

COMPREHENSIVE ANNUAL FINANCIAL REPORT
ANDERSON COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2006

DEPARTMENT OF AUDIT
JOHN G. MORGAN
Comptroller of the Treasury

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

ARTHUR L. ALEXANDER
Director

F. CLIFFORD TUCKER, CPA
Audit Manager

LESTER TACKETT, CPA, CGFM
Auditor 4

AMY MOORE, CGFM
CONSTANCE COOK-AYTES
DOUG SANDIDGE, CISA, CFE
State Auditors

GAIL COOK, CPA, CGFM
Director of Accounts and Budgets
Anderson County, Tennessee

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

ANDERSON COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		1
<u>INTRODUCTORY SECTION</u>		3
Letter of Transmittal		5-10
GFOA Certificate of Achievement for FY05 Report		11
Organization Chart		13
Anderson County Officials		15
<u>FINANCIAL SECTION</u>		17
Independent Auditor's Report		19-20
Management's Discussion and Analysis		21-35
BASIC FINANCIAL STATEMENTS:		37
Government-wide Financial Statements:		
Statement of Net Assets	A	39-40
Statement of Activities	B	41-42
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	43-44
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	45
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	46-47
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	48
Proprietary Funds:		
Statement of Net Assets	D-1	49-50
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	51-52
Statement of Cash Flows	D-3	53-54
Fiduciary Funds:		
Statement of Fiduciary Net Assets	E-1	55
Statement of Changes in Fiduciary Net Assets	E-2	56
Notes to the Financial Statements		57-99
REQUIRED SUPPLEMENTARY INFORMATION:		101
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		

	Exhibit	Page(s)
General Fund	F-1	103-106
Highway/Public Works Fund	F-2	107
Notes to the Required Supplementary Information		109
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		111
Governmental Funds:		
Nonmajor Funds:		113-114
Combining Balance Sheet	G-1	115-116
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	117-118
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual and Budget:		
Courthouse and Jail Maintenance Fund	G-3	119
Public Library Fund	G-4	120
Solid Waste/Sanitation Fund	G-5	121
Drug Control Fund	G-6	122
Other Special Revenue Fund	G-7	123
Major Governmental Funds:		125
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Debt Service Fund	H-1	127
Rural Debt Service Fund	H-2	128
Education Debt Service Fund	H-3	129
Fiduciary Funds:		131
Combining Statement of Fiduciary Assets and Liabilities	I-1	133
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	I-2	134-135
Component Unit:		
Discretely Presented Anderson County School Department:		137
Balance Sheet – Governmental Funds	J-1	139
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	J-2	140
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	J-3	141
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	J-4	142
Combining Balance Sheet – Nonmajor Governmental Funds	J-5	143
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	J-6	144
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	J-7	145-147
School Federal Projects Fund	J-8	148

	Exhibit	Page(s)
Central Cafeteria Fund	J-9	149
Other Education Special Revenue Fund	J-10	150
Fiduciary Fund:		
Statement of Fiduciary Net Assets	J-11	151
Statement of Changes in Fiduciary Net Assets	J-12	152
Miscellaneous Schedules:		153
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Anderson County School Department	K-1	155-158
Schedule of Bond and Interest Requirements by Year	K-2	159
Schedule of Notes Receivable	K-3	160
Schedule of Investments	K-4	161
Schedule of Transfers – Primary Government and Discretely Presented Anderson County School Department	K-5	162
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Anderson County School Department	K-6	163
Schedule of Detailed Revenues – All Governmental Fund Types	K-7	164-173
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Anderson County School Department	K-8	174-176
Schedule of Detailed Expenditures – All Governmental Fund Types	K-9	177-216
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Anderson County School Department	K-10	217-233
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	K-11	234
<u>STATISTICAL SECTION</u>	Table	235
Financial Trends:		
Net Assets by Component	1	237
Changes in Net Assets	2	238-239
Governmental Activities Tax Revenues by Source	3	240
Fund Balances of Governmental Funds	4	241
Changes in Fund Balances of Governmental Funds	5	242
General Governmental Tax Revenue by Source	6	243
Revenue Capacity:		
Appraised and Assessed Value of Taxable Property	7	244
Property Tax Rates – Direct and Overlapping Governments	8	245
Principal Property Taxpayers	9	246
Property Tax Levies and Collections	10	247

	Table	Page(s)
Debt Capacity:		
Ratios of Outstanding Debt by Type	11	248
Ratios of General Bonded Debt Outstanding	12	249
Direct and Overlapping Governmental Activities Debt	13	250
Computation of Legal Debt Margin	14	251
Pledged Revenue Coverage	15	252
Demographic and Economic Information:		
Demographic and Economic Statistics	16	253
Principal Employers	17	254
Operating Information:		
Full-time Equivalent County Government Employees by Function	18	255
Operating Indicators by Function	19	256
Capital Assets Statistics by Function	20	257
 <u>SINGLE AUDIT SECTION</u>		 259
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		261-262
Auditor's Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		263-264
Other Auditor's Report on Anderson County Emergency Communications District: Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		265
Schedule of Expenditures of Federal Awards and State Grants		267-269
Schedule of Audit Findings Not Corrected		271
Schedule of Findings and Questioned Costs		273-278
Auditee Reporting Responsibilities		279

Audit Highlights

Comprehensive Annual Financial Report
Anderson County, Tennessee
For the Year Ended June 30, 2006

Scope

We have audited the basic financial statements of Anderson County as of and for the year ended June 30, 2006.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF TRUSTEE

- ◆ An employee stole cash collections of at least \$30,126.34 from the Trustee's Office.

OFFICE OF COUNTY CLERK

- ◆ An employee stole cash collections of at least \$1,781.86 from the County Clerk's Office.

OFFICES OF COUNTY MAYOR, DIRECTOR OF ACCOUNTS AND BUDGETS, AND PROBATION DEPARTMENT

- ◆ The Probation Office had internal control weaknesses.

INTRODUCTORY SECTION



ANDERSON COUNTY GOVERNMENT

GAIL D. COOK, CPA
DIRECTOR OF ACCOUNTS AND BUDGETS

November 6, 2006

Board of County Commissioners
Citizens of Anderson County

Dear Commissioners and Citizens:

We are pleased to submit to you the Comprehensive Annual Financial Report of Anderson County, Tennessee, for the year ended June 30, 2006. This report was prepared by the county's Accounts and Budgets Office in conjunction with the county's independent auditors, State of Tennessee Office of the Comptroller of the Treasury – Department of Audit – Division of County Audit.

The financial reporting entity (the government) includes all the funds of the primary government (i.e., the county) as well as its component units. Component units are legally separate entities for which the primary government is financially accountable. Component units are discretely presented to emphasize they are legally separate from the primary government and to differentiate their financial position, results of operations and cash flows from those of the primary government. The Anderson County Board of Education (the Board) and the Anderson County Emergency Communications District (the District) are reported as discretely presented component units. For more information regarding the reporting entities, please see the notes to the financial statements.

Responsibility for both the accuracy of the data, and the completeness and fairness of the presentations, including all disclosures, rests with the county. To the best of our knowledge and belief, the enclosed data is accurate in all material respects and is reported in a manner designed to present fairly the financial position and results of operations of the various funds of the county and its component units. All disclosures necessary to enable the reader to gain an understanding of the county's financial activities have been included.

Anderson County's financial statements have been audited by the county's independent auditors, the State of Tennessee's Office of the Comptroller of the Treasury, Department of Audit, Division of County Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Anderson County for the fiscal year ended June 30, 2006, are free of material misstatement. The independent audit involved examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements; assessing the accounting principles used and significant estimates made by management; and evaluating the overall financial statement presentation. The independent auditor concluded, based upon the audit, that there was a reasonable basis for rendering an unqualified opinion that Anderson County's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with generally accepted accounting principles. The independent auditor's report is presented as the first component of the financial section of this report.

The county is required to undergo an annual single audit in conformity with the provisions of the Single Audit Act Amendments of 1996 and U.S. Office of Management and Budget Circular A-133, Audits of States, Local Governments and Non-Profit Organizations. Information related to the single audit includes a schedule of expenditures of federal awards and state grants, schedule of findings and recommendations, auditor's report on compliance and on internal control over financial reporting based on an audit of financial statements performed in accordance with Government Auditing Standards, and auditor's report on compliance with requirements applicable to each major program and internal control over compliance in accordance with OMB Circular A-133.

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

Profile of the Government

The county is located in the eastern portion of the state. To the north, Campbell and Morgan Counties border the county. The county's southern border consists of Knox and Loudon Counties. To the immediate west lies Roane County. To the east, adjacent counties are Union, Sevier and Jefferson. Anderson County occupies a land area of approximately 345 square miles and serves a population of 72,469.

The county has operated under a county mayor – County Commission form of government since September 1, 1980. Policymaking and legislative authority is vested in the county mayor (the executive branch of the county) and the County Commission (the legislative branch of the county). The County Commission is responsible for, among other things, passing resolutions, adopting the budget and appointing committees. The

county mayor is responsible for, among other things, carrying out the policies and resolutions of the County Commission, overseeing the day-to-day operations of the government, and appointing the heads of many of the county's departments.

The Anderson County Government continues to strive to provide essential services that enhance the quality of life for families throughout Anderson County. This requires detailed planning and the implementation of a number of initiatives and programs that include a wide range of services from emergency management planning to expanding needed infrastructure to run water and sewer to new and existing homes throughout Anderson County. Anderson County also is financially accountable for a legally separate school district, which is reported separately within its financial statements. Additional information on this legally separate entity, along with the county's other discretely presented component units, can be found in Note I.A. in the notes of the financial statements.

The annual budget serves as the foundation for Anderson County's financial planning and control. All agencies of Anderson County are required to submit requests for appropriation to the Budget Office and these requests are used as the starting point for developing a proposed budget. A proposed budget is presented to the Budget Committee for review prior to May 1. The Budget Committee is required to hold a public hearing on the proposed budget and to adopt a final budget no later than May 15. The appropriated budget is prepared by fund, function (e.g., public safety), and department (e.g., sheriff). Budget-to-actual comparisons are provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund, this comparison is presented as part of the required supplementary information for the governmental funds. For other governmental funds with appropriated annual budgets, this comparison is presented in the combining and individual fund subsection of this report. Please see the Table of Contents for specific page numbers.

Factors Affecting Financial Condition

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

Local economy. Because of its central location in the eastern United States, the county is adjacent to thousands of industrial and commercial customers in a concentrated eight-state area. It is within 500 miles of approximately one-third of the population of the United States. Over 59 percent of our industrial mix is in the commercial area, which includes transportation, public utilities, wholesale and retail trade, insurance and real estate, finance, and service industries. Among the county's largest employers are BWXT-Y12, UT Battelle, and Bechtel Jacobs Company, LLC.

BWXT-Y12 and UT Battelle, with combined employment of over 8,500, are major contractors for two of the U.S. Department of Energy (DOE) facilities located in Oak Ridge. These DOE facilities are vital to the nation's scientific research and development, environmental remediation and weapons disarmament, and the development of alternative types of energy and materials. Great effort is being exerted to diversify the industrial base by recruiting private industry. A great deal of growth has taken place in the county's five major industrial parks: Eagle Bend, David Jones, Carden Farms, Interstate 75, and Commerce Park located in Oak Ridge. These industrial parks have several acres available for planned industrial and commercial development. The county is also on the northern end of a high technology corridor along the Pellissippi Parkway which connects parts of Anderson, Knox, and Blount Counties.

Economic outlook. A recent economic analysis ranked the East Tennessee area tops in entrepreneurship and quality of life against 14 other mid-sized technology intensive economies. Anderson County continues to expand due to its combination of elements vital to fostering growth and development. This combination of favorable elements, which includes good jobs and precision workers, mild climate, cost of living more than 40 percent below the national average, lowest overall tax burden in the U.S., and violent crime below the national average offers the perfect opportunity for business and individual success. The positive trends of low interest rates, increased government spending, and good consumer spending will enable Anderson County to remain an attractive location for future economic development.

The county continues to stress steady growth. Since 1980, development in the county has been influenced by the fluctuation in interest rates as well as national economic trends. Since 1990, a constant number of new commercial developments have occurred throughout the county. The primary concentration of growth has been the eastern portion of the county along Interstate 75.

Recent surveys indicate that although government funded operations are still a strong factor in the local economy, service and manufacturing related employment are also important. One of the area's strengths is its high percentage of precision craft, repair workers, and technicians. Over 40 percent of our population is in the prime labor work force age group of 25 to 54. The improving diversification of the county's labor force has been credited as the primary contributing factor to the area's relatively low unemployment rate.

Risk management. The county has a comprehensive risk management and self-insurance program for claims for employee health insurance. The county accounts for this activity in an internal service fund where resources are accumulated to meet potential losses. In addition, the county participates in a public entity risk pool for general liability, property, and casualty insurance. The Board of Education participates in a public entity risk pool for health insurance and workers' compensation.

Cash management policies and practices. The county trustee is charged with maximizing returns on the county's funds, and complying with state law regarding investments that help ensure the protection of these funds. Cash temporarily idle during the year was invested in certificates of deposit and the State of Tennessee Local Government Investment Pool.

The county's investment policy is to minimize credit and market risk while maintaining a competitive yield on its portfolio. Accordingly, deposits were either insured by federal depository insurance or collateralized through the State Bank Collateral Pool. The majority of investments held by the county and the Board at June 30, 2006, were classified in the lowest credit risk as defined by the Governmental Accounting Standards Board (GASB).

Pension and other post-employment benefits. Most Anderson County employees are enrolled in the Tennessee Consolidated Retirement System (TCRS), an agent multiple-employer public retirement system that acts as a common investment and administrative agent for political subdivisions in the state. It is the policy of the Board of Trustees of the TCRS to fund pension benefits by actuarially determined contributions which are actuarial accrued liability cost, so that sufficient assets will be available to pay benefits when due. For more information on the status of expected pension benefits, see the notes of the financial statements.

Awards and Acknowledgements

The Government Finance Officers Association of the United States and Canada (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Anderson County Government for its comprehensive annual financial report for the fiscal year ended June 30, 2005. This was the tenth consecutive year that the government has achieved this prestigious award. To be awarded a certificate of Achievement, a government must publish an easily readable and efficiently organized comprehensive annual financial report. This report must satisfy both generally accepted accounting principles and applicable legal requirements.

The Certificate of Achievement is valid for a period of one year only. We believe that our current comprehensive annual financial report continues to meet the Certificate of Achievement Program's requirements and we are submitting it to the GFOA to determine its eligibility for another certificate.

Also, Anderson County received the GFOA's Award for Outstanding Achievement in Popular Annual Financial Reporting for its annual condensed financial report. To receive this award, a government unit must publish a Popular Annual Financial Report, whose contents conform to program standards of creativity, presentation, understandability, and reader appeal.

Acknowledgements. The preparation of the CAFR was accomplished through the dedicated service of the Accounts and Budgets Department employees. We express our appreciation to all those who contributed to its preparation. We also express our appreciation to the County Commissioners for their interest, support, and leadership in the financial operations of the county.

Sincerely,

Gail D. Cook, CPA, CGFM
Director of Accounts and Budgets

Rex A. Lynch
Anderson County Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

**Anderson County
Tennessee**

**For its Comprehensive Annual
Financial Report
for the Fiscal Year Ended
June 30, 2005**

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



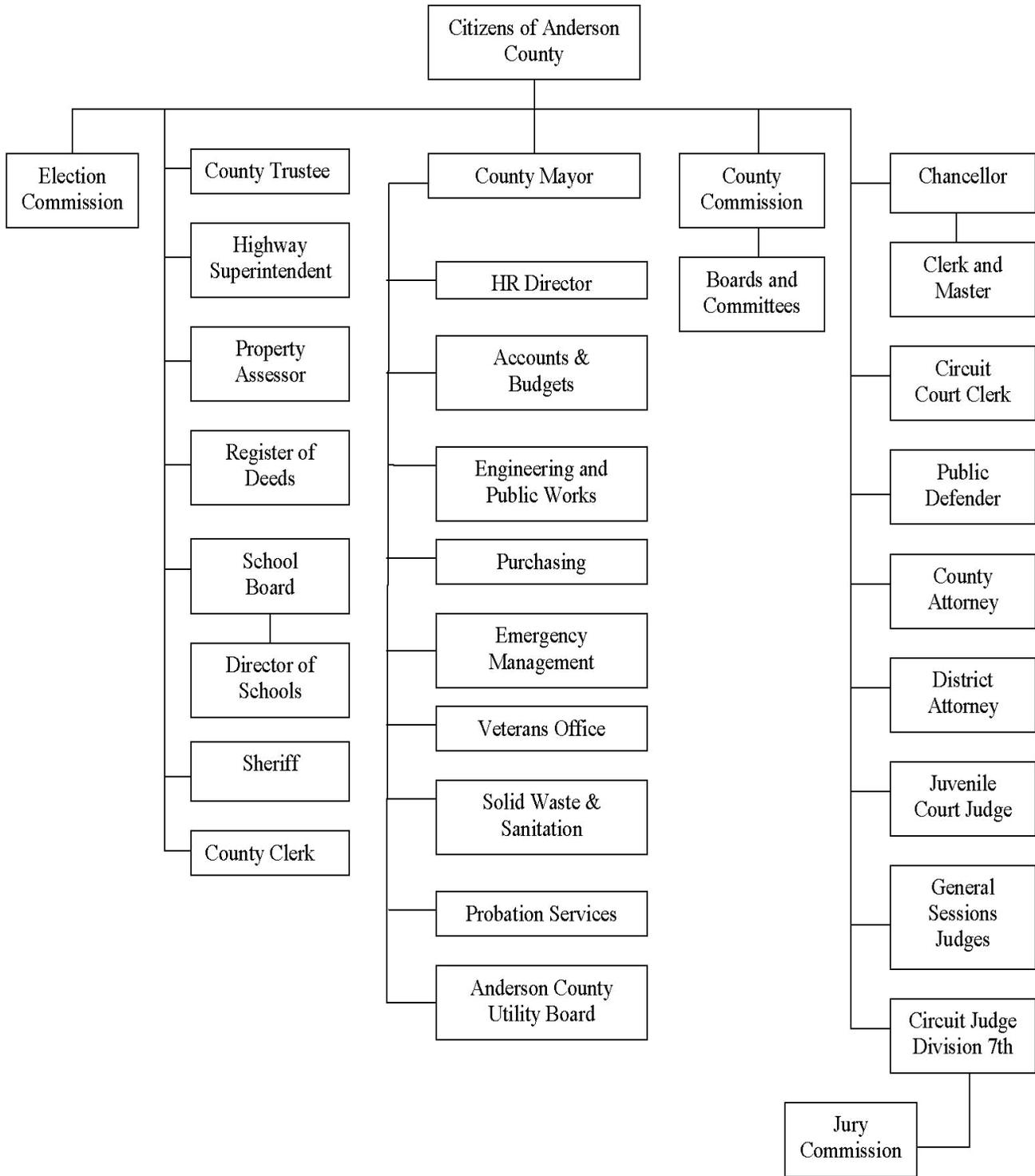
Carla E. Perry

President

Jeffrey R. Egan

Executive Director

**Anderson County, Tennessee
Organization Chart**



Anderson County Officials

June 30, 2006

Officials

Rex Lynch, County Mayor
Gary Long, Highway Superintendent
V. L. Stonecipher, Director of Schools
Patsy Stair-Lomeli, Trustee
Vernon Long, Assessor of Property
Jeff Cole, County Clerk
Barry Pelizzari, Circuit and General Sessions Courts Clerk
Steve Queener, Clerk and Master
Tim Shelton, Register of Deeds
Bill White, Sheriff
Pamela Cotham, Purchasing Agent
Gail Cook, Director of Accounts and Budgets

Board of County Commissioners

Myron Iwanski, Chairman	
Mark Alderson	Scott Gillenwaters
John Alley	Warren Haun
Rodney Archer	Harold Jernigan
David Bolling	Avery Johnson
James Cox	Zenith Rose
Jerry Creasey	Kathy Moore
Chuck Fritts	Jerry White

Board of Education

Dr. John Burrell, Chairman	Gail Martin
Dail Cantrell	Wanda McCrosky
Greg Crawford	Arthur Nelson
Ron Hagans	Jim Zitzman

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

October 17, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anderson County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Anderson County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Anderson County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Anderson County Emergency Communications District, which represent 1.05 percent and .51 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Anderson County Emergency Communications District, is based on the report of the other auditors.

