	$ 6,192,518	1,574,531	25,488	65,810	19,110	4,542,826	12,420,283

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES -
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

	Special Revenue Funds Washington County Board of Education			
Source	General Purpose School	School Federal Projects	School Food Service	Total Component Units
Taxes:				
Current Property Taxes	$ 8,754,374	-	-	8,754,374
Property Taxes Prior Years:				
Trustee	285,389	-	-	285,389
Clerk and Master	87,732	-	-	87,732
Interest and Penalty	83,088	-	-	83,088
Tax Equivalent:				
Federal	3,388	-	-	3,388
Local	146,589	-	-	146,589
Other	10,720	-	-	10,720
Excise Tax	45,523	-	-	45,523
Local Option Sales Tax	10,969,423	-	-	10,969,423
1/4 Cent Sales Tax	1,214,124	-	-	1,214,124
Interstate Telecommunications	10,012	-	-	10,012
Business Tax	319,689	-	-	319,689
Total Taxes	21,930,051	-	-	21,930,051
Licenses and Permits:				
Marriage Licenses	1,963	-	-	1,963
Total Licenses and Permits	1,963	-	-	1,963
Fines, Forfeitures and Penalties:				
Court Fines	61,716	-	-	61,716
Total Fines, Forfeitures and Penalties	61,716	-	-	61,716
Charges for Current Services:				
Breakfast and Lunch Payments	-	-	986,528	986,528
Ala Carte Sales	-	-	286,664	286,664
Indirect Costs	-	-	187,687	187,687
Tuition and Fees	450,811	-	-	450,811
Total Charges for Current Services	450,811	-	1,460,879	1,911,690
Other Local Revenues:				
Interest Earned	232,246	-	196	232,442
Damages	6,791	-	-	6,791
Rentals	3,403	-	-	3,403
Contributions and Gifts	1,000	-	-	1,000
Other	72,084	-	-	72,084
Total Other Local Revenues	315,524	-	196	315,720

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED REVENUES -
DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

	Special Revenue Funds Washington County Board of Education			
Source	General Purpose School	School Federal Projects	School Food Service	Total Component Units
From State of Tennessee:				
Basic Education Program	23,595,959	-	-	23,595,959
Driver Education	36,455	-	-	36,455
Alcoholic Beverage	946	-	-	946
State Preschool Funds	455,997	-	-	455,997
TVA Replacement	284,621	-	-	284,621
Career Ladder/Extended Contract	740,457	-	-	740,457
Other State Revenues	416,758	-	-	416,758
Total From State of Tennessee	25,531,193	-	-	25,531,193
From Federal Government:				
School Lunch Funds	-	-	1,293,097	1,293,097
School Breakfast Funds	-	-	313,107	313,107
D.A.R.E.	-	4,250	-	4,250
R.O.T.C.	106,887	-	-	106,887
Title I Funds	-	1,302,137	-	1,302,137
Title II Funds	-	477,588	-	477,588
Title IV Funds	-	46,033	-	46,033
Title VI Funds	-	43,799	-	43,799
Preschool and IDEA	-	1,582,542	-	1,582,542
Program Improvement	-	160,706	-	160,706
Indirect Costs	28,158	-	-	28,158
Total From Federal Government	135,045	3,617,055	1,606,204	5,358,304
Total Revenues	$ 48,426,303	3,617,055	3,067,279	55,110,637

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund		
County Commission:		
Compensation	$ 112,500	
Per Diem Allowance	1,200	
Social Security	5,637	
State Retirement	12,426	
Employer Medicare	1,319	
Contracts with Other Public Agencies	6,250	
Dues and Memberships	8,542	
Travel	15,236	
Total County Commission		163,110
Boards and Committees:		
Fees	12,230	
Social Security	759	
Employer Medicare	177	
Total Boards and Committees		13,166
County Executive:		
Administrative Salaries	113,135	
Social Security	6,948	
State Retirement	14,561	
Employer Medicare	1,625	
Communication	6,387	
Dues & Memberships	2,368	
Freight	82	
Postage and Box Rent	3,000	
Travel	1,385	
Gasoline	2,197	
Office Supplies	2,966	
Periodicals	618	
Total County Executive		155,272
County Attorney:		
Compensation	21,864	
Social Security	1,318	
State Retirement	2,814	
Employer Medicare	309	
Dues & Memberships	100	
Periodicals	3,102	
Total County Attorney		29,507

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Election Commission:		
Personnel Salaries	188,358	
Election Commission	12,000	
Election Workers	72,396	
In-Service Training	2,065	
Social Security	11,838	
State Retirement	15,788	
Employer Medicare	2,768	
Communication	7,642	
Data Processing Services	7,741	
Dues and Memberships	400	
Freight Expenses	80	
Legal Notices	17,390	
Maintenance and Repair	1,741	
Postal Charges	6,667	
Printing, Stationery and Forms	15,389	
Rentals	2,178	
Travel	5,617	
Other Contracted Services	9,492	
Data Processing Supplies	14,068	
Equipment Parts - Light	398	
Instruction Supplies	785	
Office Supplies	2,936	
Periodicals	14	
Other Charges	493	
Total Election Commission		398,244
Register of Deeds:		
Personnel Salaries	254,172	
Social Security	15,394	
State Retirement	30,999	
Employer Medicare	3,600	
Communication	5,795	
Data Processing Services	2,595	
Dues and Memberships	603	
Freight	1,026	
Maintenance and Repair	32,088	
Postal Charges	6,000	
Rentals	2,940	

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Register of Deeds (Continued):		
Other Contracted Services	4,948	
Periodicals	40	
Office Supplies	17,958	
Other Supplies and Materials	2,712	
Surety Bond	280	
Other Charges	85	
Total Register of Deeds		381,235
Planning and Zoning:		
Board & Committee Members Fees	9,720	
Employee Benefits	680	
Contracts with Government Agencies	13,500	
Maintenance & Repair	265	
Postal Charges	800	
Rentals	1,020	
Office Supplies	3,404	
Other Supplies & Materials	550	
Total Planning & Zoning		29,939
County Official/Administrative		
Salaries and Wages	126,517	
Social Security	7,622	
State Retirement	16,231	
Employer Medicare	1,783	
Communication	6,101	
Data Processing Services	119	
Freight	161	
Maintenance	1,844	
Postal Charges	700	
Rentals	3,872	
Gasoline	761	
Office Supplies	5,354	
Periodicals	750	
Other Charges	64	
Total County Official/Administrative		171,879
County Building:		
Maintenance and Repair	26,585	
Freight	9	
Total County Building		26,594

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Other General Administration:		
Personnel	186,105	
Social Security	11,353	
State Retirement	21,726	
Employer Medicare	2,655	
Other Fringe Benefits	7,296	
Professional Services	92,701	
Communication	6,859	
Freight Expense	424	
Legal Notices	12,228	
Legal Fees	124,723	
Maintenance and Repair	119,838	
Medical and Dental Services	5,175	
Pest Control	2,105	
Printing	2,000	
Rentals	31,763	
Travel	1,002	
Other Contracted Services	8,047	
Custodial Supplies	25,272	
Duplicating Supplies	10,444	
Utilities	115,452	
Gasoline	55,121	
Other Supplies and Materials	21,483	
Boiler Insurance	3,280	
Building and Contents Insurance	228,690	
Liability Insurance	130,426	
Trustee's Commission	313,214	
Workman's Compensation Insurance	157,510	
Other Charges	18,595	
Total Other General Administration		1,715,487
Accounting and Budgeting:		
Salaries	177,293	
Social Security	10,691	
State Retirement	22,818	
Employer Medicare	2,500	
Communications	3,723	

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Accounting and Budgeting (Continued):		
Freight	99	
Data Processing Services	200	
Postal Charges	5,905	
Travel	214	
Data Processing Supplies	2,837	
Office Supplies	2,927	
Other Supplies and Materials	389	
Other Charges	45	
Premiums on Corporate Surety Bonds	342	
Total Accounting and Budgeting		229,983
Purchasing:		
Administrative Salaries	100,106	
Social Security	5,845	
State Retirement	12,884	
Employer Medicare	1,367	
Communications	2,111	
Legal Notices	4,905	
Maintenance Agreements	216	
Postal Charges	496	
Data Processing Supplies	477	
Office Supplies	845	
Premiums on Corporate Surety Bonds	100	
Total Purchasing		129,352
Property Assessor:		
Salaries	253,135	
Social Security	15,109	
State Retirement	32,579	
Employer Medicare	3,533	
Communications	4,929	
Data Processing Services	26,467	
Dues and Memberships	1,657	
Freight	43	
Legal Notices	171	
Maintenance and Repair	5,838	
Postal Charges	4,827	
Rentals	835	
Travel	979	
Gasoline	2,932	

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Property Assessor (Continued):		
Office Supplies	7,396	
Publications and Books	171	
Surety Bonds	198	
Other Charges	442	
Capital Outlay	11,790	
Total Property Assessor		373,031
Reappraisal Program:		
Salaries	111,154	
Social Security	6,585	
State Retirement	10,375	
Employer Medicare	1,540	
Audit Service - Property	103,715	
Communication	2,177	
Data Processing Services	10,012	
Dues and Memberships	50	
Maintenance and Repair	150	
Postal Charges	2,000	
Travel	627	
Gasoline	356	
Office Supplies	695	
Total Reappraisal Program		249,436
Office of County Trustee:		
Salaries	218,119	
Social Security	12,918	
State Retirement	25,808	
Employer Medicare	3,021	
Communication	6,381	
Data Processing Services	2,500	
Dues and Memberships	628	
Freight	144	
Legal Notices	1,195	
Maintenance and Repair	687	
Postal Charges	17,519	
Rentals	4,276	
Travel	328	
Data Processing Supplies	108	
Periodicals	177	
Office Supplies	7,088	
Premiums on Corporate Surety	671	
Other Charges	203	
Total Office of County Trustee		301,771

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Office of County Clerk:		
Salaries	506,850	
Social Security	30,434	
State Retirement	60,480	
Employer Medicare	7,117	
Communications	10,591	
Dues and Memberships	553	
Freight	213	
Maintenance and Repair	13,868	
Postal Charges	20,000	
Printing	2,535	
Rentals	5,174	
Travel	2,889	
Periodicals	131	
Office Supplies	26,486	
Other Supplies and Materials	200	
Surety Bond	943	
Total Office of County Clerk		688,464
Circuit Court:		
Salaries	814,741	
Social Security	47,732	
State Retirement	87,290	
Employer Medicare	11,163	
Communication	17,924	
Dues and Memberships	573	
Freight	434	
Maintenance and Repair	8,468	
Postal Charges	11,488	
Printing, Stationery and Forms	14,958	
Rentals	8,836	
Travel	1,424	
Office Supplies	16,462	
Surety Bonds	945	
Excess Risk Insurance	776	
Other Charges	100	
Periodicals	193	
Data Processing Services	650	
Data Processing Supplies	9,680	
Total Circuit Court		1,053,837

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Chancery Court:		
Salaries	264,042	
Social Security	15,802	
State Retirement	33,169	
Employer Medicare	3,696	
Communication	5,128	
Dues and Memberships	453	
Freight	243	
Maintenance and Repair	4,088	
Rentals	4,571	
Travel	1,056	
Office Supplies	14,387	
Periodicals	473	
Surety Bonds	275	
Total Chancery Court		347,383
Attorney General		
Salaries	6,582	
Social Security	402	
Employer Medicare	94	
State Retirement	847	
Total Attorney General		7,925
Judicial:		
Judges	222,889	
Other Salaries	100	
Jury and Witness Fees	28,314	
Other Per Diem & Fees	5,857	
Social Security	11,352	
State Retirement	28,063	
Employer Medicare	3,192	
Communications	46	
Dues and Memberships	540	
Freight	272	
Legal Notices	91,059	
Postal Charges	1,032	
Printing, Stationery & Forms	154	
Travel	7,346	
Office Supplies	2,124	
Periodicals	4,650	
Other Charges	359	
Total Judicial		407,349