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

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the business-type activities, the aggregate discretely presented

component units, each major fund, and the aggregate remaining fund information of Anderson County, Tennessee, as of June 30, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

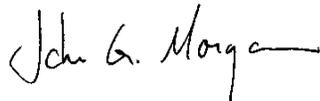
In accordance with Government Auditing Standards, we have also issued our report dated October 17, 2006, on our consideration of Anderson County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Anderson County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section - an amendment of NCGA Statement 1.

The management's discussion and analysis on pages 21 through 35 and the budgetary comparison information on pages 103 through 109 are not a required part of the basic financial statements but are supplementary information required by the Governmental Accounting Standards Board. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Anderson County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, combining and individual fund financial statements of the Anderson County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the debt service funds, combining and individual fund financial statements of the Anderson County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied by us in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied by us in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

**Anderson County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2006**

The management of Anderson County, Tennessee, presents this management's discussion and analysis (MD&A) of the county's financial condition and results of operations for the fiscal year ended June 30, 2006. This information should be read in conjunction with the accompanying financial statements.

This MD&A also presents an overview of the county and the Anderson County Utility Board (ACUB) Public Utility Fund, known as the primary government. Also included are the financial results of the Anderson County Board of Education which is considered a discretely presented component unit (DPCU) and is referred to as the DPCU School Department. The DPCU School Department does not issue separate financial statements.

The Anderson County Emergency Communications District (the Emergency Communications District) is also a DPCU. Readers should review the Emergency Communications District separately issued financial statements and MD&A.

The government-wide financial statements include not only the primary government but also the DPCU School Department and Emergency Communications District, which is known as the total reporting entity.

FINANCIAL HIGHLIGHTS FOR 2006

The following are key financial highlights:

- The assets of the Anderson County primary government were more than its liabilities at year-end 2006 by \$8,273,339 (net assets). The county's process of issuing debt on behalf of the DPCU School Department results in reduced net assets. The county issues general obligation debt for the DPCU School Department which is used for school projects that become DPCU School Department capital assets. The DPCU School Department then makes payments to the county from future budgets. Since the debt is issued in the county's legal name, the debt is reported as a liability of the primary government. The net assets, therefore, include the expectation of the DPCU School Department to fund its portion of debt service in future years.

If the county had excluded \$30,158,933 in DPCU School Department bonds and loans payable, net of notes receivable of \$7,043,623, then the county would have net assets of \$31,388,649, significantly higher than the \$8,273,339 reported.

- The Anderson County primary government net assets increased by \$6,543,299 or 378 percent during 2006. The increase is primarily attributable to:

Increase in Governmental Fund Balances	\$ 4,350,775
Increase in Business-Type Activity Fund Balances	643,545
Net Reduction in Governmental Long-Term Debt	166,377
Reduction in Accrued Interest Payable and Employee Compensated Absences	114,749
Increase in Capital Assets, Net of Current Year Depreciation	1,033,195
Decrease in Deferred Revenues	127,358
Internal Service Fund Net Revenue	<u>107,300</u>
Total	<u>\$ 6,543,299</u>

For more detail, see Exhibit C-4 in the basic financial statements.

- At 2006 year-end, the county's governmental funds reported combined ending fund balances of \$17,756,801, an increase of \$4,350,775 for 2006. Of the total fund balances, \$10,329,835 is unreserved and available for ongoing operations.
- At June 30, 2006, the unreserved General Fund balance was \$5,286,117 or 26.6 percent of General Fund expenditures. This demonstrates the county's fiscal discipline and will help meet unexpected emergencies and other uncertainties the county may face during the course of everyday operations.
- The DPCU School Department's net assets decreased by \$895,619 or 2.4 percent during 2006. The decrease is primarily due to:

Increase in Governmental Fund Balances	\$ 1,017,262
Increase in Capital Assets, Net of Current Year Depreciation	1,209,705
Net Increases in Long-Term Debt	(3,126,503)
Decrease in Deferred Revenues	507
Reduction in Accrued Interest Payable and Employee Compensated Absences	<u>3,347</u>
Total	<u>\$ (895,619)</u>

For more detail, see Exhibit J-4 of the combining and individual fund financial statements and schedules.

- At 2006 year-end, the DPCU School Department's governmental funds reported combined ending fund balances of \$4,080,151, an increase of \$1,017,262 for 2006. Of the total fund balances, \$2,622,799 is unreserved.

OVERVIEW OF THE ANNUAL FINANCIAL STATEMENTS

The county's Comprehensive Annual Financial Report (CAFR) is comprised of the following:

1. Introductory Section

2. Financial Section
 - Independent Auditor’s Report
 - Management’s Discussion and Analysis
 - Government-Wide Financial Statements
 - Fund Financial Statements
 - Notes to the Financial Statements
 - Required Supplementary Information and Related Notes
 - Combining and Individual Fund Financial Statements and Schedules
3. Statistical Section
4. Single Audit Section

Introductory Section. This section includes a roster of county and DPCU School Department officials, organization chart, and letter of transmittal.

Financial Section. This section includes the unqualified opinion of the county’s and DPCU School Department’s independent external auditors, the Comptroller of the Treasury, Division of County Audit. Also included is the Management’s Discussion and Analysis (MD&A) which serves as an introduction to the basic financial statements.

Basic Financial Statements. The basic financial statements consist of the following:

Government-Wide Financial Statements. The government-wide financial statements are designed to provide readers with a broad overview of the county’s and DPCU School Department’s finances in a manner similar to a private-sector business.

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

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

Both of the government-wide financial statements distinguish functions of the county and the DPCU School Department that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities).

The governmental activities of the county and the DPCU School Department include the following:

- General Government
- Finance
- Administration of Justice
- Public Safety
- Public Health and Welfare
- Social, Cultural, and Recreation
- Agriculture and Natural Resources
- Other Operations
- Highways
- Education
- Public Utilities
- Interest and Other Debt Service Costs

The business-type activities of the county consist of utility services provided by the ACUB Public Utility Fund.

The government-wide financial statements can be found on Exhibits A and B of the basic financial statements.

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. Anderson County, like other state and local governments, uses fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of the county can be divided into three categories: governmental funds, proprietary 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 the 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 county maintains 13 individual governmental funds. Information is presented separately in the governmental fund balance sheets and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway/Public Works Fund, General Debt Service Fund, Rural Debt Service Fund, and Education Debt Service Fund, all of which are considered to be major funds. Data from the

other eight governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these non-major governmental funds is provided in the combining and individual fund financial statements and schedules.

The DPCU School Department maintains five individual governmental funds. The General Purpose School Fund is considered a major fund with the remaining four funds combined into a single, aggregated amount with detail provided in the combining and individual fund financial statements and schedules.

To demonstrate compliance with the budget, a budgetary comparison statement has been provided for the General Fund as Exhibit F-1. Budgetary comparison statements for the county's non-major budgeted funds, the debt service funds, and the DPCU School Department's funds are provided in the combining and individual fund financial statements and schedules.

Governmental fund financial statements can be found as Exhibits C-1 through C-4 in the basic financial statements.

Proprietary Funds. Proprietary funds are used to account for activities where the emphasis is placed on net income determination. The county maintains two different types of proprietary funds – enterprise funds and internal service funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The county has one enterprise fund to account for water and wastewater operations. Internal service funds are accounting devices used to accumulate and allocate costs internally among the county's various functions. The county uses an internal service fund to account for employee health insurance activities. Because internal service funds predominantly benefit governmental rather than business-type functions, their assets and liabilities have been included with governmental activities in the government-wide financial statements.

The county's enterprise fund, ACUB Public Utility Fund, is a major fund and is reported separately in the government-wide and fund financial statements. The internal service fund is combined within the governmental activities in the government-wide statements and is presented separately in the fund financial statements.

The proprietary fund financial statements can be found as Exhibits D-1 through D-3 in the basic financial statements.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the governmental entity. The county's fiduciary funds consist of the Cities' Sales Tax Fund, School Average Daily Attendance Tax Funds, and the Constitutional Officers-Agency Fund, which are combined into Agency Funds on the Fiduciary Funds financial statements and an Other Employee Benefit Trust Fund (Flexible Benefit Fund). Fiduciary funds are not reflected in the government-wide financial statements because the county cannot use these funds to finance its operations.

The fiduciary fund financial statements can be found as Exhibits E-1 and E-2 in the basic financial statements.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements.

Combining and Individual Fund Financial Statements and Schedules. In addition to the basic financial statements and accompanying notes, this report also presents combining and individual fund statements and schedules. Also included are the financial statements of the DPCU Anderson County School Department.

Statistical Section. This includes selected historical financial data and is presented on a ten-year basis if available and is unaudited.

Single Audit Section. This includes the auditor’s reports on the county’s and the DPCU School Department’s internal controls and compliance including an opinion on major federal award programs. This section also includes a schedule of the expenditures of federal and state awards programs for the county and the DPCU School Department.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

As noted earlier, net assets (deficits) may serve over time as a useful indicator of a government’s financial position. The county’s assets exceeded its liabilities by \$8.27 million and the DPCU School Department had net assets of \$36.4 million. This is due to the county’s process of issuing debt on behalf of the DPCU School Department for building construction and improvements. The DPCU School Department owns the capital asset, but the county is obligated to pay the debt.

At year-end 2006, the county’s and the DPCU School Department’s statement of net assets consisted of the following:

ANDERSON COUNTY
STATEMENT OF NET ASSETS

	<u>Anderson County Government</u>	
	<u>2006</u>	<u>2005</u>
Assets		
Cash, Inventories, and Investments	\$ 10,723,077	\$ 10,361,202
Receivables – Net	15,975,936	15,420,810
Notes Receivables – Long term	7,043,623	3,496,897
Prepaid Items and Other	434,892	419,830
Capital Assets – Net	<u>18,159,616</u>	<u>17,126,421</u>
Total Assets	<u>\$ 52,337,144</u>	<u>\$ 46,825,160</u>
Liabilities		
Current Liabilities	\$ 14,983,223	\$ 15,123,219
Noncurrent Liabilities	<u>41,118,178</u>	<u>41,365,952</u>
Total Liabilities	<u>\$ 56,101,401</u>	<u>\$ 56,489,171</u>

ANDERSON COUNTY
STATEMENT OF NET ASSETS (CONT.)

	Anderson County Government	
	2006	2005
Net Assets (Deficit)		
Invested in Capital Assets, Net of Related Debt	\$ 7,485,543	\$ 4,795,772
Restricted	3,124,549	3,144,003
Unrestricted	<u>(14,374,348)</u>	<u>(17,603,786)</u>
 Total Net Assets (Deficit)	 <u>\$ (3,764,256)</u>	 <u>\$ (9,664,011)</u>

ANDERSON COUNTY
STATEMENT OF NET ASSETS

	DPCU School Department	
	2006	2005
Assets		
Cash, Inventories, and Investments	\$ 4,186,436	\$ 4,824,614
Receivables - Net	14,781,782	15,039,175
Prepaid Items and Other	92,050	94,196
Capital Assets – Net	<u>40,888,798</u>	<u>39,679,093</u>
Total Assets	<u>\$ 59,949,066</u>	<u>\$ 59,637,078</u>
 Liabilities		
Current Liabilities	\$ 14,142,919	\$ 16,066,231
Noncurrent Liabilities	<u>9,333,557</u>	<u>6,202,638</u>
Total Liabilities	<u>\$ 23,476,476</u>	<u>\$ 22,268,869</u>
 Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 31,808,549	\$ 33,720,901
Restricted	1,304,439	1,358,615
Unrestricted	<u>3,359,602</u>	<u>2,288,693</u>
 Total Net Assets	 <u>\$ 36,472,590</u>	 <u>\$ 37,368,209</u>

ANDERSON COUNTY
STATEMENT OF NET ASSETS

	Business-Type Activities	
	2006	2005
Assets		
Cash and Investments	\$ 1,351,269	\$ 1,286,412
Receivables – Net	161,390	165,799
Capital Assets – Net	<u>11,937,213</u>	<u>11,346,446</u>
Total Assets	<u>\$ 13,449,872</u>	<u>\$ 12,798,657</u>
Liabilities		
Current Liabilities	\$ 224,801	\$ 111,439
Noncurrent Liabilities	<u>1,187,475</u>	<u>1,293,167</u>
Total Liabilities	<u>\$ 1,412,276</u>	<u>\$ 1,404,606</u>
Net Assets		
Invested in Capital Assets, Net of Related Debt	\$ 10,749,737	\$10,053,279
Unrestricted	<u>1,287,859</u>	<u>1,340,772</u>
Total Net Assets	<u>\$ 12,037,596</u>	<u>\$ 11,394,051</u>

By far, the largest portion of the county's, DPCU School Department's, and ACUB's net assets reflects its investment in capital assets (e.g., land, buildings, water lines, machinery and equipment), less any related debt used to acquire those assets that are still outstanding. The county, DPCU School Department and ACUB use these capital assets to provide services; consequently, these assets are not available for future spending. Although the investment in 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 long-term debt.

The unrestricted net assets may be used to meet the obligations to employees and creditors and to help fund next year's budget.

During 2006, net assets changed in the county DPCU School Department and ACUB due to the following:

ANDERSON COUNTY
STATEMENT OF ACTIVITIES

	Anderson County Government	
	2006	2005
Revenues		
Program Revenues:		
Charges for Services	\$ 10,280,327	\$ 9,260,057
Operating Grants and Contributions	2,643,078	3,174,796

Capital Grants and Contributions	2,087,387	292,704
----------------------------------	-----------	---------

ANDERSON COUNTY
STATEMENT OF ACTIVITIES (CONT.)

	<u>Anderson County Government</u>	
	<u>2006</u>	<u>2005</u>
Revenues (Cont.)		
General Revenues:		
Local Taxes	\$ 15,104,151	\$ 14,981,121
State and Federal - Unrestricted	3,538,483	3,081,497
Investment Income	504,488	276,969
Miscellaneous	58,769	49,095
Other	<u>96,514</u>	<u>0</u>
Total Revenues	<u>\$ 34,313,197</u>	<u>\$ 31,116,239</u>
Expenses		
General Government	\$ 3,625,905	\$ 3,043,074
Finance	2,289,764	2,353,548
Administration of Justice	2,499,792	2,396,649
Public Safety	7,265,640	6,550,593
Public Health and Welfare	5,700,376	5,490,734
Social, Cultural, and Recreation	305,178	290,638
Agricultural and Natural Resources	256,550	158,093
Other Operations	1,101,170	784,386
Highways	3,315,744	2,830,170
Education	103,464	0
Interest and Other Debt Service Costs	<u>1,989,750</u>	<u>1,672,285</u>
Total Expenses	<u>\$ 28,453,333</u>	<u>\$ 25,570,170</u>
Increase (Decrease) in Net Assets before Transfers	\$ 5,859,864	\$ 5,546,069
Transfers (To)/From Business Activities	<u>39,890</u>	<u>(238,366)</u>
Increase (Decrease) in Net Assets	\$ 5,899,754	\$ 5,307,703
Net Assets (Deficit), Beginning of Year	<u>(9,664,011)</u>	<u>(14,971,714)</u>
Net Assets (Deficit), End of Year	<u>\$ (3,764,257)</u>	<u>\$ (9,664,011)</u>

ANDERSON COUNTY
STATEMENT OF ACTIVITIES

	<u>DPCU School Department</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 1,568,620	\$ 1,413,479
Operating Grants and Contributions	7,932,888	8,730,331

Capital Grants and Contributions	103,464	0
----------------------------------	---------	---

ANDERSON COUNTY
STATEMENT OF ACTIVITIES (CONT.)

	<u>DPCU School Department</u>	
	<u>2006</u>	<u>2005</u>
Revenues (Cont.)		
General Revenues:		
Local Taxes	\$ 18,087,128	\$ 17,861,685
State and Federal - Unrestricted	25,889,909	24,244,749
Investment Income	223,692	116,867
Miscellaneous	<u>90,433</u>	<u>50,598</u>
Total Revenues	<u>\$ 53,896,134</u>	<u>\$ 52,417,709</u>
Expenses		
Education	<u>\$ 54,791,753</u>	<u>\$ 52,793,208</u>
Total Expenses	<u>\$ 54,791,753</u>	<u>\$ 52,793,208</u>
Increase (Decrease) in Net Assets	\$ (895,619)	\$ (375,499)
Net Assets, Beginning of Year	<u>37,368,209</u>	<u>37,743,708</u>
Net Assets, End of Year	<u>\$ 36,472,590</u>	<u>\$ 37,368,209</u>

ANDERSON COUNTY
STATEMENT OF ACTIVITIES

	<u>Business-Type Activities</u>	
	<u>2006</u>	<u>2005</u>
Revenues		
Program Revenues:		
Charges for Services	\$ 1,967,035	\$ 1,818,137
Capital Grants and Contributions	940,801	425,000
General Revenues		
Investment Income	<u>14,288</u>	<u>7,034</u>
Total Revenues	<u>\$ 2,922,124</u>	<u>\$ 2,250,171</u>
Expenses		
Public Utilities	<u>\$ 2,238,689</u>	<u>\$ 2,069,838</u>
Total Expenses	<u>\$ 2,238,689</u>	<u>\$ 2,069,838</u>
Increase (Decrease) in Net Assets before Transfers	\$ 683,435	\$ 180,333
Transfers From/(To) Governmental Activities	<u>(39,890)</u>	<u>238,366</u>
Increase (Decrease) in Net Assets	<u>\$ 643,545</u>	<u>\$ 418,699</u>

Net Assets, Beginning of Year	<u>11,394,051</u>	<u>10,975,352</u>
Net Assets, End of Year	<u>\$ 12,037,596</u>	<u>\$ 11,394,051</u>

Governmental Activities. Governmental type activities provided by the county are primarily public safety - 26 percent, public health and welfare - 20 percent, and general government - 13 percent. The DPCU School Department provides public education for children in grades kindergarten through 12 who are residents of Anderson County.