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Sheriff's Department:		
Salaries	2,850,795	
State Salary Supplement	33,715	
Employee Training	19,810	
Social Security	171,160	
State Retirement	347,368	
Employer Medicare	40,008	
Communication	20,134	
Contracts with Other Governmental Agencies	800	
Dues and Memberships	3,493	
Freight	1,562	
Legal Notices	209	
Licenses	449	
Maintenance and Repair	25,892	
Postal Charges	5,500	
Printing, Stationery and Forms	4,552	
Rentals	35,408	
Travel	14,944	
Other Contracted Services	25,110	
Data Processing Supplies	13,115	
Garage Supplies	11,597	
Gasoline	131,950	
Instructional Supplies and Materials	4,078	
Law Enforcement Supplies	75,033	
Lubricants	3,974	
Office Supplies	4,599	
Periodicals	647	
Tires and Tubes	14,749	
Uniforms	38,508	
Vehicle Parts	22,786	
Other Supplies and Materials	14,651	
Other Charges	11,769	
Principal on Capitalized Leases	9,418	
Capital Outlay	306,858	
Total Sheriff's Department		4,264,641
Substance Abuse Grant:		
Other Contracted Services	133,314	
Total Substance Abuse Grant		133,314

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Jail:		
Salaries and Wages	2,496,368	
In-Service Training	729	
Employee Benefits	455,546	
Communication	72,978	
Dues and Memberships	300	
Freight	2,535	
Maintenance and Repair	142,816	
Audit Services	1,400	
Medical and Dental Services	363,568	
Pest Control	4,800	
Postal Charges	589	
Printing, Stationery and Forms	2,421	
Rentals	10,196	
Transportation - Prisoners	13,037	
Travel	3,319	
Other Contracted Services	1,129	
Custodial Supplies	42,372	
Data Processing Supplies	13,890	
Diesel Fuel	4,910	
Drugs and Medical Supplies	75,022	
Food Preparation Supplies	8,411	
Utilities	262,593	
Food Supplies	293,839	
Uniforms	8,209	
Law Enforcement Supplies	2,735	
Office Supplies	11,752	
Prisoners Clothing	11,086	
Chemicals	1,511	
Other Supplies and Materials	13,170	
Other Charges	2,096	
Lease Payments	9,418	
Capital Outlay	16,577	
Total Jail		4,349,322

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Juvenile Services:		
Salaries	127,565	
Employee Benefits	22,817	
Communication	5,335	
Contracts with Government Agencies	4,500	
Contracts with Public Agencies	216,762	
Freight	46	
Rentals	136	
Travel	5,945	
Office Supplies	4,191	
Postal Charges	1,512	
Legal Notices	366	
Maintenance & Repairs	1,940	
Periodicals	250	
Total Juvenile Services		391,365
Work Release Program:		
Salaries	6,927	
Board and Committee Member Fees	10,380	
Employee Benefits	3,441	
Total Work Release Program		20,748
Federal Asset Forteiture		
Freight Expenses	42	
Law Enforcement Supplies	3,612	
Total Public Safety		3,654
Other Public Safety		
Salaries	27,823	
Employee Benefits	5,598	
Other Charges	1,350	
Freight	29	
Office Suplies	433	
Uniforms	835	
Traffic Control	26,486	
Total Other Public Safety		62,554
Fire Protection and Control:		
Fire Departments	830,000	
Total Fire Protection and Control		830,000
Civil Defense:		
Remittance of Revenues Collected	222,359	
Freight	80	
Matching Grant	45,000	
Other Supplies and Materials	2,451	
Capital Outlay	42,414	
Total Civil Defense		312,304

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Rescue Squad:		
Local Squads	74,300	
Total Rescue Squad		74,300
Other Emergency Management:		
Capital Outlay	139,742	
Total Other Emergency Management		139,742
County Coroner:		
Contracts with Other Public Agencies	3,845	
Contracts with Private Agencies	30,000	
Transportation - Other than Student	699	
Other Charges	49,633	
Total County Coroner		84,177
RSAT Expansion Grant:		
Salaries	27,395	
Employee Benefits	5,528	
Other Supplies and Materials	1,776	
Maintenance & Repairs - Vehicles	215	
Total RSAT Expansion Grant		34,914
LLEBG Grant:		
Other Charges	4,950	
In Service Training	5,850	
Freight	45	
Travel	1,283	
Veterinary Services	164	
Animal Food and Supplies	115	
Law Enforcement Supplies	801	
Other Supplies and Materials	728	
Total LLEBG Grant		13,936
School Resource Officer Grant:		
Salaries	43,183	
Employee Benefits	8,764	
Communications	2,330	
Law Enforcement Supplies	2,172	
Capital Outlay Vehicles	45,129	
Total School Resource Officer Grant		101,578
County Health Center:		
Salaries	374,900	
Social Security	22,305	

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
County Health Center (Contiued):		
State Retirement	42,785	
Employee Medicare	5,217	
Communication	23,917	
Contract with Governmental Agencies	12,235	
Freight	1,082	
Liability Insurance	1,932	
Maintenance and Repair	13,869	
Pest Control	176	
Postal Charges	3,000	
Printing, Stationery, and Forms	309	
Rentals	7,118	
Travel	3,883	
Custodial Supplies	9,095	
Drugs and Medical Supplies	70,171	
Utilities	45,751	
Office Supplies	12,462	
Periodicals	150	
Other Supplies and Materials	11,891	
Other Charges	14,440	
Total County Health Center		676,688
Local Health Center - State Grant:		
Salaries	457,480	
Social Security	27,376	
State Retirement	38,160	
Medicare	6,403	
Freight	132	
Travel	6,732	
Other Charges	1,755	
Total Local Health Center State Grant		538,038
Rabies and Animal Control:		
Contributions	110,000	
Total Rabies and Animal Control		110,000
Ambulance Service:		
Contributions	1,081,656	
Capital Outlay	19,244	
Total Ambulance Service		1,100,900

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Alcohol and Drug Program:		
Salaries	7,500	
Social Security	465	
State Retirement	965	
Employer Medicare	109	
Total Alcohol and Drug Program		9,039
Regional Mental Health Center:		
Contributions	70,250	
Total Regional Mental Health Center		70,250
Public Welfare:		
Contributions	76,000	
Pauper Burials	12,600	
Total Public Welfare		88,600
Aid to Dependent Children:		
Contributions	5,000	
Total Aid to Dependent Children		5,000
County Farm:		
Salaries	3,923	
Employee Benefits	784	
Communication	138	
Maintenance & Repairs	47	
Utilities	5,565	
Food Supplies	36	
Gasoline	113	
Tires and Tubes	151	
Vehicle Parts	122	
Other Supplies and Materials	19	
Total County Farm		10,898
Litter Grant:		
Personnel Salaries	27,325	
Employee Benefits	5,513	
Other Contracted Services	10,194	
Vehicle Parts	8	
Other Charges	1,000	
Other Supplies and Materials	7,344	
Total Litter Grant		51,384

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Senior Citizens' Assistance:		
Contributions	53,486	
Transportation	17,727	
Total Senior Citizens' Assistance		71,213
Libraries:		
Contributions	100,000	
Total Libraries		100,000
Social, Cultural and Recreational:		
Contributions - Museum	10,000	
Contributions - National Storytelling	50,000	
Contributions - ETSU Pharmacy	100,000	
Total Social, Cultural and Recreational		160,000
Agricultural Extension Service:		
Salaries	105,976	
Employee Benefits	22,839	
Communication	8,214	
Consultants	600	
Freight	97	
Rentals	4,711	
Travel	1,945	
Maintenance and Repair	1,379	
Pest Control	600	
Custodial Supplies	414	
Other Supplies and Materials	1,677	
Liability Insurance	528	
Utilities	3,749	
Office Supplies	11,144	
Other Charges	412	
Total Agricultural Extension Service		164,285
Forest Service:		
Forest Resource Services	1,500	
Total Forest Service		1,500

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):		
Soil Conservation:		
Secretary	25,000	
Employee Benefits	5,084	
Contributions	9,650	
Total Soil Conservation		39,734
Storm Water Management:		
Consultants	21,040	
Licenses	2,500	
Office Supplies	395	
Total Storm Water Management		23,935
Agriculture and Natural Resources:		
Salaries	8,442	
Employee Benefits	645	
Travel	35	
Communication	287	
Supplies	47	
Other Supplies and Materials	350	
Utilities	5,458	
Total Agriculture and Natural Resources		15,264
Economic and Community Development:		
Contributions - Tourism	6,971	
Contributions - Industrial Development	105,000	
Total Economic and Community Development		111,971
Transportation:		
Contributions - Foreign Trade Zone	35,285	
Total Transportation		35,285
Contributions to Other Agencies:		
Contributions	30,786	
Total Contributions to Other Agencies		30,786

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

County General Fund (Continued):			
Employee Benefits:			
Health Insurance	2,230,897		
Dental & Vision Insurance	187,701		
Unemployment	7,695		
Total Employee Benefits		2,426,293	
Judgments:			
Judgments	664		
Total Judgments		664	
Total County General Fund			$ 23,531,240
Special Revenue Funds:			
Highway Fund:			
Administration:			
Salaries	$ 207,462		
Employee Benefits	44,193		
Communication	15,821		
Data Processing Services	240		
Dues and Memberships	3,100		
Operating Lease Payments	7,200		
Licenses	488		
Maintenance and Repair	1,766		
Other Contracted Services	5,592		
Postal Charges	407		
Rentals	136		
Travel	2,042		
Office Supplies	2,511		
Other Supplies	2,772		
Liability Insurance	89,596		
Utilities	6,740		
Premiums on Corp. Surety Bonds	1,343		
Workman's Compensation	144,139		
Other Charges	4,466		
Total Administration		540,014	
Highway and Bridge Maintenance:			
Salaries	1,239,115		
Employee Benefits	246,863		
Overtime	711		
Contracts with Private Agencies	380		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Special Revenue Funds (Continued):		
Highway Fund (Continued):		
Highway and Bridge Maintenance (Continued):		
Maintenance and Repair	530	
Engineering Services	1,112	
Rentals	2,478	
Other Contracted Services	11,900	
Concrete and Crushed Stone	162,030	
Diesel Fuel	76,368	
Equipment Parts	388	
Fertilizer, Lime, Chemicals and Seed	880	
Fuel Oil	16,438	
General Construction Material	2,777	
Ice	270	
Metal Pipe	28,588	
Road Signs	13,982	
Salt	5,726	
Small Tools	1,287	
Other Supplies and Materials	2,799	
Other Charges	40,451	
Total Highway and Bridge Maintenance		1,855,073
Operation & Maintenance of Equipment:		
Salaries	276,840	
Employee Benefits	56,073	
Communication	2,648	
Freight	5,721	
Maintenance and Repair	33,630	
Rentals	2,774	
Tow-In Service	295	
Other Contracted Services	800	
Electricity	16,314	
Equipment Parts	165,799	
Garage Supplies	12,455	
Gasoline and Lubricants	11,783	
Office Supplies	136	
Propane Gas	13,536	
Small Tools	5,190	
Tires and Tubes	37,419	
Vehicle Parts	1,476	
Other Supplies and Materials	37,544	
Other Charges	147	
Total Operation & Maintenance of Equipment		680,580

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Special Revenue Funds (Continued):			
Highway Fund (Continued):			
Asphalt Plant Operations:			
Salaries	725,590		
Employee Benefits	145,993		
Overtime	353		
Communication	289		
Maintenance and Repair - Equipment	1,831		
Rentals	11,710		
Other Contracted Services	31,426		
Asphalt	397,989		
Crushed Stone	130,938		
Diesel Fuel	186,483		
Electricity	34,904		
Equipment and Machinery Parts	15,357		
Gasoline	59,659		
Lubricants	6,710		
Natural Gas	1,433		
Sand	2,081		
Water and Sewer	555		
Other Supplies and Materials	5,358		
State Aid Projects	324,623		
Total Asphalt Plant Operations		2,083,282	
Other Charges:			
Trustee's Commission	83,430		
Other Contracted Services	105,792		
Total Other Charges		189,222	
Employee Benefits:			
Employee Insurance	670,380		
Total Transportation	42,227		
Unemployment Compensation	369		
Total Employee Benefits		712,976	
Capital Outlay:			
Bridge Construction	223,774		
Other Equipment	239,932		
Motor Vehicles	383,582		
Right of Way	25,500		
Total Capital Outlay		872,788	
Total Highway Fund			6,933,935

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Special Revenue Funds (Continued):			
Solid Waste/Sanitation Fund:			
Sanitation Operations:			
Disposal Fees	418,479		
Trustee Commission	22,297		
Salaries	310,645		
Employee Benefits	127,873		
Retirement	33,601		
Communication	5,811		
Freight	466		
Postage	500		
Maintenance and Repair	17,712		
Rentals	1,200		
Travel	863		
Gasoline	5,965		
Tires	8,443		
Other Contracted Services	2,737		
Diesel Fuel	37,132		
Utilities	4,984		
Supplies and Materials	11,430		
Workman's Compensation Insurance	13,074		
Other Charges	2,973		
Water and Sewer	1,336		
Gravel and Chert	806		
Liability Insurance	4,102		
Total Sanitation Operations		1,032,429	
Tire Center Operations:			
Salaries	56,655		
Employee Benefits	6,865		
Retirement	6,105		
Communication	2,142		
Postage	500		
Maintenance and Repair	44		
Water and Sewer	156		
Other Contracted Services	241		
Electricity	949		
Supplies and Materials	1,775		
Workman's Compensation Insurance	1,092		
Contracts with Private Agency	333,219		
Total Tire Center Operations		409,743	
Capital Outlay:			
Recycling	22,823		
Total Capital Outlay		22,823	
Total Solid Waste/Sanitation Fund			1,464,995

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Special Revenue Funds (Continued):			
Library Fund:			
Administration:			
Salaries	203,250		
Employee Benefits	48,902		
Retirement	17,653		
Communication	4,075		
Contracts with Private Agencies	9,252		
Freight	280		
Repairs and Maintenance	7,774		
Postage	1,040		
Pest Control	460		
Rentals	374		
Travel	1,534		
Custodial Supplies	1,408		
Utilities	12,554		
Office Expense	11,508		
Materials	26,415		
Insurance	3,178		
Worker's Compensation Insurance	809		
Other Supplies and Materials	2,911		
Other Charges	1,931		
Trustee's Commission	77		
Total Administration		355,385	
Total Library Fund			355,385
Drug Fines Fund:			
Contributions	1,000		
Freight	683		
Uniforms	2,100		
Supplies	7,828		
Tires and Tubes	143		
Trustee's Commission	585		
Other Supplies and Materials	3,022		
Travel	762		
Training	150		
Vehicle Maintenance	381		
Other Charges	18,538		
		35,192	
Capital Outlay:			
Motor Vehicles	25,645		
Total Capital Outlay		25,645	
Total Drug Fines Fund			60,837

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Special Revenue Funds (Continued):			
Constitutional Officers - Fees Funds:			
Special Commissioner Fees	772		
Bank Charges	10,045		
Retirement Expense	21,083		
		31,900	
Total Constitutional Officers - Fees Funds			
District Attorney General:			
Salaries	12,487		
Employee Benefits	819		
Contracts with Government Agencies	2,870		
Dues and Memberships	615		
Office Supplies	6,796		
Trustee's Commission	192		
Travel	170		
Other Charges	80		
Total District Attorney General		24,029	
Total Special Revenue Funds			$ 8,871,081
Capital Projects Funds:			
Other Supplies and Materials	$ 599		
Trustee's Commission	80		
Capital Outlay	19,170		
		19,849	
Total Capital Projects Funds			$ 19,849
Debt Service Funds:			
General Debt Service:			
Bond Principal	$ 1,385,000		
Note Principal	2,517,444		
Interest on Bonds	1,607,484		
Interest on Notes	381,651		
Debt Issue Cost	252,996		
Trustee's Commission	97,454		
Fees	2,629		
Total General Debt Service		6,244,658	
Capital Outlay::			
Land	150,000		
Total Capital Outlay		150,000	
Total General Debt Service Funds			$ 6,394,658

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education:		
General Purpose School Fund:		
Regular Instruction Program:		
Classroom:		
Teachers	$ 16,505,858	
Career Ladder Program	322,835	
Career Ladder Extended Contract	162,348	
Educational Assistants	1,099,278	
Substitute Teachers	249,802	
Social Security and Medicare	1,119,288	
State Retirement	1,076,394	
Life Insurance	6,300	
Medical Insurance	2,398,973	
Unemployment Compensation	30,529	
Employer Medicare	257,124	
Other Fringe Benefits	377,000	
Maintenance and Repair	115,714	
Other Contracted Services	2,535,899	
Instructional Supplies and Materials	161,448	
Textbooks	377,634	
Other Supplies and Materials	218,018	
Fee Waivers	9,068	
Other Charges	990,643	
Total Classroom		28,014,153
Administration:		
Supervisors	189,077	
Career Ladder Program	24,000	
Career Ladder Extended Contract	15,547	
Librarians	607,066	
Instructional Computer Personnel	123,258	
Secretary and Clerical	104,726	
Other Salaries and Wages	88,209	
Social Security and Medicare	67,732	
State Retirement	75,547	
Life Insurance	1,556	
Medical Insurance	131,642	
Employer Medicare	15,846	
Other Fringe Benefits	11,095	
Maintenance and Repair	17,013	
Travel	42,235	
Library Books	114,899	
In-Service Workshops	30,248	

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Regular Instruction Program (Continued):			
Administration (Continued):			
Other Supplies and Materials	14,640		
Total Administration		1,674,336	
Total Regular Instruction Program			29,688,489
Special Education Program:			
Classroom:			
Teachers	2,347,996		
Career Ladder Program	38,835		
Career Ladder Extended Contract	1,000		
Homebound Teachers	39,203		
Educational Assistants	131,929		
Other Salaries and Wages	95,114		
Substitute Teachers	34,246		
Social Security and Medicare	160,139		
State Retirement	152,510		
Life Insurance	2,190		
Medical Insurance	307,538		
Employer Medicare	37,456		
Other Fringe Benefits	34,318		
Other Contracted Services	12,728		
Instructional Supplies and Materials	11,814		
Fee Waivers	1,877		
Other Charges	1,607		
Total Classroom		3,410,500	
Administration:			
Supervisor/Director	71,141		
Career Ladder Program	2,000		
Psychological Personnel	37,053		
Career Ladder Extended Contract	2,000		
Secretary	22,685		
Other Salaries and Wages	22,882		
Social Security and Medicare	9,660		
State Retirement	11,929		
Life Insurance	172		
Employer Medicare	2,259		
Other Fringe Benefits	1,103		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Special Education Program (Continued):			
Administration (Continued):			
Travel	17,855		
In-Service / Staff Development	815		
Other Supplies and Materials	4,500		
Total Administration		206,054	
Total Special Education Program			3,616,554
Vocational Education Program:			
Classroom:			
Teachers	1,205,538		
Career Ladder Program	17,300		
Substitute Teachers	19,301		
Educational Assistants	17,000		
Social Security and Medicare	76,084		
State Retirement	70,423		
Life Insurance	1,473		
Medical Insurance	152,788		
Employer Medicare	17,794		
Other Fringe Benefits	17,713		
Fee Waiver	86,766		
Instructional Supplies and Materials	2,500		
Capital Outlay - Vocational Instructional Equipment	27,142		
Total Classroom		1,711,822	
Administration:			
Supervisor and Director	34,210		
Career Ladder Program	3,000		
Career Ladder Extended Contract	4,000		
Secretary	21,479		
Social Security and Medicare	3,419		
State Retirement	4,753		
Life Insurance	86		
Medical Insurance	8,113		
Employer Medicare	803		
Other Fringe Benefits	24		
Maintenance and Repair	9,838		
Travel	17,694		
Other Supplies and Materials	2,211		
Total Administration		109,630	
Total Vocational Education Program			1,821,452

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit -Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Adult Education Program:			
Teacher	3,719		
Social Security and Medicare	18		
State Retirement	39		
Employer Medicare	4		
Instructional Supplies and Materials	3,617		
		7,397	
Total Adult Education Program			7,397
Attendance			
Supervisor and Director	55,210		
Career Ladder Program	1,000		
Secretary and Clerical	18,241		
Social Security and Medicare	4,517		
State Retirement	5,384		
Life Insurance	86		
Medical Insurance	3,993		
Employer Medicare	1,058		
Other Fringe Benefits	528		
Travel	4,254		
Other Supplies and Materials	997		
		95,268	
Total Attendance			95,268
Health Services:			
Medical Personnel	135,975		
Clerical Personnel	17,394		
Other Salaries and Wages	198,391		
Social Security and Medicare	21,210		
State Retirement	44,547		
Life Insurance	653		
Medical Insurance	38,993		
Employer Medicare	4,968		
Other Fringe Benefits	668		
Travel	9,760		
Other Contracted Services	84,000		
Drugs and Medical Supplies	74		
Other Supplies & Materials	18,727		
Other Charges	14,264		
		589,624	
Total Health Services			589,624
Other Student Support:			
Career Ladder Program	9,000		
Guidance Personnel	634,080		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Other Student Support (Continued):			
Social Security and Medicare	39,099		
State Retirement	35,203		
Life Insurance	744		
Medical Insurance	69,312		
Employer Medicare	9,144		
Other Fringe Benefits	8,821		
Contracts with Other Public Agencies	40,000		
Evaluation and Testing	8,360		
Other Supplies and Materials	2,452		
		856,215	
Total Other Student Support			856,215
Board of Education:			
Board and Committee Fees	14,160		
Social Security and Medicare	878		
Employer Medicare	205		
Audit Services	29,550		
Dues and Memberships	9,954		
Legal Services	10,247		
Travel	16,281		
Other Contracted Services	1,800		
Liability Insurance	79,120		
Premiums on Corporate Surety Bonds	2,381		
Trustee Commission	428,985		
Workman's Compensation	322,457		
Criminal Investigation Application	6,288		
Other Charges	8,079		
		930,385	
Total Board of Education			930,385
Office of the Director:			
Director of Schools	102,082		
Career Ladder Program	600		
Secretary and Clerical	143,695		
Other Salaries and Wages	27,381		
Social Security and Medicare	17,141		
State Retirement	33,024		
Life Insurance	281		
Medical Insurance	21,681		
Employer Medicare	4,006		
Other Fringe Benefits	24		
Communications	53,798		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Office of the Director (Continued):			
Postal Charges	10,881		
Travel	1,283		
Other Contracted Services	65,985		
Office Supplies	4,568		
		486,430	
Total Office of the Director			486,430
Office of the Principal:			
Principals	698,513		
Career Ladder	29,000		
Career Ladder Extended Contract	13,326		
Assistant Principals	553,394		
Secretary and Clerical	453,999		
Social Security and Medicare	104,194		
State Retirement	127,416		
Life Insurance	2,118		
Medical Insurance	155,902		
Employer Medicare	24,324		
Other Fringe Benefits	12,710		
Communications	18,200		
Travel	1,470		
Other Supplies & Materials	3,384		
Other Charges	158,179		
		2,356,129	
Total Office of the Principal			2,356,129
Fiscal Services:			
Supervisor/Director	57,912		
Clerical Personnel	56,332		
Social Security and Medicare	6,929		
State Retirement	14,703		
Life Insurance	125		
Medical Insurance	7,986		
Employer Medicare	1,622		
Travel	570		
Other Contracted Services	9,791		
Other Supplies and Materials	864		
		156,834	
Total Fiscal Services			156,834
Operation of Plant:			
Custodial Personnel	448,632		
Social Security and Medicare	27,219		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Operation of Plant (Continued):			
State Retirement	50,791		
Life Insurance	1,365		
Medical Insurance	65,808		
Employer Medicare	6,365		
Other Contracted Services	95,518		
Custodial Supplies	80,649		
Janitorial Services	484,486		
Electricity	1,230,000		
Natural Gas	110,821		
Propane Gas	13,956		
Garbage Services	81,510		
Water and Sewer	92,116		
Boiler Insurance	12,830		
Other Charges	3,147		
		2,805,213	
Total Operation of Plant			2,805,213
Maintenance of Plant:			
Supervisor and Director	50,517		
Maintenance Personnel	699,227		
Social Security and Medicare	45,125		
State Retirement	89,233		
Life Insurance	2,044		
Medical Insurance	101,137		
Employer Medicare	10,553		
Communication	2,195		
Maintenance and Repair	60,108		
Other Contracted Services	23,000		
Other Supplies and Materials	219,523		
Other Charges	5,412		
Capital Outlay - Maintenance Equipment	40,800		
		1,348,874	
Total Maintenance of Plant			1,348,874
Transportation:			
Supervisor and Director	37,669		
Mechanics	184,282		
Bus Drivers	811,620		
Social Security and Medicare	62,801		
State Retirement	128,523		
Life Insurance	3,575		
Medical Insurance	204,451		
Employer Medicare	14,058		
Communication	391		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Transportation (Continued):			
Tow-In Services	2,440		
Other Contracted Services	1,965		
Gasoline	338,247		
Tires and Tubes	36,060		
Vehicle Parts	100,822		
Other Supplies and Materials	4,169		
Vehicle and Equipment Insurance	72,980		
Other Charges	12,946		
Capital Outlay - Transportation Equipment	112,413		
		2,129,412	
Total Transportation			2,129,412
Central and Other:			
Supervisor/Director	56,060		
Clerical Personnel	15,596		
Other Salaries and Wages	25,028		
Social Security and Medicare	5,690		
State Retirement	8,209		
Life Insurance	164		
Medical Insurance	21,770		
Employer Medicare	1,331		
Office Supplies	4,916		
Other Supplies and Materials	600		
Other Charges	2,257		
		141,621	
Total Central and Other			141,621
Food Service:			
Supervisor/Director	37,669		
Social Security and Medicare	2,211		
State Retirement	4,848		
Life Insurance	3,932		
Medical Insurance	200,000		
Employer Medicare	517		
Other Fringe Benefits	24		
		249,201	
Total Food Service			249,201
Community Service:			
Supervisor	12,466		
Secretaries	24,287		
Other Salaries and Wages	292,482		
Social Security and Medicare	20,294		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
General Purpose School Fund (Continued):			
Community Service (Continued):			
State Retirement	3,126		
Medical Insurance	3,634		
Employer Medicare	4,746		
Communication	4,122		
Travel	1,401		
Food Supplies	12,528		
Other Supplies and Materials	19,639		
		398,725	
Total Community Service			398,725
Capital Outlay:			
Building Improvements	353,227		
Construction in Progress	13,785		
Other Capital Outlay	55,316		
		422,328	
Total Capital Outlay			422,328
Total General Purpose School Fund			$ 48,100,151
School Federal Projects:			
Regular Instructional Program:			
Classroom:			
Teachers	914,896		
Educational Assistants	144,029		
Other Salaries and Wages	4,250		
Substitute Teachers	31,058		
Social Security and Medicare	79,039		
State Retirement	63,949		
Medical Insurance	146,542		
Evaluation and Testing	2,000		
Maintenance and Repair	2,278		
Instructional Supplies and Materials	34,491		
Other Supplies and Materials	22,631		
Other Charges	18,686		
Total Classroom		1,463,849	
Administration:			
Supervisors	59,526		
Secretary and Clerical	42,989		
Other Salaries and Wages	36,626		
Social Security and Medicare	10,506		
State Retirement	10,821		
Medical Insurance	6,934		