The county's main source of revenues is from local taxes which consist of property and local option sales taxes 44 percent, and charges for services 30 percent. The DPCU School Department's main source of funding is provided by state and federal funding 48 percent and local taxes which consists of property and local option sales tax 34 percent.

Business Type Activities (BTA). The BTA of the county is water and wastewater services provided by the ACUB Public Utility Fund which serves 4,648 customers in the rural areas of the county. Approximately 67 percent of ACUB's revenues are from charges for services.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. The county's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$18.2 million (net of accumulated depreciation). This investment in capital assets includes land, building and improvements, equipment, roads, bridges, and construction in progress. The DPCU School Department's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$40.9 million (net of accumulated depreciation).

Note IV.C. (Capital Assets) provides capital asset activity during the 2006 fiscal year. During 2006, the county added several capital assets including seven vehicles for the Sheriff's Department, three new ambulances, a haz-mat truck, and completed work on a new health department facility. The DPCU School Department completed several capital projects. These include renovations at Andersonville Elementary School, Dutch Valley Elementary School, Clinton High School, Anderson County High School, Norwood Elementary School, Claxton Elementary School, Lake City Elementary School, and Clinton Middle School.

Long-Term Debt. At the end of the 2006 fiscal year, the county had total general obligation bonds, loans payable, and capital outlay notes outstanding of \$41 million. On December 15, 2005, Anderson County advance refunded \$4,565,000 of general obligation refunding bonds, with a call date of March 1, 2006, with a new separate obligation refunding bond issue. The county issued \$4,580,000 of general refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunding bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the refunding, total debt service payments over the next seven years will be reduced by \$228,247, and an economic gain of \$192,306 was obtained. The county also authorized the issuance of \$3 million in other loans of which \$143,656 has been drawn to finance jail renovations. The county drew an additional

\$3,712,476 of the \$10.1 million in other loans issued in fiscal year 2004 to finance various school capital projects.

The DPCU School Department had total outstanding debt at the end of the 2006 fiscal year of \$9 million. The outstanding School Department debt includes a note payable to the primary government of \$7 million.

The total outstanding debt at the end of fiscal year 2006 for ACUB is \$1.19 million. ACUB did not issue any new debt during fiscal year 2006.

In addition to the above debt, county long-term obligations include compensated absences and other long-term liabilities. Additional information on the county's long-term liabilities can be found in Note IV.I of this report. Note I.D.6 discusses compensated absences.

The county's most recent bond rating from Moody's Investor Services was A1 and A+ from Standard and Poor's.

FINANCIAL ANALYSIS OF FUND FINANCIAL STATEMENTS

As previously discussed, the county and the DPCU School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the county and the DPCU School Department governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources.

Such information is useful in assessing the county's and DPCU School Department'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.

At the end of 2006, the county's governmental funds reported combined ending fund balances of \$17.8 million, an increase of \$4.4 million when compared to year-end 2005. Approximately \$10.3 million is unreserved fund balances which is available for future appropriations. The reserved fund balances of \$7.5 million at June 30, 2006, are for unexpended restricted revenues and reserves for inventories, notes receivable long-term, and encumbrances.

The county's main operating fund is the General Fund. At year-end 2006, total fund balances were \$5,565,258, with unreserved totaling \$5,286,117. The unreserved fund balance represents 26.6 percent of total General Fund expenditures during 2006.

The General Fund's fund balance increased by \$652,853 during 2006 primarily due to unreserved fund balance increasing \$1,129,269 and reserved for outstanding encumbrances decreasing \$496,325.

The General Fund budgetary comparison statement can be found as Exhibit F-1.

The General Debt Service Fund total fund balance was \$985,790. This balance represents 40 percent of the current year's payments for non-educational debt service.

At 2006 year-end, the DPCU School Department's governmental funds reported combined ending fund balances of \$4 million, an increase of \$1,017,262 when compared to year-end 2005. The increase in combined fund balances was mainly due to increased reserves for outstanding encumbrances for capital project contracts. Approximately \$2.6 million is unreserved and available for future needs. The reserved fund balances of \$1,457,352 are for encumbrances and various state and federal programs.

The DPCU School Department's main operating fund is the General Purpose School Fund. At year-end 2006, total fund balances were \$3,127,642, with unreserved of \$2,771,266. The General Purpose School Fund's balance decreased by \$171,635 during fiscal year 2006. The unreserved fund balance represents 6.2 percent of total expenditures for 2006.

The General Purpose School Fund budgetary comparison schedule can be found as Exhibit J-7 in the combining and individual fund financial statements and schedules.

Proprietary Funds. The county's proprietary funds provide the same type of information found in the government-wide financial statements, but in more detail.

The unrestricted net assets and its percent to total net assets of each proprietary fund is as follows:

• ACUB Public Utility Fund (Enterprise Fund)	\$1,287,859	10.7%
• Employee Health Insurance Fund (Internal Service Fund)	145,997	100%

The ACUB Public Utility Fund's net assets increased by \$643,545 during 2006. This increase was primarily a result of contributions from developers and the primary government that amounted to \$940,801. These contributions were offset by a current year operating loss of \$206,686 in which revenues were not sufficient to support current year operating expenses of \$2,173,721, which includes depreciation of \$459,393. The ACUB Public Utility Fund had net assets of \$10.7 million invested in capital assets net of related debt, which are not available to fund future operations.

The Employee Health Insurance Fund net assets of \$145,997 are available for claims and related employee health insurance costs in future years.

The proprietary fund financial statements can be found as Exhibits D-1 through D-3 in the basic financial statements.

GENERAL FUND BUDGETARY HIGHLIGHTS

The difference between the original budget and the final amended budgeted expenditures for the General Fund was \$3,772,988.

The following are the primary components of the increase:

- General Government's increase of \$836,105 consisted mainly of \$368,900 to purchase voting machines and \$211,293 for work on a landfill remediation project.
- Public Safety's increase of \$1,444,763 consisted mainly of \$150,000 in medical costs for jail inmates and Homeland Security grants received for \$1,225,626.
- Agriculture & Natural Resources increases of \$171,674 consisted mainly of budgeting for the Coal Creek Watershed Assessments project.
- Other operations' increase of \$226,250 consisted mainly of \$76,500 for a Housing and Urban Development Program and of \$134,610 in contributions to various other agencies.
- Capital Project's increase of \$1,195,056 consisted mainly of \$581,713 of water-line construction and \$310,635 for completion of a health department facility.

The increases were funded mainly with additional anticipated revenues and designated or reserved fund balances. The majority of the additional anticipated revenues were state and federal grants.

Actual General Fund revenues exceeded final budgeted revenues by \$680,312. The key factors for this were increased collections for ambulances charges, increased fees received from county officials, and additional investment income received.

Actual General Fund expenditures (including transfers) were lower than final budgeted expenditures by \$2,596,263. This variance was largely due to budgeted grant expenditures carrying forward to the next fiscal year and capital projects not being completed in the current fiscal year.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGET

During the preparation of the FY 2007 budget, the following major assumptions were used:

- Assessed property values, the basis of property tax revenues, will increase by 1.6 percent.
- Salaries and wages for employees will increase by three percent.
- Health benefit costs will increase by ten percent and benefit changes will be made to the plan.
- The county's rate for retirement match increased from 5.58 percent to 7.55 percent.
- During 2006, the General Fund unreserved fund balance increased by \$1,129,269 to \$5,286,117. The county appropriated \$392,680 of the unreserved fund balance in the fiscal year 2007 budget for capital projects.
- For the past two decades, the county has used lending institutions for short-term

financing by issuing tax anticipation notes to finance operations until property tax revenues were received. The majority of tax revenue is received between the months of October and February of each fiscal year. Due to the solid financial position the county currently has, fiscal year 2007 will be the first time that short-term financing can be provided by the use of interfund tax anticipation notes without having to use lending institutions. This will result in a marked decrease in interest on notes.

- During fiscal year 2006, the county reduced outstanding debt on bonds and loans payable by \$220,233 to a total outstanding balance of \$40,487,589. The county has reduced long-term debt over the last eight years by \$15,893,350 or 28.2 percent.

REQUESTS FOR INFORMATION

This MD&A and accompanying financial statements and notes are designed to provide our citizens, parents, students, employees, creditors, and regulatory agencies with an overview of the county's finances. If you have any questions or need additional information, you may contact:

Gail D. Cook, CPA, CGFM
Director of Accounts and Budgets
Anderson County, Tennessee
100 North Main Street, Suite 212
Clinton, Tennessee 37716
865-457-5400, ext. 203
865-457-6254 (fax)
Email: gcook@andersontn.org

BASIC FINANCIAL STATEMENTS

Exhibit A

Anderson County, Tennessee
Statement of Net Assets
June 30, 2006

	Primary Government			Component Units	
	Governmental	Business-type	Total	Anderson	Emergency
	Activities	Activities		School	Communica-
				Department	tions
				District	
<u>ASSETS</u>					
Cash	\$ 605,606	\$ 900	\$ 606,506	\$ 40,433	\$ 252,161
Equity in Pooled Cash and Investments	10,068,721	1,004,056	11,072,777	4,047,635	0
Inventories	32,243	0	32,243	98,368	0
Investments	16,507	0	16,507	0	0
Accounts Receivable	1,883,632	267,802	2,151,434	39,969	23,335
Allowance for Uncollectible	(491,566)	(64,677)	(556,243)	0	0
Due from Other Governments	1,160,752	0	1,160,752	1,567,139	0
Internal Balances	41,735	(41,735)	0	0	0
Due from Primary Government	0	0	0	365,899	0
Due from Component Units	36,878	0	36,878	0	0
Property Taxes Receivable	13,734,658	0	13,734,658	13,184,563	0
Allowance for Uncollectible Property Taxes	(390,153)	0	(390,153)	(375,788)	0
Prepaid Items	76,623	0	76,623	92,050	2,690
Note Receivable - Long-term	7,043,623	0	7,043,623	0	0
Restricted Assets:					
Revenue Bond Future Debt Service Account	0	346,313	346,313	0	0
Unamortized Debt Issuance Cost	358,269	0	358,269	0	0
Capital Assets					
Assets Not Depreciated:					
Land	1,414,288	124,149	1,538,437	636,889	0
Construction in Progress	210,409	445,032	655,441	1,063,284	0
Assets Net of Accumulated Depreciation:					
Buildings and Improvements	8,665,670	0	8,665,670	38,203,989	0
Water and Sewer Facilities	0	11,368,032	11,368,032	0	0
Other Capital Assets	2,758,124	0	2,758,124	984,636	360,626
Infrastructure - Roads, Streets, and Bridges	5,111,125	0	5,111,125	0	0
Total Assets	\$ 52,337,144	\$ 13,449,872	\$ 65,787,016	\$ 59,949,066	\$ 638,812

(Continued)

Exhibit A

Anderson County, Tennessee
Statement of Net Assets (cont.)

	Primary Government			Component Units	
	Governmental	Business-type	Total	Anderson	Emergency
	Activities	Activities		School	Communica-
				tions	District
LIABILITIES					
Accounts Payable	\$ 768,931	\$ 20,704	\$ 789,635	\$ 950,440	\$ 57
Accrued Payroll	179,993	9,424	189,417	0	0
Accrued Interest Payable	264,773	278	265,051	28,501	0
Payroll Deductions Payable	191,235	12,486	203,721	559,486	0
Contracts Payable	166,131	63,002	229,133	90,647	0
Retainage Payable	4,137	43,697	47,834	77,904	0
Due to Primary Government	0	0	0	36,878	0
Due to Component Units	365,899	0	365,899	0	0
Due to State of Tennessee	1,103	10,310	11,413	4,132	0
Unearned Revenue - Current Property Taxes	12,912,016	0	12,912,016	12,394,621	0
Other Current Liabilities	129,005	64,900	193,905	310	0
Noncurrent Liabilities:					
Due within one Year	4,698,651	83,324	4,781,975	731,655	0
Due in more than One Year (net of deferred amount on refunding)	36,419,527	1,104,151	37,523,678	8,601,902	0
Total Liabilities	\$ 56,101,401	\$ 1,412,276	\$ 57,513,677	\$ 23,476,476	\$ 57
NET ASSETS					
Invested in Capital Assets, net of related debt	\$ 7,485,543	\$ 10,749,737	\$ 18,235,280	\$ 31,808,549	\$ 0
Invested in Capital Assets Restricted for:	0	0	0	0	360,626
Highway	1,379,754	0	1,379,754	0	0
Debt Service	947,042	0	947,042	0	0
Courthouse and Jail	156,748	0	156,748	0	0
Public Library	91,127	0	91,127	0	0
Solid Waste	169,733	0	169,733	0	0
Drug Control	120,263	0	120,263	0	0
State and Federal Educational Assistance Programs	0	0	0	1,304,439	0
Other Purposes	259,881	0	259,881	0	0
Unrestricted	(14,374,348)	1,287,859	(13,086,489)	3,359,602	278,129
Total Net Assets (Deficit)	\$ (3,764,257)	\$ 12,037,596	\$ 8,273,339	\$ 36,472,590	\$ 638,755

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

Exhibit B

Anderson County, Tennessee
Statement of Activities
For the Year Ended June 30, 2006

Functions/Programs	Net (Expense) Revenues and Changes in Net Assets									
	Program Revenues					Primary Government			Component Units	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total	Anderson County School Department	Emergency Communications District	
<u>Primary Government:</u>										
Governmental Activities:										
General Government	\$ 3,625,905	\$ 1,044,089	\$ 16,650	\$ 314,500	\$ (2,250,666)	\$ 0	\$ (2,250,666)	\$ 0	\$ 0	
Finance	2,289,764	1,813,917	22,064	0	(453,783)	0	(453,783)	0	0	
Administration of Justice	2,499,792	1,927,388	19,294	0	(553,110)	0	(553,110)	0	0	
Public Safety	7,265,640	554,705	66,959	944,297	(5,699,679)	0	(5,699,679)	0	0	
Public Health and Welfare	5,700,376	4,530,165	375,345	505,541	(289,325)	0	(289,325)	0	0	
Social, Cultural, and Recreational Services	305,178	59,388	118,206	0	(127,584)	0	(127,584)	0	0	
Agricultural and Natural Resources	256,550	0	0	0	(256,550)	0	(256,550)	0	0	
Other Operations	1,101,170	0	0	0	(1,101,170)	0	(1,101,170)	0	0	
Highways	3,315,744	350,675	2,024,560	323,049	(617,460)	0	(617,460)	0	0	
Education	103,464	0	0	0	(103,464)	0	(103,464)	0	0	
Debt Service:										
Interest on Long-term Debt	1,774,242	0	0	0	(1,774,242)	0	(1,774,242)	0	0	
Other Debt Service	215,508	0	0	0	(215,508)	0	(215,508)	0	0	
Total Governmental Activities	\$ 28,453,333	\$ 10,280,327	\$ 2,643,078	\$ 2,087,387	\$ (\$13,442,541)	\$ 0	\$ (13,442,541)	\$ 0	\$ 0	
Business-type Activities										
Water and Sewer	\$ 2,238,689	\$ 1,967,035	\$ 0	\$ 940,801	\$ 0	\$ 669,147	\$ 669,147	\$ 0	\$ 0	
Total Business-type Activity	\$ 2,238,689	\$ 1,967,035	\$ 0	\$ 940,801	\$ 0	\$ 669,147	\$ 669,147	\$ 0	\$ 0	
Total Primary Government	\$ 30,692,022	\$ 12,247,362	\$ 2,643,078	\$ 3,028,188	\$ (13,442,541)	\$ 669,147	\$ (12,773,394)	\$ 0	\$ 0	
<u>Component Units:</u>										
Anderson County School Department	\$ 54,791,753	\$ 1,568,620	\$ 7,932,888	\$ 103,464	\$ 0	\$ 0	\$ 0	\$ (45,186,781)	\$ 0	
Emergency Communications District	227,525	222,084	0	50,000	0	0	0	0	44,559	
Total Component Units	\$ 55,019,278	\$ 1,790,704	\$ 7,932,888	\$ 153,464	\$ 0	\$ 0	\$ 0	\$ (45,186,781)	\$ 44,559	

(Continued)

Exhibit B

Anderson County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Net (Expense) Revenues and Changes in Net Assets							
		Program Revenues			Primary Government			Component Units	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Business-type Activity	Total	Anderson County School Department	Emergency Communications District
General Revenues:									
Property Taxes Levied for General Purposes					\$ 9,516,839	\$ 0	\$ 9,516,839	\$ 12,812,497	\$ 0
Property Taxes Levied for General Debt Service					2,321,339	0	2,321,339	0	0
Property Taxes Levied for Rural Debt Service					16,463	0	16,463	0	0
Property Taxes Levied for Education Debt Service					979,056	0	979,056	0	0
Local Option Sales Taxes					843,717	0	843,717	5,095,230	0
Hotel Motel Tax					139,225	0	139,225	0	0
Local Litigation Taxes					294,356	0	294,356	0	0
Business Tax					793,956	0	793,956	0	0
Mineral Severance Tax					189,147	0	189,147	0	0
Wholesale Beer Tax					0	0	0	170,083	0
Interstate Communications					5,479	0	5,479	7,257	0
Other Local Taxes					4,574	0	4,574	2,060	0
Grants and Contributions Not Restricted to Specific Programs					3,538,483	0	3,538,483	25,889,909	0
Unrestricted Investment Income					504,488	14,288	518,776	223,692	2,808
Miscellaneous					58,769	0	58,769	90,434	0
Sale of Noncapital Assets					96,514	0	96,514	0	0
Total General Revenues					\$ 19,302,405	\$ 14,288	\$ 19,316,693	\$ 44,291,162	\$ 2,808
Transfers					\$ 39,890	\$ (39,890)	\$ 0	\$ 0	\$ 0
Change in Net Assets					\$ 5,899,754	\$ 643,545	\$ 6,543,299	\$ (895,619)	\$ 47,367
Net Assets, July 1, 2005					(9,664,011)	11,394,051	1,730,040	37,368,209	591,388
Net Assets, June 30, 2006					\$ (3,764,257)	\$ 12,037,596	\$ 8,273,339	\$ 36,472,590	\$ 638,755

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

Exhibit C-1

Anderson County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2006

	Major Funds					Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>							
Cash	\$ 38,743	\$ 0	\$ 0	\$ 0	\$ 0	\$ 442,083	\$ 480,826
Equity in Pooled Cash and Investments	5,300,478	1,075,773	1,492,155	409,845	1,313,577	476,893	10,068,721
Inventories	8,448	23,795	0	0	0	0	32,243
Accounts Receivable	1,467,525	7,070	59,761	58,090	102,677	112,001	1,807,124
Allowance for Uncollectibles	(491,566)	0	0	0	0	0	(491,566)
Due from Other Governments	675,898	447,790	0	0	0	37,064	1,160,752
Due from Other Funds	314,000	28,580	0	14,181	84,164	156,686	597,611
Due from Component Units	411	6,624	0	20,000	0	9,843	36,878
Property Taxes Receivable	10,199,869	0	2,485,306	52,312	997,171	0	13,734,658
Allowance for Uncollectible Property Taxes	(289,506)	0	(70,744)	(1,489)	(28,414)	0	(390,153)
Prepaid Items	0	0	0	0	46,238	0	46,238
Advances to Other Funds	16,000	0	0	0	0	0	16,000
Notes Receivable - Long-Term	0	0	0	4,726,473	2,317,150	0	7,043,623
Total Assets	\$ 17,240,300	\$ 1,589,632	\$ 3,966,478	\$ 5,279,412	\$ 4,832,563	\$ 1,234,570	\$ 34,142,955
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 593,347	\$ 138,994	\$ 339	\$ 0	\$ 0	\$ 36,251	\$ 768,931
Accrued Payroll	158,480	15,739	0	0	0	5,774	179,993
Payroll Deductions Payable	154,540	28,220	0	0	0	8,475	191,235
Contracts Payable	78,245	0	0	0	0	87,886	166,131
Retainage Payable	4,137	0	0	0	0	0	4,137
Due to Other Funds	188,389	72	366,817	0	0	598	555,876
Due to Component Units	0	0	205,132	58,090	102,677	0	365,899
Due to State of Tennessee	1,103	0	0	0	0	0	1,103
Other Current Liabilities	22,200	0	0	0	0	0	22,200
Deferred Revenue - Current Property Taxes	9,592,813	0	2,336,711	48,401	934,091	0	12,912,016
Deferred Revenue - Delinquent Property Taxes	292,414	0	71,689	2,195	31,288	0	397,586
Other Deferred Revenues	568,752	210,395	0	0	0	21,278	800,425
Health Insurance Payments	12,831	0	0	0	0	0	12,831
Retirement Contribution Payments	7,791	0	0	0	0	0	7,791
Total Liabilities	\$ 11,675,042	\$ 393,420	\$ 2,980,688	\$ 108,686	\$ 1,068,056	\$ 160,262	\$ 16,386,154

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	Other Govern- mental Funds	
LIABILITIES AND FUND BALANCES (Cont.)							
Fund Balances							
Reserved for Encumbrances	\$ 73,276	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	73,276
Reserved for Alcohol and Drug Treatment	48,815	0	0	0	0	0	48,815
Reserved for Litigation Tax - Office of Public Defender	46,955	0	0	0	0	0	46,955
Reserved for Drug Court	9,479	0	0	0	0	0	9,479
Reserved for Sexual Offender Registration	2,533	0	0	0	0	0	2,533
Reserved for Courtroom Security	446	0	0	0	0	0	446
Reserved for Computer System - Register	14	0	0	0	0	0	14
Reserved for Automation Purposes - General Sessions Court	11,087	0	0	0	0	0	11,087
Reserved for Automation Purposes - Chancery Court	3,138	0	0	0	0	0	3,138
Reserved for Automation Purposes - Sheriff	11,792	0	0	0	0	0	11,792
Reserved for Prepaid Items	0	0	0	0	46,238	0	46,238
Reserved for Advances to Other Funds	16,000	0	0	0	0	0	16,000
Reserved for Inventory	8,448	23,795	0	0	0	0	32,243
Reserved for Long-Term Notes Receivable	0	0	0	4,726,473	2,317,150	0	7,043,623
Reserved for Other General Purposes	47,158	0	0	0	0	34,169	81,327
Unreserved, Reported In:							
General Fund	5,286,117	0	0	0	0	0	5,286,117
Special Revenue Funds	0	1,172,417	0	0	0	992,179	2,164,596
Debt Service Funds	0	0	985,790	444,253	1,401,119	0	2,831,162
Capital Projects Funds	0	0	0	0	0	47,960	47,960
Total Fund Balances	\$ 5,565,258	\$ 1,196,212	\$ 985,790	\$ 5,170,726	\$ 3,764,507	\$ 1,074,308	\$ 17,756,801
Total Liabilities and Fund Balances	\$ 17,240,300	\$ 1,589,632	\$ 3,966,478	\$ 5,279,412	\$ 4,832,563	\$ 1,234,570	\$ 34,142,955

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

Exhibit C-2

Anderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2006

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

Total fund balances - balance sheet- governmental funds (Exhibit C-1)		\$	17,756,801
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,414,288	
Add: construction in progress		210,409	
Add: infrastructure net of accumulated depreciation		5,111,125	
Add: buildings and improvements net of accumulated depreciation		8,665,670	
Add: other capital assets net of accumulated depreciation		<u>2,758,124</u>	18,159,616
(2) An internal service fund is used by management to charge the cost of employee health insurance to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.			145,997
(3) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: notes payable	\$	(521,666)	
Less: other loans payable		(18,234,018)	
Less: bonds payable		(22,253,571)	
Add: deferred amount on refunding		702,640	
Add: deferred charges - debt issuance costs		358,269	
Less: compensated absences payable		(481,803)	
Less: other long-term liabilities		(329,760)	
Less: accrued interest on bonds, notes, and other loans		<u>(264,773)</u>	(41,024,682)
(4) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>1,198,011</u>
Net assets (deficit) of governmental activities (Exhibit A)		\$	<u>(3,764,257)</u>

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

Exhibit C-3

Anderson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2006

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>Revenues</u>							
Local Taxes	\$ 11,991,054	\$ 499,086	\$ 2,354,163	\$ 15,799	\$ 968,831	\$ 72,315	\$ 15,901,248
Licenses and Permits	277,564	0	0	0	0	0	277,564
Fines, Forfeitures, and Penalties	392,084	0	0	0	0	72,007	464,091
Charges for Current Services	4,443,450	0	0	0	0	2,487,194	6,930,644
Other Local Revenues	744,001	351,475	142,138	14,181	68,107	49,612	1,369,514
Fees Received from County Officials	1,354,986	0	0	0	0	0	1,354,986
State of Tennessee	1,062,528	2,232,851	0	0	0	106,199	3,401,578
Federal Government	1,802,969	0	0	0	0	30,574	1,833,543
Other Governments and Citizens Groups	30,947	30,000	0	1,475,443	931,856	105,884	2,574,130
Total Revenues	\$ 22,099,583	\$ 3,113,412	\$ 2,496,301	\$ 1,505,423	\$ 1,968,794	\$ 2,923,785	\$ 34,107,298
<u>Expenditures</u>							
Current:							
General Government	\$ 3,115,652	\$ 0	\$ 0	\$ 0	\$ 0	\$ 344,296	\$ 3,459,948
Finance	1,420,131	0	0	0	0	843,409	2,263,540
Administration of Justice	1,578,700	0	0	0	0	893,347	2,472,047
Public Safety	7,756,331	0	0	0	0	65,320	7,821,651
Public Health and Welfare	3,897,300	0	0	0	0	1,348,220	5,245,520
Social, Cultural, and Recreational Services	3,000	0	0	0	0	295,894	298,894
Agricultural and Natural Resources	255,659	0	0	0	0	0	255,659
Other Operations	920,480	0	0	0	0	137,014	1,057,494
Highways	0	3,545,565	0	0	0	0	3,545,565
Debt Service:							
Principal on Debt	16,889	0	1,722,808	1,033,813	1,308,837	15,000	4,097,347
Interest on Debt	1,009	0	599,519	571,036	539,854	3,221	1,714,639
Other Debt Service	0	0	143,606	41,124	67,321	0	252,051
Capital Projects	879,459	0	0	0	0	95,981	975,440
Total Expenditures	\$ 19,844,610	\$ 3,545,565	\$ 2,465,933	\$ 1,645,973	\$ 1,916,012	\$ 4,041,702	\$ 33,459,795
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,254,973	\$ (432,153)	\$ 30,368	\$ (140,550)	\$ 52,782	\$ (1,117,917)	\$ 647,503
<u>Other Financing Sources (Uses)</u>							
Refunding Debt Issued	\$ 0	\$ 0	\$ 4,580,000	\$ 0	\$ 0	\$ 0	\$ 4,580,000
Other Loans Issued	0	0	0	2,361,304	1,351,172	143,656	3,856,132

(Continued)

Exhibit C-3

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

	Major Funds					Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	Other Govern- mental Funds	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 39,890	\$ 133,891	\$ 68,075	\$ 0	\$ 16,202	\$ 1,291,917	\$ 1,549,975
Transfers Out	(1,642,010)	(68,075)	0	0	0	0	(1,710,085)
Payments to Refunded Debt Escrow Agent	0	0	(4,572,750)	0	0	0	(4,572,750)
Total Other Financing Sources (Uses)	\$ (1,602,120)	\$ 65,816	\$ 75,325	\$ 2,361,304	\$ 1,367,374	\$ 1,435,573	\$ 3,703,272
Net Change in Fund Balances	\$ 652,853	\$ (366,337)	\$ 105,693	\$ 2,220,754	\$ 1,420,156	\$ 317,656	\$ 4,350,775
Fund Balance, July 1, 2005	4,912,405	1,562,549	880,097	2,949,972	2,344,351	756,652	13,406,026
Fund Balance, June 30, 2006	\$ 5,565,258	\$ 1,196,212	\$ 985,790	\$ 5,170,726	\$ 3,764,507	\$ 1,074,308	\$ 17,756,801

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

Exhibit C-4

Anderson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	4,350,775
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of those assets is allocated over their useful lives and reported as depreciation expense. The amount that capital outlays differ from depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 2,319,168	
Less: current year depreciation expense	<u>(1,363,723)</u>	955,445
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: assets donated and capitalized	<u>\$ 77,750</u>	77,750
(3) Revenues in the statement of activities that do not provide current financial resources are not reported in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2005	\$ 1,198,011	
Less: deferred delinquent property taxes and other deferred June 30, 2006	<u>(1,070,653)</u>	127,358
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (3,856,132)	
Less: refunding bond proceeds	(4,580,000)	
Less: change in deferred debt issuance costs	(11,176)	
Add: principal payment on bonds	2,516,300	
Add: principal payment on notes	313,808	
Add: principal payment on other loans	1,250,350	
Add: principal payment on capitalized leases	16,889	
Add: bonds refunded	4,565,000	
Less: change in deferred amount on refunding debt	<u>(48,662)</u>	166,377
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in the governmental funds.		
Add: change in accrued interest payable	\$ 44,528	
Add: change in compensated absences	<u>70,221</u>	114,749
(6) The internal service fund is used by management to charge the cost of employee health benefits to individual funds. The net revenue (expense) of certain activities of the internal service fund is reported with governmental activities in the statement of activities		<u>107,300</u>
Change in net assets of governmental activities (Exhibit B)	<u>\$</u>	<u>5,899,754</u>

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

Exhibit D-1

Anderson County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2006

	Business-type Activities- Enterprise Fund Public Utility Fund	Governmental Activities- Internal Service Fund Employee Health Insurance Fund
<u>ASSETS</u>		
Current Assets:		
Cash	\$ 900	\$ 124,780
Equity in Pooled Cash and Investments	1,004,056	0
Investments	0	16,507
Accounts Receivable	267,802	60,508
Allowance for Uncollectibles	(64,677)	0
Prepaid Expenses	0	30,385
Total Current Assets	<u>\$ 1,208,081</u>	<u>\$ 232,180</u>
Noncurrent Assets:		
Restricted Assets:		
Revenue Bond Future Debt Service Account	\$ 346,313	\$ 0
Capital Assets:		
Assets not Depreciated:		
Land	124,149	0
Construction in Progress	445,032	0
Assets Net of Accumulated Depreciation:		
Water and Sewer Facilities	<u>11,368,032</u>	<u>0</u>
Total Noncurrent Assets	<u>\$ 12,283,526</u>	<u>\$ 0</u>
Total Assets	<u>\$ 13,491,607</u>	<u>\$ 232,180</u>
<u>LIABILITIES</u>		
Current Liabilities:		
Accounts Payable	\$ 20,704	\$ 0
Accrued Payroll	9,424	0
Payroll Deductions Payable	12,486	0
Contracts Payable	63,002	0
Retainage Payable	43,697	0
Accrued Interest Payable	278	0
Due to Other Funds	41,735	0
Due to State of Tennessee	10,310	0
Other Current Liabilities	64,900	86,183
Current Portion of Long-term Liabilities	<u>83,324</u>	<u>0</u>
Total Current Liabilities	<u>\$ 349,860</u>	<u>\$ 86,183</u>
Noncurrent Liabilities:		
Due in more than One Year	<u>\$ 1,104,151</u>	<u>\$ 0</u>
Total Noncurrent Liabilities	<u>\$ 1,104,151</u>	<u>\$ 0</u>
Total Liabilities	<u>\$ 1,454,011</u>	<u>\$ 86,183</u>

(Continued)

Exhibit D-1

Anderson County, Tennessee
Statement of Net Assets
Proprietary Funds (Cont.)

	Business-type Activities- Enterprise Fund Public Utility Fund	Governmental Activities- Internal Service Fund Employee Health Insurance Fund
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 10,749,737	\$ 0
Unrestricted	<u>1,287,859</u>	<u>145,997</u>
Net Assets	<u>\$ 12,037,596</u>	<u>\$ 145,997</u>

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

Exhibit D-2

Anderson County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Funds
For the Year Ended June 30, 2006

	Business-type Activities- Enterprise Fund	Governmental Activities- Internal Service Fund Employee Health Insurance Fund
<u>Operating Revenues</u>		
Charges for Services	\$ 1,967,035	\$ 2,129,002
Total Operating Revenue	<u>\$ 1,967,035</u>	<u>\$ 2,129,002</u>
<u>Operating Expenses</u>		
Salaries and Benefits	\$ 491,379	\$ 0
Contractual Services	18,541	0
Board and Committee Member Fees	8,400	0
Fringe Benefits	124,915	0
Communication	11,284	0
Dues and Memberships	7,895	0
Water Purchased from Other Local Utilities	113,940	0
Crushed Stone	4,744	0
Chemicals	26,545	0
Utilities	146,280	0
Water Treatment Charges	351,947	0
Maintenance and Repair Services - Building	225	0
Maintenance and Repair Services - Equipment	95,180	0
Maintenance and Repair Services - Vehicles	12,671	0
Equipment and Machinery Parts	8,423	0
Gasoline and Diesel Fuel	31,117	0
Rental Expense	1,678	0
Travel	451	0
Supplies and Materials	82,946	0
Depreciation	459,393	0
Insurance	77,880	0
Trustee's Commission	20,538	0
Workers' Compensation Insurance	14,849	0
Postal Charges	11,176	0
Office Supplies	4,433	0
Uniforms	7,056	0
Other Charges	18,705	0
Accounting Services	6,828	0

(Continued)

Exhibit D-2

Anderson County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Funds (Cont.)

	Business-type Activities- Enterprise Fund Public Utility Fund	Governmental Activities- Internal Service Fund Employee Health Insurance Fund
<u>Operating Expenses (Cont.)</u>		
Consultants	\$ 0	\$ 12,000
Medical and Dental Services	0	1,687,021
Other Contracted Services	0	95,757
Excess Risk Insurance	0	427,715
Other Equipment	14,302	0
Total Operating Expenses	<u>\$ 2,173,721</u>	<u>\$ 2,222,493</u>
Operating Income (Loss)	<u>\$ (206,686)</u>	<u>\$ (93,491)</u>
<u>Nonoperating Revenues (Expenses)</u>		
Investment Income	\$ 14,288	\$ 791
Interest on Bonds	(54,520)	0
Interest on Notes	(627)	0
Interest on Other Loans Payable	(9,821)	0
Total Nonoperating Revenues (Expenses)	<u>\$ (50,680)</u>	<u>\$ 791</u>
Income (Loss) Before Contributions and Transfers	\$ (257,366)	\$ (92,700)
Capital Contributions - Developers	481,340	0
Capital Contributions - Primary Government	459,461	0
Transfers In (Out)	(39,890)	200,000
Change in Net Assets	<u>\$ 643,545</u>	<u>\$ 107,300</u>
Net Assets, July 1, 2005	<u>11,394,051</u>	<u>38,697</u>
Net Assets, June, 30, 2006	<u><u>\$ 12,037,596</u></u>	<u><u>\$ 145,997</u></u>

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

Exhibit D-3

Anderson County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2006

	Business-type Activities Enterprise Fund Public Utility Fund	Governmental Activities Internal Service Fund Employee Health Insurance Fund
<u>Cash Flows from Operating Activities</u>		
Receipts from customers and users	\$ 1,935,586	\$ 0
Receipts for self insurance premiums	0	2,068,494
Payments to vendors	(1,092,744)	0
Payments to employees	(493,344)	0
Payments for fringe benefits	(124,915)	0
Payments to fiscal agents	0	(107,757)
Payments to insurers	0	(458,100)
Payments for claims	0	(1,671,621)
Payments for administrative costs	0	0
Net cash provided by (used in) operating activities	<u>\$ 224,583</u>	<u>\$ (168,984)</u>
<u>Cash Flows from Capital and Related Financing Activities</u>		
Acquisition and construction of capital assets	\$ (483,999)	\$ 0
Contributions from developers	481,340	0
Principal paid on bonds	(52,892)	0
Interest paid on bonds	(54,520)	0
Principal paid on notes	(32,800)	0
Interest paid on notes	(1,322)	0
Principal paid on other loans payable	(20,000)	0
Interest paid on other loans payable	(9,821)	0
Net cash provided (used) by capital and related financing activities	<u>\$ (174,014)</u>	<u>\$ 0</u>
<u>Cash Flows from Noncapital Financing Activities</u>		
Transfers from other funds	\$ 0	\$ 150,000
Net cash provided (used) by noncapital financing activities	<u>\$ 0</u>	<u>\$ 150,000</u>
<u>Cash Flows from Investing Activities</u>		
Interest on investments	\$ 14,288	\$ 135
Net cash provided by (used in) investing activities	<u>\$ 14,288</u>	<u>\$ 135</u>
Increase (decrease) in cash	\$ 64,857	\$ (18,849)
Cash, July 1, 2005	<u>1,286,412</u>	<u>143,629</u>
Cash, June 30, 2006	<u>\$ 1,351,269</u>	<u>\$ 124,780</u>

(Continued)

Exhibit D-3

Anderson County, Tennessee
Statement of Cash Flows
Proprietary Funds (Cont.)