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
School Federal Projects (Continued):			
Regular Instructional Program (Continued):			
Administration (Continued):			
Maintenance and Repair Service	1,336		
Travel	10,597		
Other Supplies and Materials	6,687		
Inservice Workshops	93,159		
Other Charges	65,842		
Indirect Cost	14,127		
Total Administration		359,150	
Total Regular Instructional Program			1,822,999
Special Education Program:			
Classroom:			
Teachers	68,000		
Educational Assistants	625,755		
Other Salaries and Wages	34,963		
Social Security and Medicare	51,471		
State Retirement	71,205		
Medical Insurance	95,106		
Total Classroom		946,500	
Administration:			
Other Contracted Services	36,972		
In-Service Workshops	69,365		
Other Supplies and Materials	263,416		
Other Charges	911		
Indirect Cost	13,125		
Total Administration		383,789	
Total Special Education Program			1,330,289
Vocational Education Program:			
Classroom:			
Teachers	44,871		
Social Security and Medicare	3,379		
State Retirement	2,468		
Medical Insurance	3,652		
Textbooks	56,073		
Indirect Cost	905		
Total Classroom		111,348	
Total Vocational Education Program			111,348

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF DETAILED EXPENDITURES -
ALL GOVERNMENTAL FUND TYPES
AND DISCRETELY PRESENTED COMPONENT UNITS
For the Fiscal Year Ended June 30, 2005

Component Unit - Washington County Board of Education (Continued):			
School Federal Projects (Continued):			
Other Student Support:			
Guidance	33,844		
Other Salary and Wages	2,492		
Social Security and Medicare	2,780		
State Retirement	4,656		
Medical Insurance	4,873		
Evaluation and Testing	2,194		
Travel	2,484		
In-Service Workshops	24,931		
Other Supplies and Materials	2,519		
		80,773	
Total Other Student Support			80,773
Transportation:			
Bus Drivers	193,305		
Social Security and Medicare	14,164		
State Retirement	21,844		
Medical Insurance	20,130		
		249,443	
Total Transportation			249,443
Capital Outlay			
Equipment - Regular Inst.	5,701		
Equipment - Vocational Inst.	20,729		
		26,430	
Total Capital Outlay			26,430
Total School Federal Projects			$ 3,621,282
School Food Service Fund:			
Salaries and Payroll Expenses	$ 1,239,549		
Food	1,297,886		
Non-Food and Other Supplies	232,407		
Utilities	4,773		
Contracted Services	34,264		
Capital Outlay	37,000		
		2,845,879	
Total School Food Service Fund			$ 2,845,879
Total Component Unit - Washington County Board of Education			$ 54,567,312

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF ASSETS AND LIABILITIES
June 30, 2005

	Trustee	County Clerk	Circuit Court Clerk	General Sessions Court Clerk	Law Court Clerk	Clerk and Master	Register	Sheriff	Total (Memorandum Only)
ASSETS:									
Equity in Pooled Cash	$ 20,069,414	-	-	-	-	-	-	-	20,069,414
Cash on Hand	400	1,100	1,050	1,350	-	150	100	4,930	9,080
Cash in Bank	-	680,944	186,180	49,166	270,255	211,634	390,384	36,116	1,824,679
Investments	10,882,264	9,680	287,483	53,556	396,823	1,502,173	-	-	13,131,979
Receivables	589	-	-	-	-	-	768	22,348	23,705
Due from State	6,640,174	-	-	-	-	-	-	-	6,640,174
Total Assets	$ 37,592,841	691,724	474,713	104,072	667,078	1,713,957	391,252	63,394	41,699,031
LIABILITIES:									
Due State of Tennessee:									
Business and Gross Receipts Tax	$ -	136,358	-	-	-	-	-	-	136,358
Marriage Licenses	-	5,476	-	-	-	-	-	-	5,476
Motor Vehicle Registration	-	186,704	-	-	-	-	-	-	186,704
Sales and Use Tax	-	212,754	-	-	-	-	-	-	212,754
Mfg Home Installation Permits	-	259	-	-	-	-	-	-	259
Realty Transfer and Mortgage Transfer Tax	-	-	-	-	-	-	286,714	-	286,714
County Officials Retirement Tax	-	-	-	-	-	-	7,228	-	7,228
Due to Litigants, Heirs and Others:									
Public Notices	-	855	-	-	-	-	-	-	855
Donor Awareness	-	140	-	-	-	-	-	-	140
County Clerk	-	1,100	-	-	-	-	-	-	1,100
Notary Seals and Commissions	-	274	-	-	-	-	-	-	274
Helping Schools	-	155	-	-	-	-	-	-	155
Court Funds and Costs	-	-	36,342	10,608	270,329	198,954	-	-	516,233
Deposits	-	9,680	287,483	53,556	396,823	1,502,173	-	-	2,249,715

(Continued)

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF ASSETS AND LIABILITIES
June 30, 2005

	Trustee	County Clerk	Circuit Court Clerk	General Sessions Court Clerk	Law Court Clerk	Clerk and Master	Register	Sheriff	Total (Memorandum Only)
LIABILITIES (CONTINUED):									
Due to Litigants, Heirs and Others:									
Delinquent Property Taxes	-	-	-	-	-	12,830	-	-	12,830
Cash Bonds	-	-	71,000	42,500	-	-	-	-	113,500
Due to Inmates	-	-	-	-	-	-	-	18,688	18,688
Drug Program	-	-	-	-	-	-	-	4,830	4,830
Swanson & Others	-	-	-	-	-	-	-	39,876	39,876
Due to Johnson City Schools	1,497,914	-	-	-	-	-	-	-	1,497,914
Due to Sales Tax Fund	3,090,252	-	-	-	-	-	-	-	3,090,252
Due to Johnson City:									
Business Tax and Marriage Licenses	-	19,874	-	-	-	-	-	-	19,874
Due to General Purpose School Fund	1,985,606	-	-	-	-	-	-	-	1,985,606
Funds:									
General	11,753,587	-	-	-	-	-	-	-	11,753,587
Solid Waste Sanitation	640,181	-	-	-	-	-	-	-	640,181
Library Operation	125,304	-	-	-	-	-	-	-	125,304
Highway Upkeep	3,234,936	-	-	-	-	-	-	-	3,234,936
General Purpose School	8,545,532	-	-	-	-	-	-	-	8,545,532
School Federal Projects	62,109	-	-	-	-	-	-	-	62,109
Debt Service	5,525,839	-	-	-	-	-	-	-	5,525,839
Capital Projects	559,747	-	-	-	-	-	-	-	559,747
Drug Fines	188,736	-	-	-	-	-	-	-	188,736
District Attorney	16,786	-	-	-	-	-	-	-	16,786
Judicial District Drug	216,733	-	-	-	-	-	-	-	216,733
Commission Account	149,579	118,095	79,888	(2,592)	(74)	-	97,310	-	442,206
Total Liabilities	$ 37,592,841	691,724	474,713	104,072	667,078	1,713,957	391,252	63,394	41,699,031

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
For the Fiscal Year Ended June 30, 2005

RECEIPTS:	Trustee	County Clerk	Circuit Court Clerk	General Sessions Court Clerk	Law Court Clerk	Clerk and Master	Register	Sheriff	Total (Memorandum Only)
Fund Accounts	$ 147,951,066	-	-	-	-	-	-	-	147,951,066
State of Tennessee	-	7,771,335	196,768	533,927	16,478	62,279	3,126,601	-	11,707,388
Litigants, Heirs and Others	-	19,602	598,393	1,769,873	855,230	2,644,828	-	782,046	6,669,972
County Revenue Clearing Account	-	1,852,769	118,322	715,438	20,455	562,256	-	24,339	3,293,579
Fee and Commission Account	1,371,209	1,090,078	292,858	480,890	129,510	308,550	869,731	-	4,542,826
Total Receipts	149,322,275	10,733,784	1,206,341	3,500,128	1,021,673	3,577,913	3,996,332	806,385	174,164,831
Disbursements	149,808,764	10,917,214	1,798,236	2,987,952	773,151	3,699,490	4,011,739	803,229	174,799,775
Excess of Receipts Over (Under) Disbursements	(486,489)	(183,430)	(591,895)	512,176	248,522	(121,577)	(15,407)	3,156	(634,944)
Transfers from Session and Law to Circuit Court	-	-	610,567	(481,057)	(129,510)	-	-	-	0
Cash Balance, July 1, 2004	31,438,567	875,154	456,041	72,953	548,066	1,835,534	405,891	37,890	35,670,096
Cash Balance, June 30, 2005	$ 30,952,078	691,724	474,713	104,072	667,078	1,713,957	390,484	41,046	35,035,152

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES -
GENERAL SESSIONS COURT CLERK
For the Fiscal Year Ended June 30, 2005

RECEIPTS:	General Sessions - Jonesborough	General Sessions- Civil Court - Johnson City	General Sessions- State Court - Johnson City	General Sessions- Juvenile Court	Total General Sessions - Court Clerk
State of Tennessee	$ 83,526	75,945	373,061	1,395	533,927
Washington County	159,667	174,524	377,085	4,162	715,438
Litigants, Heirs and Others	149,043	1,172,894	408,011	39,925	1,769,873
Fee and Commission Account	69,477	135,892	267,635	7,886	480,890
Total Receipts	461,713	1,559,255	1,425,792	53,368	3,500,128
Disbursements	394,676	1,417,793	1,127,241	48,242	2,987,952
Excess of Receipts Over (Under) Disbursements	67,037	141,462	298,551	5,126	512,176
Transfers from Sessions to Circuit Court	(69,444)	(135,902)	(267,825)	(7,886)	(481,057)
Balance, July 1, 2004	9,139	2,231	5,669	55,914	72,953
Balance, June 30, 2005	$ 6,732	7,791	36,395	53,154	104,072

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINING SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES -
CLERK AND MASTER
For the Fiscal Year Ended June 30, 2005

RECEIPTS:	Clerk & Master - Jonesborough	Clerk & Master - Johnson City	Total Clerk & Master
State of Tennessee	$ 3,633	58,646	62,279
Washington County	394,263	167,993	562,256
Litigants, Heirs and Others	813,543	1,831,285	2,644,828
Fee and Commission Account	101,985	206,565	308,550
Total Receipts	1,313,424	2,264,489	3,577,913
Disbursements	1,106,448	2,593,042	3,699,490
Excess of Receipts Over (Under) Disbursements	206,976	(328,553)	(121,577)
Transfers from Jonesborough to Johnson City	(101,985)	101,985	0
Balance, July 1, 2004	146,903	1,688,631	1,835,534
Balance, June 30, 2005	$ 251,894	1,462,063	1,713,957

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
COUNTY CLERK
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
Business and Gross Receipts Tax	$ 241,607	1,427,429	-	71,371	1,461,307	136,358
Marriage Licenses	5,656	45,357	-	642	44,895	5,476
Motor Vehicle Registration	203,490	3,242,683	-	-	3,259,469	186,704
Mfg Home Installation Permits	333	2,479	-	-	2,553	259
State Litigation	-	1,692	-	85	1,607	0
Sales and Use Tax	259,438	2,819,767	-	140,988	2,725,463	212,754
Motor Vehicle Titles	-	210,844	-	-	210,844	0
Motor Vehicle Retirement	-	21,084	-	-	21,084	0
Total State of Tennessee	710,524	7,771,335	0	213,086	7,727,222	541,551
Washington County/Johnson City						
Business Tax and Marriage Licenses	47,679	1,389,463	-	59,117	1,358,151	19,874
Beer Tax	-	339,826	-	17,099	322,727	0
Building Permits	-	117,664	-	5,883	111,781	0
County Litigation	-	5,816	-	290	5,526	0
Total Washington County/ Johnson City	47,679	1,852,769	0	82,389	1,798,185	19,874
Litigants, Heirs and Others						
Notary Seals	275	2,141	-	-	2,142	274
Public Notices	1,305	13,005	-	-	13,455	855
Donor Awareness	155	1,735	-	-	1,750	140
Helping Schools	124	2,201	-	-	2,170	155
Due to County Clerk	800	300	-	-	-	1,100
Deposits	9,460	220	-	-	-	9,680
Total Litigants, Heirs and Others	12,119	19,602	0	0	19,517	12,204
Fee and Commission Account						
Fees and Commissions	104,832	794,603	295,475	-	1,076,815	118,095
Total Fee and Commission Account	104,832	794,603	295,475	0	1,076,815	118,095
TOTAL ALL ACCOUNTS	$ 875,154	10,438,309	295,475	295,475	10,621,739	691,724

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
CIRCUIT COURT CLERK
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	150,569	-	8,499	142,070	0
Attorney General	-	8,092	-	404	7,688	0
Public Defender	-	27,502	-	1,375	26,127	0
Tennessee Bureau of Investigations	-	2,537	-	127	2,410	0
Wildlife Resources	-	33	-	1	32	0
Department of Safety	-	8,035	-	402	7,633	0
Total State of Tennessee	0	196,768	0	10,808	185,960	0
Washington County						
County Litigation Tax	-	10,300	-	1,545	8,755	0
County Fines	-	15,717	-	786	14,931	0
County Officer's Cost	-	21,121	-	1,056	20,065	0
Special Litigation Tax	-	1,004	-	50	954	0
Other Collections	-	6,351	-	1	6,350	0
Litigation Tax / Jail	-	4,619	-	231	4,388	0
Jail Fees	-	28,877	-	1,444	27,433	0
Data Entry Fee	-	1,890	-	-	1,890	0
Drug Court Fund	-	2,747	-	137	2,610	0
Drug Fines	-	25,696	-	1,285	24,411	0
Total Washington County	0	118,322	0	6,535	111,787	0
Litigants, Heirs and Others						
Court Funds and Costs	92,887	353,362	-	-	409,907	36,342
Alimony/Child Support	-	35,864	-	-	35,864	0
Deposits	239,985	77,400	-	-	29,902	287,483
Cash Bonds	41,000	79,577	-	-	49,577	71,000
Fines and Arrest Fees - Johnson City	-	21,700	-	1,085	20,615	0
Drug Fines - Johnson City	-	21,890	-	1,095	20,795	0
Bond Forfeitures - Johnson City	-	500	-	25	475	0
Fines and Arrest Fees – Jonesborough	-	7,495	-	375	7,120	0
Witness Fees	-	238	-	12	226	0
Constable's Cost	-	367	-	18	349	0
Total Litigants, Heirs and Others	373,872	598,393	0	2,610	574,830	394,825
Fee and Commission Account						
Fees and Commissions	82,169	883,472	19,953	-	905,706	79,888
Total Fee and Commission Account	82,169	883,472	19,953	0	905,706	79,888
TOTAL ALL ACCOUNTS	$ 456,041	1,796,955	19,953	19,953	1,778,283	474,713

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
GENERAL SESSIONS COURT CLERK - JONESBOROUGH
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	64,668	-	2,765	61,903	0
Department of Safety	-	10,080	-	504	9,576	0
Tennessee Bureau of Investigations	-	7,418	-	371	7,047	0
Public Defender	-	200	-	10	190	0
Attorney General	-	1,160	-	58	1,102	0
Total State of Tennessee	0	83,526	0	3,708	79,818	0
Washington County						
County Litigation Tax	-	26,251	-	1,313	24,938	0
Special Litigation Tax	-	16,706	-	835	15,871	0
Litigation Tax / Jail	-	11,200	-	560	10,640	0
County Fines	-	23,872	-	1,194	22,678	0
Drug Fines	-	9,734	-	487	9,247	0
Drug Court Fund	-	1,910	-	95	1,815	0
County Officer's Cost	-	30,077	-	1,504	28,573	0
Jail Fees	-	36,493	-	1,825	34,668	0
Other Collections	-	1,332	-	67	1,265	0
Data Entry Fee	-	2,092	-	-	2,092	0
Total Washington County	0	159,667	0	7,880	151,787	0
Litigants, Heirs and Others						
Court Funds and Costs	390	81,730	-	-	81,920	200
Cash Bonds	9,250	38,160	-	-	40,410	7,000
Alimony/Child Support	-	2,897	-	-	2,897	0
Constable's Cost	-	4,922	-	246	4,676	0
Fines and Arrest Fees – Jonesborough	-	21,334	-	1,067	20,267	0
Total Litigants, Heirs and Others	9,640	149,043	0	1,313	150,170	7,200
Fee and Commission Account						
Fees and Commissions	(501)	56,576	12,901	-	69,444	(468)
Total Fee and Commission Account	(501)	56,576	12,901	0	69,444	(468)
TOTAL ALL ACCOUNTS	$ 9,139	448,812	12,901	12,901	451,219	6,732

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
GENERAL SESSIONS COURT CLERK - CIVIL COURT - JOHNSON CITY
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	75,945	-	3,797	72,148	0
Total State of Tennessee	0	75,945	0	3,797	72,148	0
Washington County						
County Litigation Tax	-	54,478	-	2,724	51,754	0
Special Litigation Tax	-	59,716	-	3,145	56,571	0
Litigation Tax / Jail	-	42,417	-	1,961	40,456	0
County Officer's Cost	-	9,792	-	490	9,302	0
Data Entry Fee	-	8,121	-	-	8,121	0
Total Washington County	0	174,524	0	8,320	166,204	0
Litigants, Heirs and Others						
Court Funds and Costs	1,718	1,087,784	-	-	1,082,215	7,287
Alimony/Child Support	-	20,976	-	-	20,976	0
Deposits	402	1	-	-	-	403
Constable's Cost	-	64,133	-	3,207	60,926	0
Total Litigants, Heirs and Others	2,120	1,172,894	-	3,207	1,164,117	7,690
Fee and Commission Account						
Fees and Commissions	111	120,568	15,324	-	135,902	101
Total Fee and Commission Account	111	120,568	15,324	0	135,902	101
TOTAL ALL ACCOUNTS	$ 2,231	1,543,931	15,324	15,324	1,538,371	7,791

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
GENERAL SESSIONS COURT CLERK - STATE COURT - JOHNSON CITY
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	222,086	-	9,719	212,367	0
Wildlife Resources	-	9,601	-	662	8,939	0
Department of Safety	-	104,401	-	5,220	99,181	0
Tennessee Bureau of Investigation	-	27,522	-	1,376	26,146	0
Public Service Commission	-	265	-	13	252	0
Public Defender	-	335	-	17	318	0
Attorney General	-	8,851	-	443	8,408	0
Total State of Tennessee	0	373,061	0	17,450	355,611	0
Washington County						
County Litigation Tax	-	116,325	-	5,816	110,509	0
Special Litigation Tax	-	60,583	-	3,029	57,554	0
Litigation Tax / Jail	-	41,196	-	2,060	39,136	0
County Fines	-	31,808	-	1,590	30,218	0
Drug Fines	-	4,073	-	204	3,869	0
Drug Court Fund	-	6,134	-	307	5,827	0
County Officer's Cost	-	23,202	-	1,160	22,042	0
Jail Fees	-	84,857	-	4,243	80,614	0
Other Collections	-	964	-	48	916	0
Data Entry Fee	-	7,943	-	-	7,943	0
Total Washington County	0	377,085	0	18,457	358,628	0
Litigants, Heirs and Others						
Court Funds and Costs	305	136,318	-	-	133,502	3,121
Cash Bonds	7,400	118,711	-	-	90,611	35,500
Constable's Cost	-	3,781	-	189	3,592	0
Fines and Arrest Fees - Johnson City	-	120,614	-	6,031	114,583	0
Drug Fines - Johnson City	-	28,587	-	1,429	27,158	0
Total Litigants, Heirs and Others	7,705	408,011	0	7,649	369,446	38,621
Fee and Commission Account						
Fees and Commissions	(2,036)	224,079	43,556	-	267,825	(2,226)
Total Fee and Commission Account	(2,036)	224,079	43,556	0	267,825	(2,226)
TOTAL ALL ACCOUNTS	$ 5,669	1,382,236	43,556	43,556	1,351,510	36,395

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
GENERAL SESSIONS COURT CLERK - JUVENILE
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	1,345	-	67	1,278	0
Tennessee Bureau of Investigation	-	50	-	4	46	0
Total State of Tennessee	0	1,395	0	71	1,324	0
Washington County						
County Fines	-	1,285	-	64	1,221	0
Drug Fines	-	125	-	6	119	0
County Officer's Cost	-	2,462	-	123	2,339	0
Data Entry Fee	-	290	-	-	290	0
Total Washington County	0	4,162	0	193	3,969	0
Litigants, Heirs and Others						
Court Funds & Costs	525	21,558	-	-	22,083	0
Alimony/Child Support	-	13,907	-	-	13,907	0
Deposits	55,388	3,912	-	-	6,147	53,153
Fines and Arrest Fees - Jonesborough	-	548	-	27	521	0
Total Litigants, Heirs and Others	55,913	39,925	0	27	42,658	53,153
Fee and Commission Account						
Fees and Commissions	1	7,595	291	-	7,886	1
Total Fee and Commission Account	1	7,595	291	0	7,886	1
TOTAL ALL ACCOUNTS	$ 55,914	53,077	291	291	55,837	53,154

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
LAW COURT CLERK - JOHNSON CITY
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	16,478	-	2,472	14,006	0
Total State of Tennessee	0	16,478	0	2,472	14,006	0
Washington County						
County Litigation Tax	-	8,145	-	1,222	6,923	0
Special Litigation Tax	-	1,384	-	69	1,315	0
Litigation Tax / Jail	-	6,903	-	345	6,558	0
County Officer's Cost	-	2,540	-	127	2,413	0
Other Collections	-	121	-	-	121	0
Data Entry Fee	-	1,362	-	-	1,362	0
Total Washington County	0	20,455	0	1,763	18,692	0
Due to Litigants, Heirs and Others						
Court Funds and Costs	129,120	748,908	-	-	607,699	270,329
Alimony/Child Support	-	95,689	-	-	95,689	0
Deposits	419,020	6,475	-	-	28,672	396,823
Constable's Cost	-	4,158	-	208	3,950	0
Total Due to Litigants, Heirs and Others	548,140	855,230	-	208	736,010	667,152
Fee and Commission Account						
Fees and Commissions	(74)	125,067	4,443	-	129,510	(74)
Total Fee and Commission Account	(74)	125,067	4,443	0	129,510	(74)
TOTAL ALL ACCOUNTS	$ 548,066	1,017,230	4,443	4,443	898,218	667,078