	Business-type Activities Enterprise Fund Public Utility Fund	Governmental Activities Internal Service Fund Employee Health Insurance Fund
<u>Reconciliation of Net Operating Income (Loss)</u>		
<u>to Net Cash Provided By (Used In) Operating Activities</u>		
Operating Income (Loss)	\$ (206,686)	\$ (93,491)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:		
Depreciation	459,393	0
Changes in Assets and Liabilities:		
(Increase) decrease in current receivables	(40,477)	(60,508)
(Increase) decrease in prepaid items	0	(30,385)
Increase (decrease) in allowance for uncollectibles	5,272	0
Increase (decrease) in accounts payable	5,566	0
Increase (decrease) in accrued payroll	1,783	0
Increase (decrease) in payroll deductions	(4,579)	0
Increase (decrease) in due to other funds, excluding amount of transfer	(276)	0
Increase (decrease) in due to State of Tennessee	1,448	0
Increase (decrease) in other current liabilities	3,139	15,400
Net cash provided by (used in) operating activities	<u>\$ 224,583</u>	<u>\$ (168,984)</u>
<u>Reconciliation of Cash with Statement of Net Assets</u>		
Cash per Net Assets	\$ 900	\$ 124,780
Equity in Pooled Cash and Investments per Net Assets	1,004,056	0
Revenue Bond Future Debt Service Account per Net Assets	346,313	0
Cash, June 30, 2006	<u>\$ 1,351,269</u>	<u>\$ 124,780</u>
<u>Noncash Capital Activities:</u>		
Contributions of capital assets from government	\$ 459,461	\$ 0

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

Exhibit E-1

Anderson County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Funds
June 30, 2006

	Other Employee Benefit Trust Fund	
	<u>Flexible Benefit Fund</u>	<u>Agency Funds</u>
<u>ASSETS</u>		
Cash	\$ 7,698	\$ 1,551,503
Equity in Pooled Cash and Investments	0	24,874
Due from Other Governments	0	1,995,671
Cash Shortage	0	465
Taxes Receivable	0	9,186,154
Allowance for Uncollectible Taxes	0	<u>(261,825)</u>
Total Assets	<u>\$ 7,698</u>	<u>\$ 12,496,842</u>
<u>LIABILITIES</u>		
Advances Payable to Other Funds	\$ 16,000	\$ 0
Due to Other Taxing Units	0	10,944,874
Due to Litigants, Heirs, and Others	<u>0</u>	<u>1,551,968</u>
Total Liabilities	<u>\$ 16,000</u>	<u>\$ 12,496,842</u>
<u>NET ASSETS</u>		
Funds Held in Trust For Employees (Deficit)	<u>\$ (8,302)</u>	
Net Assets	<u>\$ (8,302)</u>	

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

Exhibit E-2

Anderson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
For the Year Ended June 30, 2006

	Other Employee Benefit Trust Fund <hr/> Flexible Benefit Fund
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 35,540
Total Additions	<u>\$ 35,540</u>
<u>DEDUCTIONS</u>	
Employee Benefits:	
Other Fringe Benefits	\$ 47,361
Total Deductions	<u>\$ 47,361</u>
Change in Net Assets	\$ (11,821)
Net Assets, July 1, 2005	<u>3,519</u>
Net Assets, June 30, 2006	<u><u>\$ (8,302)</u></u>

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

ANDERSON COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2006

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Anderson County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Anderson County:

A. Reporting Entity

Anderson County is a public municipal corporation governed by an elected 16-member board. As required by GAAP, these financial statements present Anderson County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

The Anderson County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Anderson County, and the Anderson County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the approval of the County Commission.

The Anderson County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Anderson County School Department are included in this report as listed

in the table of contents. Complete financial statements of the Anderson County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Anderson County Emergency Communications District
101 South Main Street, Suite 440
Clinton, Tennessee 37716

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Anderson County School Department component unit only reports governmental activities in the government-wide financial statements.

The statement of activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Anderson County issues all debt for the discretely presented Anderson County School Department. Net debt issues (\$3,712,476) were issued for the benefit of the School Department during the year ended June 30, 2006.

Separate financial statements are provided for governmental funds, proprietary funds (internal service and enterprise), and fiduciary funds. The internal service fund is reported with the governmental activities in the government-wide financial statements, and the fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements.

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Anderson County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental and proprietary categories. Anderson County reports two proprietary funds: one enterprise fund and one internal service fund.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds and the enterprise fund are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service fund and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Anderson County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus (except for agency funds which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Anderson County reports the following major governmental funds:

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

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

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

Rural Debt Service Fund – This fund accounts for the retirement of bonds, other loans, and most notes issued for the construction and renovations of the county’s elementary schools.

Education Debt Service Fund – This fund accounts for the retirement of bonds, other loans, and most notes issued for the construction and renovations of the county’s middle and high schools.

Anderson County reports the following major enterprise fund:

Public Utility Fund – This fund is used to account for operations of the county’s water and sewage treatment facilities.

Additionally, Anderson County reports the following fund types:

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

Internal Service Fund – The Employee Health Insurance Fund is used to account for the county’s self-insured employee health program. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of claims of county employees.

Other Employee Benefit Trust Fund – The Flexible Benefits Fund is used to account for operations of the flexible benefits program for county employees.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Anderson County, and city school systems’ share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Anderson County School Department reports the following major governmental fund:

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

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

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

Capital Projects Fund – The Education Capital Projects Fund is used primarily to account for building construction and renovations.

Other Employee Benefit Trust Fund – The Flexible Benefits Fund is used to account for the operations of the flexible benefits program for School Department employees.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide and proprietary fund financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board. Governments also have the option of following subsequent private-sector guidance for their enterprise funds, subject to the same limitation. Anderson County has elected not to follow subsequent private-sector guidance.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has two proprietary funds, an enterprise fund used to account for water and sewage treatment operations, and an internal service fund used to account for the employees' health insurance program. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenue of the county's enterprise fund is charges for services from users. Operating expenses for the enterprise fund include salaries, purchase of supplies and materials, and depreciation of capitalized assets. The principal operating revenue of the county's internal service fund is self-insurance premiums. Operating expenses for the internal service fund include medical claims, excess risk insurance, and administrative charges.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows, cash includes cash on hand, equity in pooled cash and investments, and the restricted asset revenue bond future debt service account.

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Anderson County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Income from these investments is credited to various funds based on legal requirements of the budget adopted by the County Commission, with the General Fund and the debt service funds being assigned the majority of the income. Anderson County and the Anderson County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency

obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year are referred to as either due to/from other funds (i.e., the current portion of interfund loans) or advances to/from other funds (i.e., the non-current portion of interfund loans). All other outstanding balances between funds are reported as due to/from other funds. Any residual balances outstanding between the governmental activities and business-type activities are reported in the government-wide financial statements as internal balances.

Advances between funds, as reported in the fund financial statements, are offset by a fund balance reserve account in the applicable governmental funds to indicate that they are not available for appropriation and not expendable available financial resources.

All ambulance and property taxes receivables are shown net of an allowance for uncollectibles. The allowance for uncollectibles for ambulance service receivables is comprised of estimated amounts for write-offs involving Medicare and Medicaid and estimated amounts of other collections based on historical collection data. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. The balance in the account Other Current Liabilities (\$129,005) in the governmental activities statement of net assets consists primarily of self-insurance claims (\$86,183) in the Employee Health Insurance Fund (internal service fund) and performance bonds (\$22,200) in the General Fund. In the business-type activities, the balance in this liability account (\$64,900) consists primarily of customers' deposits (\$46,286).

The balances in the retainage payable accounts in the governmental activities (\$4,137), the business-type activities (\$43,697), and the discretely presented Anderson County School Department (\$77,904), on the statement of net assets represent amounts withheld from payments made to contractors on construction projects to ensure contract performance. These amounts are held by the county trustee as Equity in Pooled Cash and Investments.

3. Inventories and Prepaid Items

Inventories of Anderson County are recorded at cost, determined on the first-in, first-out basis and are offset by a reserve of fund balance in the governmental funds to indicate that amounts are not available

for appropriation. Inventories of governmental funds 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 the government-wide and fund financial statements. This asset is offset by a reserve of fund balance in the governmental funds to indicate that amounts are not available for appropriation.

4. Restricted Assets

Certain resources set aside for the repayment of enterprise fund revenue bonds are classified as restricted assets on the balance sheet because their use is limited by applicable bond covenants. The Revenue Bond Future Debt Service account is used to report resources set aside to comply with those covenants.

5. Capital Assets

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

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

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

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

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

<u>Assets</u>	<u>Years</u>
Building and Improvements	20 - 50
Other Capital Assets	5 - 20
Infrastructure	25 - 40

6. Compensated Absences

It is the county's and School Department's policies to permit employees to accumulate earned but unused vacation and sick pay benefits. There is no liability for unpaid accumulated sick leave since Anderson County does not have a policy to pay any amounts when employees separate from service with the government. All vacation pay is accrued when incurred in the government-wide statements for the county and the discretely presented School Department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. Vacation benefits are accrued when earned in the enterprise (Public Utility) fund.

7. Long-term Obligations

In the government-wide financial statements, and proprietary fund types in the fund financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities (or proprietary fund type) statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt payable is reported net of the applicable debt premium or discount. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

8. Net Assets and Fund Equity

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

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

As of June 30, 2006, Anderson County had \$30,158,933 in outstanding debt for capital purposes for the discretely presented Anderson County School Department. The debt is a liability of Anderson County but the capital assets acquired are reported in the financial statements of the Anderson County School Department. Therefore, Anderson County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets. The Anderson County School Department has committed to fund a portion of this debt from its operating funds. See Note IV.B., Notes Receivable, for additional details of that commitment.

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.

The account Reserved for Other General Purposes in the General Fund (\$47,158) consists of unexpended performance bond forfeitures (\$24,550), and unexpended grant funds to be used for law enforcement, juvenile, and local Health Department purposes (\$22,608). The account Reserved for Other General Purposes in the nonmajor governmental funds (\$34,169) consists of amounts reserved for the Library (\$7,276) and Drug Control (\$26,893).

The account Other Local Education Reserves in the General Purpose School Fund (\$123,935) consists of E-Rate technology funds. The account Other Federal Reserves in the School Department (\$322,709) consists of various unexpended funds received under federal grant programs.

Management has designated a portion of the unreserved fund balances of the General Fund for the following purposes:

Bridge Construction	\$ 294,686
EMS Equipment	264,983
Health Department Site	156,994
Landfill	125,341
Property Assessor Audit	114,466
New River Water Project	97,292
MHRIDA/Industrial Expenses	82,393
Mona Lane	76,890
Jail Van	76,740
Coal Miner's Museum - Lake City	75,000
Inmate Commissary	67,786
Cops Grant	35,000
Courthouse Improvements - 3rd Floor	17,678
Lobbying Services	15,000
ADA Compliance	13,788
Bio-Diesel Grant	2,420
Courthouse Reward	1,200
Moral Kombat Grant	1,071
Courthouse Security	<u>544</u>
 Total Designations	 <u><u>\$ 1,519,272</u></u>

Management has also designated a portion of the unreserved fund balances of the discretely presented Anderson County School Department's General Purpose School Fund for use toward the Student Resource Officer Program (\$280,763) and debt service payments (\$375,000).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

Discretely Presented Anderson County School Department

Exhibit J-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide statement of net assets.

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

Primary Government

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

Discretely Presented Anderson County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Net Assets Deficit/Fund Deficit

Primary Government

The Flexible Benefits Fund (fiduciary fund) had a net assets deficit of \$8,302 at June 30, 2006. This net assets deficit resulted from cafeteria plan payments in excess of payroll deductions. Subsequent to June 30, 2006, additional payroll deductions will be deposited into this fund to liquidate the deficit by the plan year ending December 31, 2006.

Discretely Presented Anderson County School Department

The Education Capital Projects Fund had a deficit unreserved fund balance of \$643,140 on June 30, 2006. This deficit resulted from the unperformed portions of construction contracts of \$647,586 being reserved as encumbrances. Funding for these encumbrances will be provided through other loans that have already been authorized but that were undrawn as of June 30, 2006. See note IV. H. for a discussion of those loans.

C. Stolen Cash Collections

An employee stole cash collections of at least \$30,126.34 from the Office of County Trustee. These stolen collections were detected and restored prior to June 30, 2006.

An employee stole cash collections of at least \$1,781.86 from the Office of County Clerk. These stolen collections were detected and restored prior to June 30, 2006, with the exception of \$465.50, which was restored on July 17, 2006. This amount (\$465.50) is reflected as a cash shortage in the Constitutional Officers – Agency Fund.

Details of these stolen cash collections are discussed in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

D. Excess of Expenditures over Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Other Waste Disposal major appropriation category (the legal level of control) in the Solid Waste/Sanitation Fund by \$8,135. For the discretely presented Anderson County School Department, expenditures exceeded appropriations in the Principal (\$600), Interest (\$3,374), and Other Debt Service (\$4,323) major appropriation categories (the legal level of control) of the General Purpose School Fund. Such overexpenditures are a violation of state statutes. These overexpenditures were funded by greater than anticipated revenues and/or available fund balances.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out

in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2006, Anderson County had the following investments carried at cost. Pooled investments reported in the following table are held in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Anderson County and the discretely presented Anderson County School Department since both pool their deposits and investments through the county trustee. Nonpooled investments represent amounts held in the Employee Health Insurance Fund (an Internal Service Fund).

POOLED INVESTMENTS

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	<u>\$ 519,222</u>
Total		<u><u>\$ 519,222</u></u>

NONPOOLED INVESTMENTS

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	<u>\$ 16,507</u>
Total		<u><u>\$ 16,507</u></u>

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. Anderson County does not have a formal investment policy that limits investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Anderson County has no investment policy that would further limit its investment choices. As of

June 30, 2006, Anderson County's investment in the State Treasurer's Investment Pool was unrated.

B. Notes Receivable – Long-Term

Anderson County entered into an agreement with the discretely presented Anderson County School Department where the primary government has borrowed funds and loaned the proceeds to the School Department. The School Department has agreed to repay the primary government for principal and interest requirements on this debt. Long-term notes receivable are reflected in the primary government's Rural Debt Service Fund (\$4,726,473) and Education Debt Service Fund (\$2,317,150) for future principal amounts due from the School Department. These notes receivable are offset with reserved fund balance to indicate that the amounts are not available for appropriation. The amounts of the notes not expected to be collected within one year are \$4,623,223 in the Rural Debt Service Fund and \$2,254,650 in the Education Debt Service Fund.

C. Capital Assets

Capital asset activity for the year ended June 30, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 1,259,590	\$ 159,100	\$ (4,402)	\$ 1,414,288
Construction in Progress	1,480,066	331,119	(1,600,776)	210,409
Total Capital Assets Not Depreciated	<u>\$ 2,739,656</u>	<u>\$ 490,219</u>	<u>\$ (1,605,178)</u>	<u>\$ 1,624,697</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 12,384,393	\$ 1,543,867	\$ (302,403)	\$ 13,625,857
Roads, Streets, and Bridges	41,844,212	565,535	(66,072)	42,343,675
Other Capital Assets	6,343,865	1,402,475	(372,156)	7,374,184
Total Capital Assets Depreciated	<u>\$ 60,572,470</u>	<u>\$ 3,511,877</u>	<u>\$ (740,631)</u>	<u>\$ 63,343,716</u>

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Less Accumulated Depreciation For: Buildings and Improvements	\$ 4,906,767	\$ 355,823	\$ (302,403)	\$ 4,960,187
Roads, Streets, and Bridges	36,920,954	377,668	(66,072)	37,232,550
Other Capital Assets	4,357,984	630,232	(372,156)	4,616,060
Total Accumulated Depreciation	<u>\$ 46,185,705</u>	<u>\$ 1,363,723</u>	<u>\$ (740,631)</u>	<u>\$ 46,808,797</u>
Total Capital Assets Depreciated, Net	<u>\$ 14,386,765</u>	<u>\$ 2,148,154</u>	<u>\$ 0</u>	<u>\$ 16,534,919</u>
Governmental Activities Capital Assets, Net	<u>\$ 17,126,421</u>	<u>\$ 2,638,373</u>	<u>\$ (1,605,178)</u>	<u>\$ 18,159,616</u>

Business-type Activities:

	Balance 7-1-05	Increases	Decreases	Ending 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 124,149	\$ 0	\$ 0	\$ 124,149
Construction in Progress	0	445,032	0	445,032
Total Capital Assets Not Depreciated	<u>\$ 124,149</u>	<u>\$ 445,032</u>	<u>\$ 0</u>	<u>\$ 569,181</u>
Capital Assets Depreciated:				
Water and Sewer Facilities	\$ 17,473,927	\$ 605,128	\$ (37,917)	\$ 18,041,138
Total Capital Assets Depreciated	<u>\$ 17,473,927</u>	<u>\$ 605,128</u>	<u>\$ (37,917)</u>	<u>\$ 18,041,138</u>
Less Accumulated Depreciation For:				
Water and Sewer Facilities	\$ 6,251,630	\$ 459,393	\$ (37,917)	\$ 6,673,106
Total Accumulated Depreciation	<u>\$ 6,251,630</u>	<u>\$ 459,393</u>	<u>\$ (37,917)</u>	<u>\$ 6,673,106</u>
Total Capital Assets Depreciated, Net	<u>\$ 11,222,297</u>	<u>\$ 145,735</u>	<u>\$ 0</u>	<u>\$ 11,368,032</u>
Business-type Activities Capital Assets, Net	<u>\$ 11,346,446</u>	<u>\$ 590,767</u>	<u>\$ 0</u>	<u>\$ 11,937,213</u>

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

Governmental Activities:

General Government	\$	277,133
Finance		20,597
Administration of Justice		11,077
Public Safety		352,516
Public Health and Welfare		203,530
Social, Cultural, and Recreational		3,284
Agriculture and Natural Resources		939
Other General Government		8,616
Highways, including depreciation of infrastructure assets		<u>486,031</u>
Total Depreciation Expense - Governmental-type Activities	\$	<u>1,363,723</u>

Business -type Activities:

Water and Sewer	\$	<u>459,393</u>
Total Depreciation Expense - Business-type Activities	\$	<u>459,393</u>

Discretely Presented Anderson County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 632,487	\$ 4,402	\$ 0	\$ 636,889
Construction in Progress	4,151,668	2,614,525	(5,702,909)	1,063,284
Total Capital Assets Not Depreciated	<u>\$ 4,784,155</u>	<u>\$ 2,618,927</u>	<u>\$ (5,702,909)</u>	<u>\$ 1,700,173</u>
Capital Assets Being Depreciated:				
Buildings and Improvements	\$ 56,890,042	\$ 5,752,138	\$ 0	\$ 62,642,180
Other Capital Assets	3,018,439	235,541	0	3,253,980
Total Capital Assets Being Depreciated	<u>\$ 59,908,481</u>	<u>\$ 5,987,679</u>	<u>\$ 0</u>	<u>\$ 65,896,160</u>

Governmental Activities (Cont.):

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 23,028,851	\$ 1,409,340	\$ 0	\$ 24,438,191
Other Capital Assets	1,984,692	284,652	0	2,269,344
Total Accumulated Depreciation	<u>\$ 25,013,543</u>	<u>\$ 1,693,992</u>	<u>\$ 0</u>	<u>\$ 26,707,535</u>
Total Capital Assets Depreciated, Net	<u>\$ 34,894,938</u>	<u>\$ 4,293,687</u>	<u>\$ 0</u>	<u>\$ 39,188,625</u>
Governmental Activities Capital Assets, Net	<u>\$ 39,679,093</u>	<u>\$ 6,912,614</u>	<u>\$ (5,702,909)</u>	<u>\$ 40,888,798</u>

Depreciation expense totaling \$1,693,992 was charged by the discretely presented Anderson County School Department.

D. Construction Commitments

Primary Government

At June 30, 2006, Anderson County had uncompleted construction contracts of \$44,922 in the Public Utility (enterprise) Fund. Funding for the contract is being provided through a developer.