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
CLERK AND MASTER - JONESBOROUGH
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
Litigation Tax	$ -	3,633	-	545	3,088	0
Total State of Tennessee	0	3,633	0	545	3,088	0
Washington County						
Litigation Tax	-	1,792	-	270	1,522	0
Library Tax	-	304	-	46	258	0
Sheriff's Fees	-	3,229	-	161	3,068	0
Delinquent Taxes	-	261,150	-	13,057	248,093	0
Delinquent Taxes - Penalty and Interest	-	116,905	-	5,845	111,060	0
Litigation Tax - Jail	-	1,520	-	228	1,292	0
Delinquent Taxes - Court Costs	-	8,919	-	-	8,919	0
Data Processing Fee	-	444	-	-	444	0
Total Washington County	0	394,263	0	19,607	374,656	0
Litigants, Heirs and Others						
Court Funds & Costs	6,773	424,553	-	-	291,527	139,799
Deposits	140,130	18,335	-	-	46,370	112,095
Alimony/ Child Support	-	107,700	-	-	107,700	0
Constables, Legal Process	-	5,776	-	-	5,776	0
Attorney's Fees and Commissions - Delinquent Tax	-	77,347	-	-	77,347	0
City Delinquent Taxes	-	95,986	-	4,799	91,187	0
City Delinquent Taxes - Penalty and Interest	-	64,263	-	3,213	61,050	0
City Delinquent Tax - Court Costs	-	1,227	-	-	1,227	0
Jonesborough Delinquent Taxes	-	11,024	-	551	10,473	0
Jonesborough Delinquent Taxes - Penalty and Interest	-	4,101	-	205	3,896	0
Jonesborough Delinquent Taxes - Court Costs	-	368	-	-	368	0
Publications	-	2,863	-	-	2,863	0
Total Litigants, Heirs and Others	146,903	813,543	0	8,768	699,784	251,894
Fee and Commission Account						
Fees and Commissions	-	73,065	28,920	-	101,985	0
Total Fee and Commission Account	0	73,065	28,920	0	101,985	0
TOTAL ALL ACCOUNTS	$ 146,903	1,284,504	28,920	28,920	1,179,513	251,894

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
CLERK AND MASTER - JOHNSON CITY
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfers To	Transfers From	Disbursements	Balance 6/30/2005
State of Tennessee						
State Litigation Tax	$ -	7,733	-	1,160	6,573	0
Treasury Department	-	50,913	-	-	50,913	0
Total State of Tennessee	0	58,646	0	1,160	57,486	0
Washington County						
County Litigation Tax	-	3,836	-	575	3,261	0
Special Litigation Tax	-	654	-	98	556	0
Litigation Tax / Jail	-	3,250	-	487	2,763	0
County Officers' Cost	-	4,171	-	209	3,962	0
Delinquent Taxes	51,894	98,180	-	4,267	132,977	12,830
Delinquent Taxes - Penalty and Interest	-	48,892	-	2,445	46,447	0
Delinquent Tax - Court Costs	-	6,177	-	-	6,177	0
Non - Resident Notice	-	2,013	-	-	2,013	0
Data Entry Fee	-	820	-	-	820	0
Total Washington County	51,894	167,993	0	8,081	198,976	12,830
Litigants, Heirs and Others						
Court Funds and Costs	16,694	1,075,157	-	-	1,032,696	59,155
Deposits	1,620,043	187,123	-	-	417,088	1,390,078
Alimony/ Child Support	-	390,315	-	-	390,315	0
Constables, Legal Process	-	6,200	-	-	6,200	0
Attorneys Fees and Commissions - Delinquent Tax	-	45,010	-	-	45,010	0
City Delinquent Taxes	-	75,999	-	3,800	72,199	0
City Delinquent Taxes - Penalty and Interest	-	48,879	-	2,444	46,435	0
City Delinquent Taxes - Court Costs	-	1,442	-	-	1,442	0
Treasury Department - Virginia	-	1,160	-	-	1,160	0
Total Litigants, Heirs and Others	1,636,737	1,831,285	0	6,244	2,012,545	1,449,233
Fee and Commission Account						
Fees and Commissions	-	219,263	15,485	-	234,748	0
Special Commissioner Fees	-	772	-	-	772	0
Total Fee and Commission Account	-	220,035	15,485	0	235,520	0
TOTAL ALL ACCOUNTS	$ 1,688,631	2,277,959	15,485	15,485	2,504,527	1,462,063

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
REGISTER
For the Fiscal Year Ended June 30, 2005

Account	Balance 7/1/2004	Receipts	Transfer To	Transfer From	Disbursements	Balance 6/30/2005
State of Tennessee						
Realty Transfer and Mortgage Tax	$ 298,919	3,126,601	-	75,031	3,064,543	285,946
County Officials' Retirement Tax	7,557	-	-	-	329	7,228
Total State of Tennessee	306,476	3,126,601	-	75,031	3,064,872	293,174
Fee and Commission Account	99,415	794,700	75,031	-	871,836	97,310
TOTAL ALL ACCOUNTS	$ 405,891	3,921,301	75,031	75,031	3,936,708	390,484

See Independent Auditors' Report

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
SCHEDULE OF CASH RECEIPTS, DISBURSEMENTS AND BALANCES
SHERIFF
For the Fiscal Year Ended June 30, 2005

Cash Balance, 7/01/04			$ 37,890
Receipts			
Officers Costs	24,339		
Cash Bonds - Various Courts	126,353		
Inmates Deposits	633,523		
Fingerprinting	1,770		
Handgun Permits	5,540		
Sexual Offender Registration	1,860		
Reimbursement	3,400		
Incentives	9,600		
Total Receipts		806,385	
Disbursements			
By Check:			
Officers Costs Reported to County	24,339		
Cash Bonds - Various Courts	126,353		
Payments to Inmates	629,567		
Handgun Permits	5,540		
Incentives	9,600		
Fingerprinting	1,770		
SOR	1,860		
By Cash:			
Drug Buy	4,200		
Total Disbursements		803,229	
Receipts Over (Under) Disbursements			3,156
Cash Balance, 6/30/05			$ 41,046

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
For the Fiscal Year Ended June 30, 2005

	Trustee	County Clerk	Circuit Court Clerk	General Sessions Court Clerk	Law Court Clerk	Clerk and Master	Register	Sheriff	Total (Memorandum Only)
REVENUE AND OTHER SOURCES									
Revenue:									
Fees	$ -	780,585	267,653	408,818	125,067	262,386	794,554	-	2,639,063
Special Commissioner Fees	-	-	-	-	-	772	-	-	772
Interest Earned	-	14,018	5,252	-	-	987	146	-	20,403
Commissions	1,371,209	295,475	19,953	72,072	4,443	44,405	75,031	-	1,882,588
Total Revenue	1,371,209	1,090,078	292,858	480,890	129,510	308,550	869,731	0	4,542,826
Other Sources:									
Operating Transfers:									
General Sessions - Jonesborough	-	-	69,444	-	-	-	-	-	69,444
General Sessions - Civil Court - Johnson City	-	-	135,902	-	-	-	-	-	135,902
General Sessions - State Court - Johnson City	-	-	267,825	-	-	-	-	-	267,825
General Sessions - Juvenile Court	-	-	7,886	-	-	-	-	-	7,886
Law Court	-	-	129,510	-	-	-	-	-	129,510
Total Revenue and Other Sources	1,371,209	1,090,078	903,425	480,890	129,510	308,550	869,731	0	5,153,393
EXPENDITURES AND OTHER USES									
Expenditures:									
Special Commissioner Fees	-	-	-	-	-	772	-	-	772
Bank Charges	-	-	10,045	-	-	-	-	-	10,045
Retirement Expense	-	21,083	-	-	-	-	-	-	21,083
Total Expenditures	0	21,083	10,045	0	0	772	0	0	31,900

(Continued)

WASHINGTON COUNTY, TENNESSEE
CONSTITUTIONAL OFFICERS
COMBINED SCHEDULE OF CHANGES IN FEE AND COMMISSION ACCOUNTS
For the Fiscal Year Ended June 30, 2005

EXPENDITURES AND OTHER USES (CONTINUED)	Trustee	County Clerk	Circuit Court Clerk	General Sessions Court Clerk	Law Court Clerk	Clerk and Master	Register	Sheriff	Total (Memorandum Only)
Total Expenditures (Brought Forward)	-	21,083	10,045	-	-	772	-	-	31,900
Other Uses:									
Fees & Commissions to County General Fund	1,371,209	1,068,995	893,380	(167)	-	307,778	869,731	-	4,510,926
Operating Transfers:									
Fees & Commissions to Circuit Court	-	-	-	481,057	129,510	-	-	-	610,567
Total Expenditures and Other Uses	1,371,209	1,090,078	903,425	480,890	129,510	308,550	869,731	0	5,153,393
Excess Fees, June 30, 2005									
Add: Due to County General Fund - Excess Fees	149,579	118,095	77,221	-	-	-	97,310	-	442,205
Due to General Sessions - State Court - Johnson City	-	-	2,226	-	-	-	-	-	2,226
Due to General Sessions - Jonesborough	-	-	468	-	-	-	-	-	468
Due to Law Court	-	-	74	-	-	-	-	-	74
Less: Due from General Sessions - Civil Court - Johnson City	-	-	(101)	-	-	-	-	-	(101)
Less: Due from Circuit Court Clerk	-	-	-	(2,592)	(74)	-	-	-	(2,666)
Cash Balance, June 30, 2005	$ 149,579	118,095	79,888	(2,592)	(74)	0	97,310	0	442,206

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005

CFDA Number	Program Name	Grantor Agency	Balance July 1, 2004	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2005
Primary Government:							
General Fund:							
16.600	Federal Boarding of Prisoners**	U.S. Marshalls	$ 147,378	643,188	622,692	-	126,882
Pass-Through State of Tennessee:							
16.005	Residence Substance Abuse #Z-000002567	U.S. Department of Justice	$ 41,799	108,456	99,986	-	33,329
16.005	Law Enforcement Assistance Grant	U.S. Department of Justice	(12,402)	11,193	12,530	-	(11,065)
Total Law Enforcement Assistance Grants			29,397	119,649	112,516	-	22,264
16.548	Juvenile Justice and Delinquency Prevention Act	U.S. Department of Justice	31,759	31,759	-	-	-
16.579	RSAT - Expansion - Byrne - #Z-99088294	U.S. Department of Justice	8,528	26,283	24,713	-	6,958
16.710	COPS in Schools	U.S. Department of Justice	12,734	53,931	51,675	-	10,478
Total Department of Justice			53,021	111,973	76,388	-	17,436
97.000	Homeland Security Phase One Grant #Z-03-017811-01	U.S. Department of Homeland Security	82,434	61,983	-	-	20,451
97.004	Office of Domestic Preparedness State Homeland Security Grant Program - Equipment* #Z-04-020156-01	U.S. Department of Homeland Security	-	-	202,319	-	202,319
97.004	Office of Domestic Preparedness State Homeland Security Grant Program #Z-04-022504-00*	U.S. Department of Homeland Security	-	-	222,319	-	222,319
Total Department of Homeland Security			82,434	61,983	424,638	-	445,089
Pass-Through Other Agencies:							
16.000	Appalachia High Intensity Drug Trafficking Area	U.S. Department of Justice	-	3,138	4,609	-	1,471
Total General Fund Grants			164,852	296,743	618,151	-	486,260
Highway Fund:							
Pass-Through State of Tennessee:							
10.904	Emergency Watershed Protection*	U.S. Department of Agriculture	-	199,323	199,323	-	-
Total Highway Fund Grants			-	199,323	199,323	-	-
Component Units:							
General Purpose School Fund:							
Pass-Through State of Tennessee:							
84.318	Education Technology State Grants* #Z-03-015009, #Z-04-020859, #Z-04020722	U.S. Department of Education	138,726	343,669	303,391	-	98,448
Total General Purpose School Grants			138,726	343,669	303,391	0	98,448

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
For the Fiscal Year Ended June 30, 2005

CFDA Number	Program Name	Grantor Agency	Balance July 1, 2004	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2005
Component Units (Continued):							
School Federal Projects:							
Pass-Through State of Tennessee:							
84.173	Preschool Incentive Funds	U.S. Department of Education	-	49,892	51,215	-	1,323
84.010	Title I Funds*	U.S. Department of Education	(59,299)	1,228,097	1,302,137	-	14,741
84.027	Idea - Part B	U.S. Department of Education	11,974	1,319,500	1,531,327	-	223,801
84.186	Drug-Free Grant	U.S. Department of Education	-	42,655	46,033	-	3,378
84.048	Carl Perkins - Program Improvement	U.S. Department of Education	48,784	209,490	160,706	-	-
84.367A	Title II-A	U.S. Department of Education	(33,345)	323,996	437,499	-	80,158
84.298	Title V	U.S. Department of Education	(4,251)	31,643	43,799	-	7,905
84.318	Title II-D	U.S. Department of Education	-	32,644	40,089	-	7,445
N/A	D.A.R.E. #Z-04019545	U.S. Department of Education	4,250	4,250	4,250	-	4,250
Total School Federal Projects Grants			(31,887)	3,242,167	3,617,055	-	343,001
School Food Service:							
10.553	National School Breakfast Program	U.S. Department of Agriculture	-	279,478	313,107	-	33,629
10.555	National School Lunch Program*	U.S. Department of Agriculture	-	1,187,985	1,293,097	-	105,112
10.550	Commodity Supplemental Feeding	U.S. Department of Agriculture	-	163,514	163,514	-	-
10.559	Summer Food Service Program for Children	U.S. Department of Agriculture	84,313	84,313	-	-	-
Total School Food Service Grants			84,313	1,715,290	1,769,718	0	138,741
Agency Funds:							
Pass-Through State of Tennessee:							
16.579	Byrnes Grant #Z-99088359-00	U.S. Department of Justice	-	93,977	73,551	40,904	20,478
Total Judicial District Drug Task Force			0	93,977	73,551	40,904	20,478
Total Federal Grants			$ 356,004	5,891,169	6,581,189	40,904	1,086,928

*Major Program
**Other Federal Assistance - must comply with Circular OMB A-87 Only

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2005

CFDA Number	Program Name	Grantor Agency	Balance July 1, 2004	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2005
Primary Government:							
General Fund:							
N/A	State Boarding of Prisoners	Tennessee Department of Correction	$ 321,860	2,000,460	1,810,155	6,895 *	138,450
N/A	Litter Grant	Tennessee Department of Transportation	22,739	76,058	53,319	-	-
N/A	Juvenile Grant #Z-04-01560900 and #Z-05-020439-00	Tennessee Department of Justice	570	12,570	12,000	-	-
N/A	Juvenile Grant #Z-04-01560900 and #Z-05-020439-00	Tennessee Department of Justice	125	9,125	9,000	-	-
N/A	Health Department #Z-04-015399-01 and #Z-05-020521-00	Tennessee Department of Health	192,288	604,079	624,991	-	213,200
N/A	Project Safe Neighborhood	First Judicial District Attorney's Office	9,771	19,351	9,580	-	-
N/A	Reappraisal Program	State Board of Equalization	-	32,117	32,117	-	-
Total General Fund			547,353	2,753,760	2,551,162	6,895	351,650
Highway Fund:							
N/A	Rural Road Program	Tennessee Department of Transportation	366,997	377,762	-	10,765	-
N/A	State Aid Bridge Replacement Program	Tennessee Department of Transportation	-	205,986	205,986	-	-
Total Highway Fund			366,997	583,748	205,986	10,765	-
Sanitation Fund:							
N/A	Recycling Rebate	Tennessee Department of Environment and Conservation	6,812	6,812	-	-	-
N/A	Waste Tire Contract #Z-03-011329-02	Tennessee Department of Environment and Conservation	50,441	247,904	259,938	-	62,475
Total Sanitation Fund			57,253	254,716	259,938	-	62,475
Total Primary Government			$ 971,603	3,592,224	3,017,086	17,660	414,125

*The adjustment to the State Boarding of Prisoners was for the Cost Report Settlement.

(Continued)

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF EXPENDITURES OF STATE AWARDS
For the Fiscal Year Ended June 30, 2005

CFDA Number	Program Name	Grantor Agency	Balance July 1, 2004	Cash Receipts	Expenditures	Adjustments	Balance June 30, 2005
Component Units:							
General Purpose School Fund:							
N/A	Safe Schools	Tennessee Department of Education	$ 50,848	50,848	43,206	-	43,206
N/A	Transition School to Work GG-00-08223-03/GG-04-10268-00	Tennessee Department of Education	19,860	84,098	80,440	-	16,202
N/A	Family Resource Center #Z-05-021427	Tennessee Department of Education	-	33,000	33,000	-	-
N/A	Driver's Education	Tennessee Department of Education	13,380	31,955	35,340	1,115	17,880
N/A	Coordinated School Health Program GG-05-11130	Department of Human Services	-	78,187	78,187	-	-
N/A	Consolidated School Health Program GG-041043800	Department of Human Services	221	221	-	-	-
Total General Purpose School Fund			84,309	278,309	270,173	1,115	77,288
School Food Service:							
N/A	Preschool Agreement # 034759919008	Tennessee Department of Education	-	14,821	14,821	-	-
N/A	State Administrative Expenses for Child Nutrition	Tennessee Department of Education	-	35,124	35,124	-	-
Total School Food Service			-	49,945	49,945	-	-
Total Component Units			84,309	328,254	320,118	1,115	77,288
Total State Grants			$ 1,055,912	3,920,478	3,337,204	18,775	491,413

See Independent Auditors' Report.

SECTION V

STATISTICAL SECTION
(UNAUDITED)

WASHINGTON COUNTY, TENNESSEE
UNCOLLECTED TAXES FILED IN CHANCERY COURT
(UNAUDITED)

Year	Uncollected Balance June 30, 2005
2003	$ 339,294
2002	131,263
2001	115,529
2000	76,466
1999	66,501
1998	42,158
1997	21,264
1996	151,713
1995	20,441
1994	16,442
Total	$ 981,071

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
TAX RATES
AND ASSESSMENTS FOR TEN YEARS
(UNAUDITED)

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
County General	0.66	0.75	0.75	0.75	0.66	0.66	0.66	0.66	0.68	0.63
Upkeep (Highway)	0.23	0.19	0.19	0.19	0.16	0.16	0.16	0.16	0.16	0.14
General Purpose School	1.02	0.86	0.86	0.86	0.76	0.76	0.76	0.76	0.76	0.82
Debt Service	0.45	0.38	0.38	0.38	0.32	0.31	0.30	0.30	0.27	0.23
Solid Waste/Sanitation	0.05	0.04	0.04	0.04	0.03	0.04	0.05	0.05	0.06	0.05
Total	2.41	2.22	2.22	2.22	1.93	1.93	1.93	1.93	1.93	1.87

Assessed Valuation										
Real and Personal	883,444,663	1,093,445,871	1,144,310,208	1,189,520,774	1,467,742,062	1,504,300,310	1,535,662,651	1,575,320,973	1,612,272,259	1,963,946,907
Public Utility	49,379,742	55,783,139	53,517,903	49,095,345	59,472,704	63,635,306	63,056,050	64,551,279	66,149,544	76,710,665
Total Assessed Valuation	932,824,405	1,149,229,010	1,197,828,111	1,238,616,119	1,527,214,766	1,567,935,616	1,598,718,701	1,639,872,252	1,678,421,803	2,040,657,572

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
PROPERTY TAX LEVIES AND COLLECTIONS-
Last Ten Fiscal Years
(UNAUDITED)

	June 30, 1996	June 30, 1997	June 30, 1998	June 30, 1999	June 30, 2000	June 30, 2001	June 30, 2002	June 30, 2003	June 30, 2004	June 30, 2005
Property Tax Levied	22,481,068	25,512,884	26,591,784	27,497,278	29,475,245	30,295,916	30,869,135	31,694,567	32,430,060	37,254,156
Current Taxes Collected	21,325,575	24,152,413	25,240,214	26,022,862	27,637,000	28,334,769	28,868,767	29,861,069	30,661,947	35,123,059
Prior Years Collected	1,454,787	1,276,535	1,117,586	1,200,142	1,556,197	1,239,383	1,328,164	1,378,297	1,427,320	1,240,851
Total Collections	22,780,362	25,428,948	26,357,800	27,223,004	29,193,197	29,574,152	30,196,931	31,239,366	32,089,267	36,363,910

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
PROPERTY TAX RATES
OVERLAPPING GOVERNMENTS
Last Ten Fiscal Years
(UNAUDITED)

Year of Tax Levy - Tax Rate Per $100

	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
City of Johnson City	2.61	2.19	2.19	2.19	1.87	1.87	2.15	2.15	2.15	1.93
Town of Jonesborough	1.70	1.70	1.70	1.70	1.70	1.53	1.53	1.53	1.75	1.54

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
RATIO OF NET GENERAL BONDED DEBT TO ASSESSED VALUE
AND NET BONDED DEBT PER CAPITA
Last Ten Fiscal Years
(UNAUDITED)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Net General Bonded Debt:										
General Bonded Debt	10,915,000	8,635,000	18,560,000	25,715,000	33,055,000	38,315,000	37,230,000	36,050,000	34,690,000	32,505,000
Less: Debt Service Fund	3,636,848	3,876,984	4,139,925	5,031,808	6,274,301	7,168,983	7,349,897	7,591,603	6,633,152	5,542,286
Net General Bonded Debt	7,278,152	4,758,016	14,420,075	20,683,192	26,780,699	31,146,017	29,880,103	28,458,397	28,056,848	26,962,714
Assessed Valuation	932,824,405	1,149,229,010	1,197,828,111	1,238,616,119	1,527,214,766	1,567,935,616	1,598,718,701	1,639,872,252	1,678,421,803	2,040,657,572
Ratio of General Bonded Debt to Assessed Value	0.78%	0.41%	1.20%	1.67%	1.75%	1.99%	1.87%	1.74%	1.67%	1.32%
Net Bonded Debt Per Capita:										
Based on 1990 Census	91,277	91,277	91,277	91,277	91,277	-	-	-	-	-
Based on 2000 Census	-	-	-	-	-	107,198	107,198	107,198	107,198	107,198
Gross Bonded Debt per Capita	120	95	203	282	362	357	347	336	324	303
Net Bonded Debt Per Capita	80	52	158	227	293	291	279	265	262	252

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
RATIO OF ANNUAL DEBT SERVICE FOR GENERAL BONDED DEBT
TO TOTAL GENERAL EXPENDITURES
Last Ten Fiscal Years
(UNAUDITED)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Debt Service for General Bonded Debt	2,248,852	2,812,683	2,698,648	1,840,350	2,603,879	2,616,123	6,508,444	2,884,350	3,020,175	1,385,000
Total General Expenditures	50,363,253	53,986,873	57,620,761	61,901,405	64,120,987	68,316,289	72,124,259	75,803,059	78,458,418	84,801,189
Ratio	4.47%	5.21%	4.68%	2.97%	4.06%	3.83%	9.02%	3.81%	3.85%	1.63%

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
TOTAL REVENUES BY SOURCE AND
TOTAL EXPENDITURES BY FUNCTION AND OTHER USES
Last Ten Fiscal Years
(UNAUDITED)