Discretely Presented Anderson County School Department

At June 30, 2006, the School Department had various uncompleted construction and renovation contracts of \$647,586 in the Education Capital Projects Fund. Funding for these future expenditures will be provided through public building authority loans.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2006, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	General Debt Service	\$ 274,095
"	Public Utility	39,890
"	Nonmajor governmental	15
Highway/Public Works	General	26,152
"	Nonmajor governmental	583
"	Public Utility	1,845
Rural Debt Service	General Debt Service	14,181
Education Debt Service	General	16,202
"	General Debt Service	67,962
Nonmajor governmental	General	146,035
"	Highway/Public Works	72
"	General Debt Service	10,579
Discretely Presented		
School Department:		
General Purpose School	Nonmajor governmental	30,495
Nonmajor governmental	General Purpose School	2,843
"	Nonmajor governmental	4,469

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

Advances to/from Other Funds:

Primary Government:

Receivable Fund	Payable Fund	Amount
General	Other Employee Benefit Trust:	
	Flexible Benefits	\$ 16,000

The balance of \$16,000 due to the General Fund from the Flexible Benefits Fund resulted from an advance to the Flexible Benefits Fund for cash flow purposes.

Due to/from primary government and component units:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General	School Department	\$ 411
Highway/Public Works	"	6,624
Rural Debt Service	"	20,000
Nonmajor governmental	"	9,843
Component Unit:	Primary Government:	
School Department	General Debt Service	205,132
"	Rural Debt Service	58,090
"	Education Debt Service	102,677

Interfund Transfers:

Interfund transfers for the year ended June 30, 2006, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Fund	Highway/ Public Works Fund	General Debt Service Fund
General Fund	\$ 0	\$ 133,891	\$ 0
Highway/Public Works Fund	0	0	68,075
Public Utility	39,890	0	0
Total	\$ 39,890	\$ 133,891	\$ 68,075

Transfers Out	Transfers In		
	Education Debt Service Funds	Employee Health Insurance Fund	Nonmajor Governmental Funds
General Fund	\$ 16,202	\$ 200,000	\$ 1,291,917
Total	\$ 16,202	\$ 200,000	\$ 1,291,917

Discretely Presented Anderson County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
Nonmajor governmental funds	\$ 245,322	\$ 189,752
General Purpose School Fund	0	3,858
Total	<u>\$ 245,322</u>	<u>\$ 193,610</u>

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

F. Income from Operating Lease Commitments

Anderson County leases space in the Robert Jolley Administration Building and the Daniel Arthur Rehabilitation Center to various tenants under operating lease agreements. The carrying value of the leased properties was \$1,489,522 at June 30, 2006. The original cost was \$2,733,356 and accumulated depreciation was \$1,243,834. Total lease revenues for the year ended June 30, 2006, were \$210,022. The future minimum lease payments under existing leases are as follows:

Fiscal Year Ending June 30	Amount
2007	\$ 219,336
2008	79,830
2009	28,155
Total	<u>\$ 327,321</u>

G. Capital Lease

Discretely Presented Anderson County School Department

During the 2003-04 year, the School Department entered into an agreement for the lease of a building for its daycare and head start programs. The lease is required to be capitalized under generally accepted accounting principles because the present value of minimum lease payments (using the School Department's incremental borrowing rate) exceeds 90 percent of the fair value of the asset. The School Department made advance payments totaling

\$749,060 to decrease its future lease obligations and the revised lease agreement provides for all required payments to be made during a 16-year period ending in 2020. The School Department has an option to extend the lease for two five-year terms. The lease carries an implicit interest rate of 11.4 percent, and title does not transfer at the end of the lease.

The assets acquired through the capital lease outstanding at June 30, 2006, consist of the following:

	<u>Governmental Activities</u>
Building and Improvements	\$ 1,706,295
Less: Accumulated Depreciation	<u>(200,787)</u>
Total	<u>\$ 1,505,508</u>

Future minimum payments under this capital lease consisted of the following at June 30, 2006:

<u>Year Ending June 30</u>	<u>Governmental Activites</u>
2007	\$ 112,446
2008	113,543
2009	114,641
2010	115,793
2011	116,945
2012-2016	601,184
2017-2020	<u>496,302</u>
Total Minimum Lease Payments	\$ 1,670,854
Less: Amount Representing Interest	<u>(850,267)</u>
Present Value of Minimum Payments	<u>\$ 820,587</u>

H. Long-term Debt

Primary Government

General Obligation Bonds, Notes and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 38 years for bonds, up to 12 years for notes, and 20 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Government Refunding Bonds	3 to 5 %	\$ 18,185,000	\$ 8,725,000
Rural School Bonds	3.4 to 5.5	450,000	45,000
Rural School Refunding Bonds	2 to 5	16,035,000	13,380,000
Rural Development Water and Sewer Bonds	4.875	110,000	103,571
Capital Outlay Notes	3.6 to 5.59	1,750,000	521,666
Other Loans	Variable	27,733,000	18,234,018

During the year ended June 30, 2006, Anderson County entered into a loan agreement with the Montgomery County Public Building Authority. This loan agreement provides for the authority to make \$3,000,000 available for loan to Anderson County on an as-needed basis for renovations to the jail. As of June 30, 2006, Anderson County had drawn \$143,656 for the jail project. Anderson County plans to draw the remainder of this loan as this capital project progresses.

In prior years, Anderson County entered into two loan agreements with the Montgomery County Public Building Authority which provided for the authority to make a total of \$10,100,000 available for loan to Anderson County on an as-needed basis for school construction. As of June 30, 2006, Anderson County had drawn \$7,375,123 and loaned this amount to the discretely presented School Department. Anderson County plans to draw the remainder of these loans as capital projects progress. These funds then will be loaned to the Anderson County School Department, as discussed in footnote IV.B.

The following table summarizes loan agreements outstanding at June 30, 2006:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-06	Interest Type	Interest Rates as of 6-30-06	Other Fees
<u>Montgomery County Public</u>					
<u>Building Authority</u>					
Industrial					
Development	\$ 1,700,000	\$ 1,460,000	Variable	4%	0.38%
Rural Elementary					
School	6,000,000 (1)	4,726,473	Variable	4.1	0.38
Rural High School	4,100,000 (2)	2,317,150	Variable	4.1	0.38
Jail Renovation	3,000,000 (3)	143,656	Variable	4.1	0.38
<u>City of Clarksville Public</u>					
<u>Building Authority</u>					
Rural School					
Refunding	5,746,000	4,380,857	Variable	4.1	0.38
Rural High School					
Refunding	7,187,000	<u>5,205,882</u>	Variable	4.1	0.38
		<u>\$ 18,234,018</u>			

- (1) \$1,067,027 of this amount had not been drawn as of June 30, 2006.
(2) \$1,657,850 of this amount had not been drawn as of June 30, 2006.
(3) \$2,856,344 of this amount had not been drawn as of June 30, 2006.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2006, including interest payments and other fees are presented in the following table. The interest rates on the public building authority loan agreements are tax-exempt variable rates determined by the remarketing agent daily or weekly depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. Interest payments and other fees included in the table for the variable rate issues are computed based on the rates in effect at June 30, 2006.

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 2,576,365	\$ 840,219	\$ 186,666	\$ 19,842
2008	2,611,433	752,720	55,000	12,366
2009	2,496,505	655,138	55,000	10,056
2010	2,576,580	562,581	45,000	8,030
2011	2,691,658	458,878	40,000	6,287
2012-2016	7,629,618	1,006,844	140,000	10,928
2017-2021	1,597,267	111,290	0	0
2022-2026	15,645	16,275	0	0
2027-2031	19,953	11,967	0	0
2032-2036	25,448	6,472	0	0
2037-2039	13,099	731	0	0
Total	\$ 22,253,571	\$ 4,423,115	\$ 521,666	\$ 67,509

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2007	\$ 1,477,906	\$ 746,135	\$ 69,289	\$ 2,293,330
2008	1,407,250	685,609	63,673	2,156,532
2009	1,492,900	627,982	58,326	2,179,208
2010	1,633,900	566,848	52,653	2,253,401
2011	1,683,600	499,937	46,444	2,229,981
2012-2016	8,486,050	1,434,094	133,335	10,053,479
2017-2021	2,052,412	137,158	12,887	2,202,457
Total	\$ 18,234,018	\$ 4,697,763	\$ 436,607	\$ 23,368,388

There is \$2,877,400 available in the debt service funds to service general long-term debt. Bonded debt per capita amounted to \$122, based on the 2000 federal census for residents living inside the Oak Ridge School Districts, \$284 for residents living inside the Clinton School Districts, and \$470 for residents living outside of these school districts. Total debt per capita, including bonds, notes, other loans, and capital leases, amounted to \$181, based on the 2000 federal census for residents living inside the Oak Ridge School Districts, \$513 for residents living inside the Clinton School Districts, and \$963 for residents living outside of these school districts.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2006, was as follows:

Governmental Activities:

	Bonds	Notes
Balance, July 1, 2005	\$ 24,754,871	\$ 835,474
Additions	4,580,000	0
Deductions	(2,516,300)	(313,808)
Bonds Refunded	(4,565,000)	0
	<u>\$ 22,253,571</u>	<u>\$ 521,666</u>
Balance, June 30, 2006		
Balance Due Within One Year	<u>\$ 2,576,365</u>	<u>\$ 186,666</u>

	Capital Leases	Other Loans
Balance, July 1, 2005	\$ 16,889	\$ 15,628,236
Additions	0	3,856,132
Deductions	(16,889)	(1,250,350)
	<u>\$ 0</u>	<u>\$ 18,234,018</u>
Balance, June 30, 2006		
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 1,477,906</u>

	Compensated Absences	Other Long-term Liabilities
Balance, July 1, 2005	\$ 552,024	\$ 329,760
Additions	497,216	0
Deductions	(567,437)	0
	<u>\$ 481,803</u>	<u>\$ 329,760</u>
Balance, June 30, 2006		
Balance Due Within One Year	<u>\$ 457,714</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 41,820,818
Less: Balance Due within One Year	(4,698,651)
Less: Deferred Amount on Refunding	<u>(702,640)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 36,419,527</u>

During the year, the discretely presented Anderson County School Department paid \$2,573,049 to the primary government to apply toward the retirement of school debt.

Other Long-term Liabilities consist of \$329,760 assessment from the State of Tennessee, Department of Environment and Conservation; Division of Super Fund (discussed in note V.D.). Management is in negotiations with the state to accept monies spent on certain approved environmental projects as payment in-lieu-of the charges for the investigation. The county has budgeted and designated funds to address this issue, but they do not anticipate this issue being completed in the next fiscal year.

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

Advance Refunding

On December 15, 2005, Anderson County advance refunded a portion of a general obligation refunding bond issue with a separate general obligation bond issue. The county issued \$4,580,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds were considered defeased, and the liability removed from the county's long-term debt. The defeased bonds were called on March 1, 2006. As a result of the advance refunding, total debt service payments over the next seven years will be reduced by \$228,247, and an economic gain (difference between the present value and of the debt service payments of the refunded and refunding bonds) of \$192,306 was obtained.

Anderson County Public Utility Fund (Enterprise Fund)

Water Revenue and Tax Bonds, Notes, and Other Loans

Outstanding bonds, notes, and other loans of the Public Utility Fund at June 30, 2006, are as follows:

Type	Original Amount of Issue	Interest Rate	Last Maturity Date	Balance 6-30-06
Water Revenue and Tax Bond	\$ 1,400,000	5 %	1-1-17	\$ 649,934
Water Revenue and Tax Bond	257,000	5	7-1-25	180,278
Water Revenue and Tax Bond	105,000	6.125	6-1-24	77,020
Capital Outlay Note	225,000	6.78	1-27-07	10,000
Public Building Authority Loan	350,000	Variable	6-25-18	270,243

In prior years, Anderson County entered into a loan agreement with the Public Building Authority (PBA) of the City of Clarksville, Tennessee, where the PBA made \$350,000 available for loan to Anderson County to provide funding for certain public works projects through the Public Utility Fund. As of June 30, 2006, Anderson County had drawn \$328,182 for these projects. The amounts drawn on this loan agreement are classified as Other Loans Payable in the Public Utility Fund.

Property tax revenues of Anderson County have been pledged as additional security for all debt of the Public Utility Fund. General revenues of the county would be required to retire these debt issues in the event water revenues are not sufficient to retire the debt.

The annual requirements to amortize outstanding bonds and notes of the Public Utility Fund at June 30, 2006, including interest and other fees, are presented in the following table. Estimated annual requirements for the loans payable are also reflected in the table. Amounts reflected for loans payable are based on drawn and outstanding principal at June 30, 2006. Estimated interest and other fee payments are included for this loan agreement. The interest rate on the public building authority loan agreement is a tax-exempt variable rate determined by the remarketing agent daily or weekly depending on the particular program. In addition, the county pays various other fees (trustee, debt remarketing, etc.) in connection with these loans. Interest and other fee payments included in the table for the variable rate issue is computed based on the rates in effect at June 30, 2006 (4.1 and .38 percent, respectively).

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 53,324	\$ 46,474	\$ 10,000	\$ 660
2008	58,780	43,767	0	0
2009	59,261	40,786	0	0
2010	65,237	37,777	0	0
2011	65,503	34,490	0	0
2012-2016	391,755	118,548	0	0
2017-2021	145,711	35,402	0	0
2022-2026	67,661	8,693	0	0
Total	\$ 907,232	\$ 365,937	\$ 10,000	\$ 660

	<u>Other Loans</u>			Total
	Principal	Interest	Other Fees	
2007	\$ 20,000	\$ 11,080	\$ 1,027	\$ 32,107
2008	21,000	10,260	951	32,211
2009	22,000	9,399	871	32,270
2010	22,000	8,497	788	31,285
2011	23,000	7,595	704	31,299
2012-2016	128,000	23,051	2,136	153,187
2017-2018	34,243	1,660	154	36,057
Total	<u>\$ 270,243</u>	<u>\$ 71,542</u>	<u>\$ 6,631</u>	<u>\$ 348,416</u>

Changes in Long-term Liabilities

Long-term liability activity for the Public Utility Fund (enterprise fund) for the year ended June 30, 2006 was as follows:

Business-type Activities:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2005	\$ 960,124	\$ 42,800
Deductions	<u>(52,892)</u>	<u>(32,800)</u>
Balance, June 30, 2006	<u>\$ 907,232</u>	<u>\$ 10,000</u>
Balance Due Within One Year	<u>\$ 53,324</u>	<u>\$ 10,000</u>
	<u>Other Loans</u>	
Balance, July 1, 2005	\$ 290,243	
Deductions	<u>(20,000)</u>	
Balance, June 30, 2006	<u>\$ 270,243</u>	
Balance Due Within One Year	<u>\$ 20,000</u>	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 1,187,475
Less: Balance Due within One Year	<u>(83,324)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 1,104,151</u>

Discretely Presented Anderson County School Department

Capital Outlay Notes and Lease

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

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of up to 20 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt.

Capital outlay notes and the capital lease outstanding as of June 30, 2006, are as follows:

Purpose	Interest Rate	Original Amount of Issue	Balance 6-30-06
Capital Outlay Notes:			
Asbestos Removal	0 %	\$ 382,026	\$ 65,153
Renovation of Various Schools	3.5 to 6.7	2,972,000	1,155,332
Renovation of Various Schools	Variable	10,100,000 (1)	7,043,623
Capital Lease	11.4	957,236	820,587

(1) \$2,724,877 of this amount remains available for draws as of June 30, 2006. This amount is being loaned from the primary government from funds borrowed through public building authority loan agreements.

The capital outlay notes are to be retired from the General Purpose School Fund. The capital lease will be retired from the Other Education Special Revenue Fund and the General Purpose School Fund.

The annual requirements to amortize all notes and the lease outstanding as of June 30, 2006, including interest, are presented in the following table:

Year Ending June 30	Notes		Leases	
	Principal	Interest	Principal	Interest
2007	\$ 475,333	\$ 337,116	\$ 19,903	\$ 92,543
2008	400,333	316,605	23,450	90,093
2009	941,957	299,943	27,424	87,217
2010	1,063,833	260,709	31,932	83,861
2011	928,629	218,193	36,985	79,960
2012-2016	3,994,550	532,957	283,651	317,533
2017-2020	459,473	18,838	397,242	99,060
Total	\$ 8,264,108	\$ 1,984,361	\$ 820,587	\$ 850,267

Changes in Long-term Liabilities

The following is a summary of changes in long-term liabilities for the discretely presented Anderson County School Department for the year ended June 30, 2006:

	Notes	Capital Lease
Balance, July 1, 2005	\$ 5,071,965	\$ 886,227
Additions	3,712,476	0
Deductions	(520,333)	(65,640)
Balance, June 30, 2006	\$ 8,264,108	\$ 820,587
Balance Due Within One Year	\$ 475,333	\$ 19,903
	Compensated Absences	
Balance, July 1, 2005	\$ 244,446	
Additions	209,942	
Deductions	(205,526)	
Balance, June 30, 2006	\$ 248,862	
Balance Due Within One Year	\$ 236,419	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 9,333,557
Less: Balance Due within One Year	<u>(731,655)</u>
Noncurrent Liabilities - Due in More than One Year - Exhibit A	<u>\$ 8,601,902</u>

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

I. Short-term Debt

Anderson County issued revenue anticipation notes in advance of property tax and other collections and deposited the proceeds in the following funds. These notes were necessary because funds were not available to meet obligations coming due before revenues were available. Short-term debt activity for the year ended June 30, 2006, was as follows:

Fund	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
General Debt Service	\$ 0	\$ 500,000	\$ (500,000)	\$ 0
General Purpose School	0	3,500,000	(3,500,000)	0
School Federal Projects	0	500,000	(500,000)	0

J. School Commitments

During the year ended June 30, 1986, the City of Clinton annexed an area of Anderson County and merged one of Anderson County's elementary schools into the City of Clinton School District. As part of the school annexation, Anderson County entered into a 20-year written agreement with the City of Clinton to provide payments to the City of Clinton Schools in annual amounts of \$69,750 from the General Purpose School Fund to defray the cost of providing educational services for county students attending South Clinton Elementary School.

V. OTHER INFORMATION

A. Risk Management

The county has chosen to establish the Employees Health Insurance Fund for risks associated with the employees' health insurance plan. The Employee Health Insurance Fund is accounted for as an internal service fund where assets are set aside for claim settlements. The county retains the risk of loss to a limit of \$60,000 per specific loss. The county has obtained a stop/loss commercial policy to cover claims beyond this liability to a limit of \$1,000,000 per year. An estimated liability for outstanding medical claims of \$86,183

has been recorded in the financial statements of the Employee Health Insurance Fund.

All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time employees. This charge is based on actuarial estimates for the amounts needed to pay prior-year and current-year claims and to establish a reserve for catastrophe losses. This reserve amounted to \$145,997 at June 30, 2006. Liabilities of the fund are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. The Employee Health Insurance Fund establishes claims liabilities based on estimates of the ultimate cost of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	End of Fiscal Year Liability
2004-2005	\$ 82,802	\$ 1,397,872	\$ 1,409,891	\$ 70,783
2005-2006	70,783	1,687,021	1,671,621	86,183

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

Anderson County and the discretely presented Anderson County School Department are exposed to various risks related to general liability, property, casualty, and workers' compensation losses. The county and the School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for general liability, property, casualty, and workers' compensation coverage. The county and the School Department joined the Tennessee School Boards Risk Management Trust (TSB-RMT), which is a public entity risk pool established by an association of member school boards. The county and the School Department pay annual premiums to the TSB-RMT for their general liability, property, casualty, and workers' compensation insurance coverage. The creation of TSB-RMT provides for it to be self-sustaining through member premiums.

B. Accounting Changes

For the year ended June 30, 2006, Anderson County adopted the provisions of the Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1). GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, debt capacity, demographic and economic, and operating.

The provisions of Governmental Accounting Standards Board (GASB) Statement No. 42, Accounting and Financial Reporting for Impairment of Capital Assets and for Insurance Recoveries became effective for the year ended June 30, 2006. GASB Statement No. 42 requires governments to report the effects of capital asset impairments in their financial statements when they occur rather than as a part of the ongoing depreciation expense for the capital assets or upon disposal of the capital assets. In addition, GASB Statement No. 42 clarifies and establishes accounting requirements for insurance recoveries. GASB Statement No. 42 had no effect on the financial statements for the year ended June 30, 2006, since no capital asset impairment and insurance recoveries occurred. However, it is reasonably expected that capital asset impairment and insurance recoveries may occur in subsequent years that will be subject to the provisions of Statement No. 42.

The provisions of GASB Statement No. 46, Net Assets Restricted by Enabling Legislation – an amendment of GASB Statement 34 became effective for the year ended June 30, 2006. GASB Statement No. 46 provides guidance to determine when net assets have been restricted to a particular use by the passage of enabling legislation and specifies how those net assets should be reported in financial statements when there are changes in the circumstances surrounding such legislation. The statement also requires governments to disclose in the notes to the financial statements the amount of net assets restricted by enabling legislation as of the end of the reporting period. Anderson County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. However, it is reasonably expected that Anderson County will be required to disclose net assets restricted by enabling legislation in subsequent years.

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or

severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Anderson County was not offering any termination benefits to employees as of June 30, 2006. However, it is reasonably expected that Anderson County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Events

Subsequent to June 30, 2006, Anderson County issued interfund loans in the form of revenue anticipation notes from the General Fund to the General Purpose School Fund (\$3,000,000) and from the General Purpose School Fund to the School Federal Projects Fund (\$200,000).

On August 31, 2006, Patsy Stair-Lomeli left the Office of Trustee and was succeeded by Rodney Archer, and Bill White left the Office of Sheriff and was succeeded by Paul White.

D. Contingent Liabilities

A private company asserts that Anderson County declined to rezone property it had a beneficial interest in. The company intended to place a quarry and asphalt plant on the property but cannot do so because of the failure to rezone. Consequently, this company has claimed that the decision of the Anderson County Commission was arbitrary and capricious and that the actions are a constitutional taking of the property. This dispute came to trial during 1999, and the court assessed damages exceeding \$5 million. Those damages have since been overturned and that issue is to be re-tried and is not expected to be concluded during the calendar year 2007.

Another legal matter concerns alleged pollution at the Blockhouse Landfill site. The State of Tennessee is conducting site investigations and has declared the site a Super Fund site. The state has assessed Anderson County \$329,760 for that investigation, an amount that is reflected as other long-term liabilities in the government-wide financial statements. The majority of the planned remedial action has been concluded.

E. Retirement Commitments

Plan Description

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

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

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

Funding Policy

Anderson County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 5.58 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Anderson County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Anderson County's annual pension cost of \$894,042 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Anderson County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period

at July 1, 2005, was 10 years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-06	\$894,042	100%	\$0
6-30-05	901,430	100	0
6-30-04	617,195	100	0

Required Supplementary Information
Schedule of Funding Progress for Anderson County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$35,680	\$36,769	\$1,089	97.04%	\$15,853	6.87%
6-30-03	32,314	33,541	1,227	96.34	14,553	8.43
6-30-01	29,217	30,564	1,347	95.59	13,401	10.05

SCHOOL TEACHERS

Plan Description

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

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for the School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$1,364,450, \$1,348,467, and \$826,512, respectively, equal to the required contributions for each year.

F. Office of Central Accounting and Budgeting

Anderson County operates under provisions of the Fiscal Control Acts of 1957, which provide for a central system of accounting and budgeting covering all funds of the county. These funds are maintained in the Office of Central Accounting and Budgeting under the supervision of the director of accounts and budgets.

G. Purchasing Laws

Purchasing procedures for the Offices of the County Mayor, Director of Schools, and Highway Superintendent are governed by the County Purchasing Law of 1957 (Section 5-14-101, et seq., Tennessee Code Annotated (TCA)). Purchasing procedures for the Highway Department are also governed by provisions of the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for a purchasing agent and require competitive bids on all purchases exceeding \$5,000, except for the Highway Department, where bids are required for all purchases exceeding \$10,000.

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

A. DESCRIPTION OF ORGANIZATION

The Emergency Communications District of Anderson County, Tennessee, was created by a county-wide referendum on November 6, 1990. The Anderson County Board of Commissioners appointed the district's initial Board of Directors pursuant to Tennessee Code Annotated, Section 7-86-101. The district is responsible for the installation and maintenance of the emergency communications network of Anderson County, Tennessee (Enhanced 911 Service).

The district is considered a component unit of Anderson County, Tennessee, because the Anderson County Board of Commissioners appoints a majority of the district's Board of Directors and must approve any debt issued by the district.

B. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

1. Basis of Accounting

The district uses the accrual basis of accounting. Revenues are recognized when earned and measurable, and expenses are recognized when the liability is incurred. The district follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The district has not elected to follow FASB pronouncements issued after November 30, 1989.

The district's resources are classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets: This category includes capital assets, net of accumulated depreciation. The amount invested in capital assets at June 30, 2006, has been calculated as follows:

Capital assets	\$ 514,712
Accumulated depreciation	<u>(154,086)</u>
Capital assets being depreciated, net	<u>\$ 360,626</u>

Restricted: Net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the district pursuant to those stipulations or that expire by the passage of time. The district had no restricted net assets as of June 30, 2006.

Unrestricted: Net assets that are not subject to externally imposed stipulations and that do not meet the definition of restricted or invested in capital assets. Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

2. Accounts Receivable

Accounts receivable which are deemed uncollectible based upon a periodic review of the accounts are charged to revenue. At June 30, 2006, no allowance for uncollectible accounts was considered necessary.

3. Property and Equipment

Property and equipment are recorded at cost. Depreciation is computed using the straight-line method over the estimated useful lives, which ranges from five to twenty-five years.

4. Operating Budget

The district is required by state law to adopt an annual operating budget. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

5. Compensated Absences

The district's full-time employees are granted vacation leave in varying amounts. In the event of termination, the employee is paid for any unused vacation leave.

C. CASH ON DEPOSIT

Cash and the certificate of deposit are stated at cost. These balances were entirely insured through the Federal Deposit Insurance Corporation or through the State of Tennessee Bank Collateral Pool. The district considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

D. RISK MANAGEMENT

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

E. PROPERTY AND EQUIPMENT

Property and equipment activities for the year ended June 30, 2006, were as follows:

	Balance 7-1-05	Additions	Balance 6-30-06
Capital assets being depreciated:			
Communications equipment	\$ 344,803	\$ 15,121	\$ 359,924
Furniture and fixtures	42,467	4,870	47,337
Vehicle	19,425	0	19,425
Leasehold improvements	50,240	0	50,240
Other capital assets	0	37,786	37,786
	<u>\$ 456,935</u>	<u>\$ 57,777</u>	<u>\$ 514,712</u>
Accumulated depreciation	<u>(110,337)</u>	<u>(43,749)</u>	<u>(154,086)</u>
Capital assets being depreciated, net	<u>\$ 346,598</u>	<u>\$ 14,028</u>	<u>\$ 360,626</u>

F. LEASES

The district occupies its facilities provided by Anderson County on a month-by-month basis. Anderson County provides the facilities without charge.

G. COMMITMENTS

During the year, the district entered into a contract for the purchase and installation of computer hardware and software to enhance its mapping and addressing functions. The contract was for a total of \$85,931, of which \$51,559 had been paid as of June 30, 2006.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 11,991,054	\$ 0	\$ 0	\$ 11,991,054	\$ 11,823,077	\$ 11,848,077	\$ 142,977
Licenses and Permits	277,564	0	0	277,564	271,500	276,500	1,064
Fines, Forfeitures, and Penalties	392,084	0	0	392,084	275,800	275,800	116,284
Charges for Current Services	4,443,450	0	0	4,443,450	4,093,150	4,171,950	271,500
Other Local Revenues	744,001	0	0	744,001	400,830	485,449	258,552
Fees Received from County Officials	1,354,986	0	0	1,354,986	1,165,000	1,170,782	184,204
State of Tennessee	1,062,528	0	0	1,062,528	1,099,463	1,039,020	23,508
Federal Government	1,802,969	0	0	1,802,969	12,921	2,116,500	(313,531)
Other Governments and Citizens Groups	30,947	0	0	30,947	35,193	35,193	(4,246)
Total Revenues	\$ 22,099,583	\$ 0	\$ 0	\$ 22,099,583	\$ 19,176,934	\$ 21,419,271	\$ 680,312
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 202,805	\$ 0	\$ 0	\$ 202,805	\$ 212,065	\$ 212,210	\$ 9,405
Board of Equalization	4,030	0	0	4,030	7,625	7,625	3,595
Other Boards and Committees	255,846	0	0	255,846	212,772	263,069	7,223
County Mayor/Executive	158,317	0	0	158,317	161,666	160,869	2,552
Personnel Office	73,700	0	0	73,700	96,557	80,467	6,767
County Attorney	149,994	0	0	149,994	154,789	154,889	4,895
Election Commission	662,307	0	0	662,307	288,728	672,682	10,375
Register of Deeds	96,510	0	0	96,510	89,157	99,907	3,397
Planning	120,627	0	0	120,627	103,798	120,496	(131)
Engineering	88,142	0	0	88,142	109,325	102,955	14,813
Codes Compliance	132,373	0	0	132,373	155,504	141,604	9,231
County Buildings	759,381	0	0	759,381	794,770	831,275	71,894
Other General Administration	373,743	(145,177)	0	228,566	151,700	522,862	294,296
Preservation of Records	37,877	0	0	37,877	46,517	50,168	12,291

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 597,777	\$ 0	\$ 0	\$ 597,777	\$ 638,804	\$ 638,954	\$ 41,177
Purchasing	128,388	0	0	128,388	127,560	133,854	5,466
Property Assessor's Office	312,855	0	0	312,855	410,927	426,268	113,413
Reappraisal Program	122,718	0	0	122,718	124,922	127,752	5,034
County Trustee's Office	80,577	0	0	80,577	84,141	91,041	10,464
County Clerk's Office	177,816	0	0	177,816	198,721	190,082	12,266
<u>Administration of Justice</u>							
Circuit Court	172,302	0	0	172,302	176,217	188,124	15,822
Criminal Court	2,526	0	0	2,526	2,178	3,318	792
General Sessions Court	34,661	0	0	34,661	35,250	36,132	1,471
General Sessions Judge	353,209	0	0	353,209	360,469	360,569	7,360
Chancery Court	75,579	0	0	75,579	77,929	80,479	4,900
Juvenile Court	372,757	0	0	372,757	380,398	388,815	16,058
District Attorney General	24,230	0	0	24,230	24,770	24,770	540
Judicial Commissioners	906	0	0	906	894	1,473	567
Probate Court	1,289	0	0	1,289	4,500	3,650	2,361
Other Administration of Justice	110,568	0	0	110,568	108,060	112,360	1,792
Probation Services	430,673	0	0	430,673	439,248	446,699	16,026
<u>Public Safety</u>							
Sheriff's Department	2,795,038	0	0	2,795,038	2,808,664	2,844,998	49,960
Jail	2,989,409	0	0	2,989,409	3,060,873	3,164,422	175,013
Commissary	82,217	0	0	82,217	85,004	86,604	4,387
Civil Defense	1,144,067	(334,200)	0	809,867	182,689	1,471,590	661,723
Rescue Squad	20,000	0	0	20,000	20,000	20,000	0
Other Emergency Management	465,443	0	0	465,443	482,470	487,243	21,800
County Coroner/Medical Examiner	64,820	0	0	64,820	83,252	89,352	24,532

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Other Public Safety	\$ 195,337	\$ 0	\$ 0	\$ 195,337	\$ 200,279	\$ 203,785	\$ 8,448
<u>Public Health and Welfare</u>							
Local Health Center	183,930	0	0	183,930	191,801	217,282	33,352
Rabies and Animal Control	123,221	0	0	123,221	142,801	146,938	23,717
Ambulance/Emergency Medical Services	3,141,371	0	0	3,141,371	3,193,514	3,304,649	163,278
Dental Health Program	171,090	0	0	171,090	142,838	174,902	3,812
Alcohol and Drug Programs	13,500	0	0	13,500	0	13,500	0
Other Local Health Services	264,188	0	0	264,188	568,049	317,714	53,526
Appropriation to State	0	0	0	0	122,305	0	0
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	3,000	0	0	3,000	3,000	3,000	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	133,332	0	0	133,332	134,644	134,819	1,487
Soil Conservation	34,409	0	0	34,409	35,482	35,532	1,123
Other Agriculture & Natural Resources	87,918	0	27,928	115,846	0	171,674	55,828
<u>Other Operations</u>							
Industrial Development	118,395	0	0	118,395	118,558	118,558	163
Housing and Urban Development	39,936	0	0	39,936	0	76,500	36,564
Veterans' Services	19,098	0	0	19,098	19,198	19,248	150
Other Charges	402,394	0	0	402,394	407,290	422,290	19,896
Contributions to Other Agencies	204,610	0	0	204,610	70,000	204,610	0
Miscellaneous	136,047	0	0	136,047	156,173	156,038	19,991
<u>Principal on Debt</u>							
General Government	16,889	0	0	16,889	0	25,044	8,155
<u>Interest on Debt</u>							
General Government	1,009	0	0	1,009	0	1,067	58

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Capital Projects</u>							
General Administration Projects	\$ 132,642	\$ (20,993)	\$ 0	\$ 111,649	\$ 0	\$ 135,273	\$ 23,624
Public Safety Projects	30,576	0	0	30,576	0	30,576	0
Public Health and Welfare Projects	129,157	(69,231)	45,348	105,274	0	322,027	216,753
Public Utility Projects	499,477	0	0	499,477	0	607,180	107,703
Other General Government Projects	87,607	0	0	87,607	0	100,000	12,393
Total Expenditures	\$ 19,844,610	\$ (569,601)	\$ 73,276	\$ 19,348,285	\$ 18,008,845	\$ 21,781,833	\$ 2,433,548
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,254,973	\$ 569,601	\$ (73,276)	\$ 2,751,298	\$ 1,168,089	\$ (362,562)	\$ 3,113,860
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 39,890	\$ 0	\$ 0	\$ 39,890	\$ 0	\$ 39,890	\$ 0
Transfers Out	(1,642,010)	0	0	(1,642,010)	(1,469,660)	(1,804,725)	162,715
Total Other Financing Sources (Uses)	\$ (1,602,120)	\$ 0	\$ 0	\$ (1,602,120)	\$ (1,469,660)	\$ (1,764,835)	\$ 162,715
Net Change in Fund Balance	\$ 652,853	\$ 569,601	\$ (73,276)	\$ 1,149,178	\$ (301,571)	\$ (2,127,397)	\$ 3,276,575
Fund Balance, July 1, 2005	4,912,405	(569,601)	0	4,342,804	3,409,286	3,409,286	933,518
Fund Balance, June 30, 2006	\$ 5,565,258	\$ 0	\$ (73,276)	\$ 5,491,982	\$ 3,107,715	\$ 1,281,889	\$ 4,210,093

Exhibit F-2

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 499,086	\$ 0	\$ 499,086	\$ 435,000	\$ 435,000	\$ 64,086
Other Local Revenues	351,475	0	351,475	275,000	415,000	(63,525)
State of Tennessee	2,232,851	0	2,232,851	2,245,000	2,245,000	(12,149)
Other Governments and Citizens Groups	30,000	0	30,000	0	30,000	0
Total Revenues	\$ 3,113,412	\$ 0	\$ 3,113,412	\$ 2,955,000	\$ 3,125,000	\$ (11,588)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 235,417	\$ 0	\$ 235,417	\$ 240,959	\$ 244,459	\$ 9,042
Highway and Bridge Maintenance	1,736,033	(424,444)	1,311,589	1,418,416	1,597,016	285,427
Operation and Maintenance of Equipment	699,948	0	699,948	663,580	821,080	121,132
Other Charges	269,695	0	269,695	247,288	311,793	42,098
Capital Outlay	604,472	(564,344)	40,128	632,000	632,000	591,872
Total Expenditures	\$ 3,545,565	\$ (988,788)	\$ 2,556,777	\$ 3,202,243	\$ 3,606,348	\$ 1,049,571
Excess (Deficiency) of Revenues Over Expenditures	\$ (432,153)	\$ 988,788	\$ 556,635	\$ (247,243)	\$ (481,348)	\$ 1,037,983
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 133,891	\$ 0	\$ 133,891	\$ 0	\$ 105,000	\$ 28,891
Transfers Out	(68,075)	0	(68,075)	(68,075)	(68,075)	0
Total Other Financing Sources (Uses)	\$ 65,816	\$ 0	\$ 65,816	\$ (68,075)	\$ 36,925	\$ 28,891
Net Change in Fund Balance	\$ (366,337)	\$ 988,788	\$ 622,451	\$ (315,318)	\$ (444,423)	\$ 1,066,874
Fund Balance, July 1, 2005	1,562,549	(988,788)	573,761	1,956,333	1,956,333	(1,382,572)
Fund Balance, June 30, 2006	\$ 1,196,212	\$ 0	\$ 1,196,212	\$ 1,641,015	\$ 1,511,910	\$ (315,698)

ANDERSON COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2006

BUDGETARY INFORMATION

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Courthouse and Jail Maintenance Fund – The Courthouse and Jail Maintenance Fund is used to account for a special tax levied by private act on litigation. The proceeds of the tax must be used to pay for improvements or maintenance on the courthouse and jail.

Public Library Fund – The Public Library Fund is used to account for transactions of the Anderson County Public Library, which is jointly funded by Anderson County, the City of Clinton, City of Oak Ridge, and Lake City.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for all solid waste transactions for the county.

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

District Attorney General Fund – The District Attorney General Fund is used to account for revenues received for the benefit of the Office of District Attorney General.

Other Special Revenue Fund – The Other Special Revenue Fund is used to account for transactions of the Anderson County Tourism Board.

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

Capital Projects Fund

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

General Capital Projects Fund – The General Capital Projects Fund is used to account for the financial resources used in a major public safety (jail renovations) program.