	1996	1997	1998	1999	2000	2001	2002	2003	2004	2005
Revenues and Other Sources:										
Taxes	28,760,965	31,453,760	32,921,632	34,242,370	36,332,574	37,390,568	38,657,882	39,580,902	40,500,458	44,521,209
Licenses and Permits	173,612	204,100	238,682	254,888	279,766	307,056	327,055	340,798	366,494	404,532
Fines, Forfeitures and Penalties	372,855	383,731	357,153	412,854	453,385	384,620	439,311	484,198	493,678	483,249
Charges for Current Services	1,253,571	1,445,940	1,581,576	1,697,979	1,937,022	2,131,823	2,014,647	2,643,479	2,543,010	2,691,960
Other Local Revenue	945,142	1,096,206	1,357,309	1,627,101	1,761,110	1,871,547	1,469,327	945,375	1,070,227	1,429,325
Revenue from State of TN	21,172,285	23,368,419	24,521,124	25,449,164	26,519,108	27,429,075	28,154,821	29,799,301	30,613,125	32,237,085
Revenue from Federal Government	2,940,426	3,352,241	3,891,160	4,480,332	4,393,376	4,356,101	5,660,032	5,019,833	5,754,264	6,124,759
Revenue from Other Governments and Citizens Groups	30,277	76,191	137,077	77,117	562,998	392,347	732,129	628,715	491,196	748,073
Excess Fees and Commissions	2,753,705	3,057,333	3,172,058	3,303,080	3,435,410	3,578,950	3,982,952	4,098,502	4,382,774	4,542,054
Bond Premium	-	-	-	-	-	-	-	-	-	1,052,996
Proceeds from Bonds and Notes	13,787,356	4,100,000	12,540,000	12,100,000	8,593,000	7,191,000	13,168,712	5,178,000	101,000	203,000
Total	72,190,194	68,537,921	80,717,771	83,644,885	84,267,749	85,033,087	94,606,868	88,719,103	86,316,226	94,438,242
Expenditures and Other Uses:										
General Government	12,479,621	13,924,114	15,892,964	17,454,413	18,176,081	19,767,448	21,986,497	21,963,747	22,751,308	23,041,286
Highways and Streets	4,430,123	4,361,884	4,586,306	4,634,249	4,124,251	4,467,724	4,812,836	5,315,352	5,743,069	6,061,147
Sanitation	466,134	553,371	615,542	718,664	781,865	768,417	1,162,177	1,266,883	1,335,866	1,442,172
Education	32,768,509	34,921,124	36,300,301	38,832,090	40,759,459	43,016,108	43,838,016	46,908,859	48,275,613	53,901,199
Library	218,866	226,380	225,648	261,989	279,331	296,592	324,733	348,218	352,562	355,385
Capital Outlay	11,031,919	7,535,606	14,076,131	6,163,844	5,187,656	3,285,004	2,341,381	4,244,182	2,252,770	2,338,293
Debt Service	6,157,590	5,345,571	16,917,474	13,274,599	5,285,543	5,629,579	18,906,676	6,068,350	6,552,084	6,244,658
Transfers to Other Governments	-	-	-	-	8,000,000	6,000,000	5,874,299	2,300,069	214,395	255,968
Total	67,552,762	66,868,050	88,614,366	81,339,848	82,594,186	83,230,872	99,246,615	88,415,660	87,477,667	93,640,108

See Independent Auditors' Report.

WASHINGTON COUNTY, TENNESSEE
COMPARISON OF REVENUES AND EXPENDITURES
Current Year to Previous Year
(UNAUDITED)

Revenues

A comparison by major sources of revenue for the governmental fund types and discretely presented component units with that of the previous year is reflected below:

	2005	Percent 2005	2004	Percent 2004
Taxes	$ 44,521,209	47.78%	$ 40,500,458	46.98%
Licenses and Permits	404,532	0.43%	366,494	0.43%
Fines, Forfeitures & Penalties	483,249	0.52%	493,678	0.57%
Charges for Current Services	2,691,960	2.89%	2,543,010	2.95%
Other Local Revenue	1,429,325	1.53%	1,070,227	1.24%
Revenue from State of Tennessee	32,237,085	34.60%	30,613,125	35.51%
Revenue from Federal Government	6,124,759	6.57%	5,754,264	6.67%
Revenue from Other Governments and Citizens Groups	748,073	0.80%	491,196	0.57%
Excess Fees and Commissions Received from County Officials	4,542,054	4.87%	4,382,774	5.08%
Total Revenues	$ 93,182,246	100.00%	$ 86,215,226	100.00%

Interest earned from investment of idle County funds for the period under audit was $630,511 compared with $325,930 during the prior fiscal year - an increase of $304,581.

(Continued)

WASHINGTON COUNTY, TENNESSEE
COMPARISON OF REVENUES AND EXPENDITURES
Current Year to Previous Year
(UNAUDITED)

Expenditures

A comparison by fund account of expenditures for the governmental fund types and discretely presented component units with those of the previous year is reflected below:

Fund	2005	2004
County General	$ 23,531,240	$ 22,828,195
Highway Fund	6,933,935	5,904,445
Solid Waste/Sanitation	1,464,995	1,335,866
Library Fund	355,385	352,562
Drug Fines	60,837	58,058
Constitutional Officers	31,900	44,342
Capital Projects	19,849	108,054
Debt Service Fund	6,394,658	6,552,084
District Attorney	24,029	25,634
General Purpose School	48,100,151	44,517,764
School Federal Projects	3,621,282	2,932,545
School Food Service Fund	2,845,879	2,603,723
Total Expenditures	$ 93,384,140	$ 87,263,272

See Independent Auditors' Report.

SECTION VI

INTERNAL CONTROL AND COMPLIANCE SECTION

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REGIONAL EXPERTISE - LOCAL SERVICE

American Institute of Certified Public Accountants

Independent Auditors' 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*

To the Honorable County Mayor
and Board of Commissioners
Washington County, Tennessee

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 Washington County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise the Washington County, Tennessee's basic financial statements and have issued our report thereon dated November 15, 2005. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards,* issued by the Comptroller General of the United States.

Internal Control over Financial Reporting

In planning and performing our audit, we considered Washington County, Tennessee'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 Washington County, Tennessee'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 numbered 04-1 to 04-5.

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 none of the reportable conditions described above is a material weakness. We also noted other matters involving the internal control over financial reporting that we have reported to the management of Washington County, Tennessee, in separate letters dated November 15, 2005.

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Greeneville 1140 Tusculum Boulevard, Greeneville, TN 37745-4039 **(423) 638-8516** Fax (423) 638-3361

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Compliance and Other Matters

As part of obtaining reasonable assurance about whether Washington County, Tennessee's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the management, others within the organization, County Commissioners, 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.

Blackburn, Childers and Steagall, PLC
BLACKBURN, CHILDERS AND STEAGALL, PLC

November 15, 2005

Blackburn, Childers & Steagall, PLC

CERTIFIED PUBLIC ACCOUNTANTS AND CONSULTANTS

REGIONAL EXPERTISE - LOCAL SERVICE

American Institute of Certified Public Accountants

Independent Auditors' Report on Compliance with Requirements Applicable to Each Major Program and on Internal Control over Compliance in Accordance with OMB Circular A-133

To the Honorable County Mayor
and Board of Commissioners
Washington County, Tennessee

Compliance

We have audited the compliance of Washington County, Tennessee, 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. Washington County, Tennessee's major federal programs are identified in the summary of auditors' 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 Washington County, Tennessee's management. Our responsibility is to express an opinion on Washington County, Tennessee's compliance based on our audit.

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

In our opinion, Washington County, Tennessee, 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.

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Internal Control over Compliance

The management of Washington County, Tennessee 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 Washington County, Tennessee's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that noncompliance with applicable requirements of laws, regulations, contracts, and grants caused by error or fraud that would be material in relation to a major federal program being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over compliance and its operation that we consider to be material weaknesses.

This report is intended solely for the information and use of management, others within the organization, County Commissioners, 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.

Blackburn, Childers & Steagall, PLC
BLACKBURN, CHILDERS & STEAGALL, PLC

November 15, 2005

WASHINGTON COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
June 30, 2005

Section I - Summary of Auditors' Results

1. The auditors' report expresses an unqualified opinion on the basic financial statements of the governmental activities, the aggregate discretely presented component units, and each major fund and the aggregate remaining fund information of Washington County, TN.

2. Five reportable conditions disclosed during the audit of the financial statements are reported in the Schedule of Findings and Questioned Costs, none of which are considered to be material weaknesses.

3. No instances of noncompliance material to the financial statements of Washington County, TN were disclosed during the audit.

4. There were no reportable conditions relating to the audit of the major federal award programs reported in the Schedule of Findings and Questioned Costs.

5. The auditors' report on compliance for the major federal award programs for Washington County, TN expresses an unqualified opinion on all major federal programs.

6. There were no audit findings relative to the major federal award programs that are required to be reported in accordance with Section 510(a) of OMB Circular A-133.

7. The programs tested as major programs were as follows:

Program	CFDA Number
Title I, U.S. Department of Education	84.010
National School Lunch Program	10.555
Education Tech, U.S. Department of Education	84.318
Homeland Security, U.S. Department of Homeland Security	97.004

8. The threshold for distinguishing Types A and B programs was $300,000.

9. Washington County, TN was determined to be a low-risk auditee.

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Section II - Financial Statement Findings

Current Year Audit Findings

No Current Year Findings

Prior Year Audit Findings Not Implemented:

Food Service

04-1 Budgets (6-30-04 Report, Finding #2, Page 161, repeated from 6-30-01, Finding #2, Page 171):

Condition: Actual expenditures exceeded the amounts appropriated in the budget.

Criteria: State statutes require all expenditures of the general fund, special revenue funds and component units to be authorized by the governing body.

Effect: When expenditures exceed the budget, unapproved expenditures are being made.

Recommendation: Management should compare budgets to actual expenditures to ensure that all expenditures are properly authorized.

Management's Comments: There were two major unanticipated costs: a bonus payroll check for all employees mandated by Washington County Board of Education and the purchase of new computer equipment (36 units). These items were treated as a major expenditure and all rules and regulations pertaining to such transactions were followed. The director monitors all purchase orders / expenditures to insure their accuracy before issuance, and will continue to review all expenditures.

04-2 Bank Accounts (6-30-04 Report, Finding #3, Page 161, repeated from 6-30-88, Finding #3, Page 81):

Condition: Bank accounts have been maintained for the school cafeteria funds separate from the County Trustee.

Criteria: Internal controls should be established to require that all funds are deposited with the County Trustee to comply with Tennessee Code.

Effect: Maintaining separate bank accounts from the County Trustee is a violation of Tennessee Code.

Section II -- Financial Statement Findings (Continued):

Prior Year Audit Findings Not Implemented (Continued):

Recommendation: All funds should be deposited with the County Trustee.

Management's Comments: The Washington County Board of Education and the Director of Schools have not issued a directive to this office covering this suggested action.

County Court Clerk

04-3 Revenue (6-30-04 Report, Finding #4, Page 162, repeated from 6-30-03 Report, Finding #3, Page 160):

Condition: Reconciliation of public notices has not been performed throughout the year in a timely manner.

Criteria: Internal controls should be in place to ensure the proper reconciliation of public notices.

Effect: An error in payment of public notices could occur.

Recommendation: We recommend reconciling on a monthly basis the list of needed notices to the bills received from newspapers.

Management's Comments: We have implemented a plan to reconcile the public notices on a monthly basis.

County Executive

04-4 Expenses (06-30-04 Report, Finding #6, Page 163, repeated from 6-30-92 Report, Finding #1, Page 91):

Condition: Telephone bills contained unidentified long distance calls, which were not detailed by office or included on any employee-maintained telephone log.

Criteria: Internal controls should be in place to ensure personal long distance calls are properly identified and agree to employee-maintained telephone logs.

Effect: Personal employee expenses are being charged to the County.

Recommendation: A detail of calls by location should be provided by the telephone company. Telephone logs should be maintained by each individual and submitted to bookkeeping for comparison to the detail provided from the telephone company.

Managements' Comments: I concur.

Section II – Financial Statement Findings (Continued):

Prior Year Audit Findings Not Implemented (Continued):

County Executive

04-5 Expenses (06-30-04 Report, Finding #7, Page 163, repeated from 6-30-95 Report, Finding #2, Page 162):

Condition: Fixed assets are not tagged to facilitate periodic comparison of assets to detail records.

Criteria: Internal controls should be in place to ensure all fixed assets are properly identified and tagged.

Effect: Unable to compare physical inventory of fixed assets to detail records.

Recommendation: All fixed assets should be properly identified and tagged when placed into service.

Managements' Comments: I concur.

WASHINGTON COUNTY, TENNESSEE
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Section III - Findings and Questioned Costs - Major Federal Award Programs Audit

There were no findings and questioned costs in regard to the major federal award programs audit.

Prior Year Recommendations Implemented:

Finding Number	Food Service Page Number	Subject
1	161	Reconciliation of Accounts

Finding Number	Sheriff Page Number	Subject
5	162	Revenue

Finding Number	Circuit Court Clerk Page Number	Subject
1	159	Cash Controls
2	159	Temporary Receipts

Finding Number	Trustee Page Number	Subject
3	160	Uninsured Bank Accounts