Exhibit G-1

Anderson County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2006

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>ASSETS</u>					
Cash	\$ 0	\$ 887	\$ 0	\$ 0	\$ 0
Equity in Pooled Cash and Investments	167,239	99,811	17,493	117,028	23,000
Accounts Receivable	0	437	107,953	250	610
Due from Other Governments	0	0	35,472	1,592	0
Due from Other Funds	0	5,590	115,553	4,704	0
Due from Component Units	0	0	9,843	0	0
Total Assets	<u>\$ 167,239</u>	<u>\$ 106,725</u>	<u>\$ 286,314</u>	<u>\$ 123,574</u>	<u>\$ 23,610</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 10,491	\$ 8,829	\$ 13,075	\$ 3,311	\$ 0
Accrued Payroll	0	3,081	1,866	0	131
Payroll Deductions Payable	0	3,688	3,548	0	212
Contracts Payable	0	0	87,886	0	0
Due to Other Funds	0	0	583	0	0
Other Deferred Revenues	0	0	21,278	0	0
Total Liabilities	<u>\$ 10,491</u>	<u>\$ 15,598</u>	<u>\$ 128,236</u>	<u>\$ 3,311</u>	<u>\$ 343</u>
<u>Fund Balances</u>					
Reserved for Other General Purposes	\$ 0	\$ 7,276	\$ 0	\$ 26,893	\$ 0
Unreserved	156,748	83,851	158,078	93,370	23,267
Total Fund Balances	<u>\$ 156,748</u>	<u>\$ 91,127</u>	<u>\$ 158,078</u>	<u>\$ 120,263</u>	<u>\$ 23,267</u>
Total Liabilities and Fund Balances	<u>\$ 167,239</u>	<u>\$ 106,725</u>	<u>\$ 286,314</u>	<u>\$ 123,574</u>	<u>\$ 23,610</u>

(Continued)

Exhibit G-1

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

	<u>Special Revenue Funds (Cont.)</u>			<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Other Special Revenue</u>	<u>Constitutional Officers - Fees</u>	<u>Total</u>	<u>General Capital Projects</u>	
<u>ASSETS</u>					
Cash	\$ 0	\$ 441,196	\$ 442,083	\$ 0	\$ 442,083
Equity in Pooled Cash and Investments	4,647	0	429,218	47,675	476,893
Accounts Receivable	43	2,708	112,001	0	112,001
Due from Other Governments	0	0	37,064	0	37,064
Due from Other Funds	30,554	0	156,401	285	156,686
Due from Component Units	0	0	9,843	0	9,843
Total Assets	<u>\$ 35,244</u>	<u>\$ 443,904</u>	<u>\$ 1,186,610</u>	<u>\$ 47,960</u>	<u>\$ 1,234,570</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 545	\$ 0	\$ 36,251	\$ 0	\$ 36,251
Accrued Payroll	696	0	5,774	0	5,774
Payroll Deductions Payable	1,027	0	8,475	0	8,475
Contracts Payable	0	0	87,886	0	87,886
Due to Other Funds	15	0	598	0	598
Other Deferred Revenues	0	0	21,278	0	21,278
Total Liabilities	<u>\$ 2,283</u>	<u>\$ 0</u>	<u>\$ 160,262</u>	<u>\$ 0</u>	<u>\$ 160,262</u>
<u>Fund Balances</u>					
Reserved for Other General Purposes	\$ 0	\$ 0	\$ 34,169	\$ 0	\$ 34,169
Unreserved	32,961	443,904	992,179	47,960	1,040,139
Total Fund Balances	<u>\$ 32,961</u>	<u>\$ 443,904</u>	<u>\$ 1,026,348</u>	<u>\$ 47,960</u>	<u>\$ 1,074,308</u>
Total Liabilities and Fund Balances	<u>\$ 35,244</u>	<u>\$ 443,904</u>	<u>\$ 1,186,610</u>	<u>\$ 47,960</u>	<u>\$ 1,234,570</u>

Exhibit G-2

Anderson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2006

	Special Revenue Funds				
	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General
<u>Revenues</u>					
Local Taxes	\$ 22,515	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	58,290	13,717
Charges for Current Services	0	16,014	448,901	0	0
Other Local Revenues	0	17,912	23,392	7,942	0
State of Tennessee	0	0	106,199	0	0
Federal Government	0	0	0	30,574	0
Other Governments and Citizens Groups	0	105,884	0	0	0
Total Revenues	<u>\$ 22,515</u>	<u>\$ 139,810</u>	<u>\$ 578,492</u>	<u>\$ 96,806</u>	<u>\$ 13,717</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 81,444	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0
Administration of Justice	0	0	0	0	11,344
Public Safety	0	0	0	65,320	0
Public Health and Welfare	0	0	1,348,220	0	0
Social, Cultural, and Recreational Services	0	295,894	0	0	0
Other Operations	0	0	0	0	0
Debt Service:					
Principal on Debt	0	0	0	0	0
Interest on Debt	0	0	0	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	<u>\$ 81,444</u>	<u>\$ 295,894</u>	<u>\$ 1,348,220</u>	<u>\$ 65,320</u>	<u>\$ 11,344</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (58,929)</u>	<u>\$ (156,084)</u>	<u>\$ (769,728)</u>	<u>\$ 31,486</u>	<u>\$ 2,373</u>
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	100,000	169,616	897,246	0	0
Total Other Financing Sources (Uses)	<u>\$ 100,000</u>	<u>\$ 169,616</u>	<u>\$ 897,246</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 41,071	\$ 13,532	\$ 127,518	\$ 31,486	\$ 2,373
Fund Balance, July 1, 2005	115,677	77,595	30,560	88,777	20,894
Fund Balance, June 30, 2006	<u>\$ 156,748</u>	<u>\$ 91,127</u>	<u>\$ 158,078</u>	<u>\$ 120,263</u>	<u>\$ 23,267</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)			Capital Projects Fund	Total Nonmajor Governmental Funds
	Other Special Revenue	Constitu - tional Officers - Fees	Total	General Capital Projects	
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 49,800	\$ 72,315	\$ 0	\$ 72,315
Fines, Forfeitures, and Penalties	0	0	72,007	0	72,007
Charges for Current Services	0	2,022,279	2,487,194	0	2,487,194
Other Local Revenues	81	0	49,327	285	49,612
State of Tennessee	0	0	106,199	0	106,199
Federal Government	0	0	30,574	0	30,574
Other Governments and Citizens Groups	0	0	105,884	0	105,884
Total Revenues	<u>\$ 81</u>	<u>\$ 2,072,079</u>	<u>\$ 2,923,500</u>	<u>\$ 285</u>	<u>\$ 2,923,785</u>
<u>Expenditures</u>					
Current:					
General Government	\$ 0	\$ 262,852	\$ 344,296	\$ 0	\$ 344,296
Finance	0	843,409	843,409	0	843,409
Administration of Justice	0	882,003	893,347	0	893,347
Public Safety	0	0	65,320	0	65,320
Public Health and Welfare	0	0	1,348,220	0	1,348,220
Social, Cultural, and Recreational Services	0	0	295,894	0	295,894
Other Operations	137,014	0	137,014	0	137,014
Debt Service:					
Principal on Debt	15,000	0	15,000	0	15,000
Interest on Debt	3,221	0	3,221	0	3,221
Capital Projects	0	0	0	95,981	95,981
Total Expenditures	<u>\$ 155,235</u>	<u>\$ 1,988,264</u>	<u>\$ 3,945,721</u>	<u>\$ 95,981</u>	<u>\$ 4,041,702</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (155,154)</u>	<u>\$ 83,815</u>	<u>\$ (1,022,221)</u>	<u>\$ (95,696)</u>	<u>\$ (1,117,917)</u>
<u>Other Financing Sources (Uses)</u>					
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 143,656	\$ 143,656
Transfers In	125,055	0	1,291,917	0	1,291,917
Total Other Financing Sources (Uses)	<u>\$ 125,055</u>	<u>\$ 0</u>	<u>\$ 1,291,917</u>	<u>\$ 143,656</u>	<u>\$ 1,435,573</u>
Net Change in Fund Balances	\$ (30,099)	\$ 83,815	\$ 269,696	\$ 47,960	\$ 317,656
Fund Balance, July 1, 2005	63,060	360,089	756,652	0	756,652
Fund Balance, June 30, 2006	<u>\$ 32,961</u>	<u>\$ 443,904</u>	<u>\$ 1,026,348</u>	<u>\$ 47,960</u>	<u>\$ 1,074,308</u>

Exhibit G-3

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Courthouse & Jail Maintenance Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 22,515	\$ 23,000	\$ 23,000	\$ (485)
Total Revenues	\$ 22,515	\$ 23,000	\$ 23,000	\$ (485)
<u>Expenditures</u>				
<u>General Government</u>				
Building	\$ 81,444	\$ 123,000	\$ 123,000	\$ 41,556
Total Expenditures	\$ 81,444	\$ 123,000	\$ 123,000	\$ 41,556
Excess (Deficiency) of Revenues Over Expenditures	\$ (58,929)	\$ (100,000)	\$ (100,000)	\$ 41,071
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Total Other Financing Sources (Uses)	\$ 100,000	\$ 100,000	\$ 100,000	\$ 0
Net Change in Fund Balance	\$ 41,071	\$ 0	\$ 0	\$ 41,071
Fund Balance, July 1, 2005	115,677	115,677	115,677	0
Fund Balance, June 30, 2006	\$ 156,748	\$ 115,677	\$ 115,677	\$ 41,071

Exhibit G-4

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Public Library Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 16,014	\$ 0	\$ 18,950	\$ (2,936)
Other Local Revenues	17,912	0	9,785	8,127
Other Governments and Citizens Groups	105,884	126,054	126,054	(20,170)
Total Revenues	<u>\$ 139,810</u>	<u>\$ 126,054</u>	<u>\$ 154,789</u>	<u>\$ (14,979)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 295,894	\$ 286,078	\$ 318,267	\$ 22,373
Total Expenditures	<u>\$ 295,894</u>	<u>\$ 286,078</u>	<u>\$ 318,267</u>	<u>\$ 22,373</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (156,084)</u>	<u>\$ (160,024)</u>	<u>\$ (163,478)</u>	<u>\$ 7,394</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 169,616	\$ 150,403	\$ 151,005	\$ 18,611
Total Other Financing Sources (Uses)	<u>\$ 169,616</u>	<u>\$ 150,403</u>	<u>\$ 151,005</u>	<u>\$ 18,611</u>
Net Change in Fund Balance	\$ 13,532	\$ (9,621)	\$ (12,473)	\$ 26,005
Fund Balance, July 1, 2005	<u>77,595</u>	<u>43,627</u>	<u>43,627</u>	<u>33,968</u>
Fund Balance, June 30, 2006	<u>\$ 91,127</u>	<u>\$ 34,006</u>	<u>\$ 31,154</u>	<u>\$ 59,973</u>

Exhibit G-5

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 448,901	\$ 441,000	\$ 441,000	\$ 7,901
Other Local Revenues	23,392	22,000	25,750	(2,358)
State of Tennessee	106,199	97,223	97,223	8,976
Total Revenues	<u>\$ 578,492</u>	<u>\$ 560,223</u>	<u>\$ 563,973</u>	<u>\$ 14,519</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 100,883	\$ 108,200	\$ 109,300	\$ 8,417
Convenience Centers	438,189	666,750	665,650	227,461
Other Waste Collection	61,802	64,895	65,695	3,893
Recycling Center	6,022	8,200	8,000	1,978
Landfill Operation and Maintenance	650,489	687,000	690,750	40,261
Other Waste Disposal	90,835	82,500	82,700	(8,135)
Total Expenditures	<u>\$ 1,348,220</u>	<u>\$ 1,617,545</u>	<u>\$ 1,622,095</u>	<u>\$ 273,875</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (769,728)</u>	<u>\$ (1,057,322)</u>	<u>\$ (1,058,122)</u>	<u>\$ 288,394</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 897,246	\$ 1,057,322	\$ 1,058,122	\$ (160,876)
Total Other Financing Sources (Uses)	<u>\$ 897,246</u>	<u>\$ 1,057,322</u>	<u>\$ 1,058,122</u>	<u>\$ (160,876)</u>
Net Change in Fund Balance	\$ 127,518	\$ 0	\$ 0	\$ 127,518
Fund Balance, July 1, 2005	<u>30,560</u>	<u>0</u>	<u>0</u>	<u>30,560</u>
Fund Balance, June 30, 2006	<u>\$ 158,078</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 158,078</u>

Exhibit G-6

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 58,290	\$ 48,500	\$ 48,500	\$ 9,790
Other Local Revenues	7,942	500	500	7,442
Federal Government	30,574	0	14,524	16,050
Total Revenues	<u>\$ 96,806</u>	<u>\$ 49,000</u>	<u>\$ 63,524</u>	<u>\$ 33,282</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Drug Enforcement	\$ 65,320	\$ 49,178	\$ 96,673	\$ 31,353
Total Expenditures	<u>\$ 65,320</u>	<u>\$ 49,178</u>	<u>\$ 96,673</u>	<u>\$ 31,353</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 31,486</u>	<u>\$ (178)</u>	<u>\$ (33,149)</u>	<u>\$ 64,635</u>
Net Change in Fund Balance	\$ 31,486	\$ (178)	\$ (33,149)	\$ 64,635
Fund Balance, July 1, 2005	88,777	88,777	88,777	0
Fund Balance, June 30, 2006	<u><u>\$ 120,263</u></u>	<u><u>\$ 88,599</u></u>	<u><u>\$ 55,628</u></u>	<u><u>\$ 64,635</u></u>

Exhibit G-7

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Other Special Revenue Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 81	\$ 0	\$ 0	\$ 81
State of Tennessee	0	5,000	5,000	(5,000)
Total Revenues	\$ 81	\$ 5,000	\$ 5,000	\$ (4,919)
<u>Expenditures</u>				
<u>Other Operations</u>				
Tourism	\$ 137,014	\$ 112,485	\$ 166,485	\$ 29,471
<u>Principal on Debt</u>				
General Government	15,000	15,000	15,000	0
<u>Interest on Debt</u>				
General Government	3,221	3,229	3,229	8
Total Expenditures	\$ 155,235	\$ 130,714	\$ 184,714	\$ 29,479
Excess (Deficiency) of Revenues Over Expenditures	\$ (155,154)	\$ (125,714)	\$ (179,714)	\$ 24,560
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 125,055	\$ 126,522	\$ 126,522	\$ (1,467)
Total Other Financing Sources (Uses)	\$ 125,055	\$ 126,522	\$ 126,522	\$ (1,467)
Net Change in Fund Balance	\$ (30,099)	\$ 808	\$ (53,192)	\$ 23,093
Fund Balance, July 1, 2005	63,060	63,059	63,059	1
Fund Balance, June 30, 2006	\$ 32,961	\$ 63,867	\$ 9,867	\$ 23,094

Major Governmental Funds

Debt Service Funds

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

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

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds, other loans, and most notes issued for the construction and renovations of the county's elementary schools.

Education Debt Service Fund – The Education Debt Service Fund is used to account for the retirement of bonds, other loans, and most notes issued for the construction and renovations of the county's middle and high schools.

Exhibit H-1

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Debt Service Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 2,354,163	\$ 0	\$ 2,354,163	\$ 2,359,117	\$ 2,359,117	\$ (4,954)
Other Local Revenues	142,138	0	142,138	70,000	102,533	39,605
Total Revenues	<u>\$ 2,496,301</u>	<u>\$ 0</u>	<u>\$ 2,496,301</u>	<u>\$ 2,429,117</u>	<u>\$ 2,461,650</u>	<u>\$ 34,651</u>
<u>Expenditures</u>						
<u>Principal on Debt</u>						
General Government	\$ 1,722,808	\$ 0	\$ 1,722,808	\$ 1,667,810	\$ 1,722,808	\$ 0
<u>Interest on Debt</u>						
General Government	599,519	0	599,519	630,747	606,741	7,222
<u>Other Debt Service</u>						
General Government	143,606	(20,000)	123,606	86,000	184,791	61,185
Total Expenditures	<u>\$ 2,465,933</u>	<u>\$ (20,000)</u>	<u>\$ 2,445,933</u>	<u>\$ 2,384,557</u>	<u>\$ 2,514,340</u>	<u>\$ 68,407</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 30,368</u>	<u>\$ 20,000</u>	<u>\$ 50,368</u>	<u>\$ 44,560</u>	<u>\$ (52,690)</u>	<u>\$ 103,058</u>
<u>Other Financing Sources (Uses)</u>						
Refunding Debt Issued	\$ 4,580,000	\$ 0	\$ 4,580,000	\$ 0	\$ 4,580,000	\$ 0
Transfers In	68,075	0	68,075	68,075	68,075	0
Payments to Refunded Debt Escrow Agent	(4,572,750)	0	(4,572,750)	0	(4,572,750)	0
Total Other Financing Sources (Uses)	<u>\$ 75,325</u>	<u>\$ 0</u>	<u>\$ 75,325</u>	<u>\$ 68,075</u>	<u>\$ 75,325</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 105,693	\$ 20,000	\$ 125,693	\$ 112,635	\$ 22,635	\$ 103,058
Fund Balance, July 1, 2005	880,097	(20,000)	860,097	860,098	860,098	(1)
Fund Balance, June 30, 2006	<u>\$ 985,790</u>	<u>\$ 0</u>	<u>\$ 985,790</u>	<u>\$ 972,733</u>	<u>\$ 882,733</u>	<u>\$ 103,057</u>

Exhibit H-2

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 15,799	\$ 0	\$ 15,799	\$ 33,077	\$ 33,077	\$ (17,278)
Other Local Revenues	14,181	0	14,181	8,500	8,500	5,681
Other Governments and Citizens Groups	1,475,443	0	1,475,443	1,589,829	1,609,829	(134,386)
Total Revenues	\$ 1,505,423	\$ 0	\$ 1,505,423	\$ 1,631,406	\$ 1,651,406	\$ (145,983)
<u>Expenditures</u>						
<u>Principal on Debt</u>						
Education	\$ 1,033,813	\$ 0	\$ 1,033,813	\$ 1,033,813	\$ 1,033,813	\$ 0
<u>Interest on Debt</u>						
Education	571,036	0	571,036	596,280	596,280	25,244
<u>Other Debt Service</u>						
Education	41,124	(20,000)	21,124	11,100	61,100	39,976
Total Expenditures	\$ 1,645,973	\$ (20,000)	\$ 1,625,973	\$ 1,641,193	\$ 1,691,193	\$ 65,220
Excess (Deficiency) of Revenues Over Expenditures	\$ (140,550)	\$ 20,000	\$ (120,550)	\$ (9,787)	\$ (39,787)	\$ (80,763)
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 2,361,304	\$ 0	\$ 2,361,304	\$ 0	\$ 0	\$ 2,361,304
Transfers In	0	0	0	20,000	0	0
Total Other Financing Sources (Uses)	\$ 2,361,304	\$ 0	\$ 2,361,304	\$ 20,000	\$ 0	\$ 2,361,304
Net Change in Fund Balance	\$ 2,220,754	\$ 20,000	\$ 2,240,754	\$ 10,213	\$ (39,787)	\$ 2,280,541
Fund Balance, July 1, 2005	2,949,972	(20,000)	2,929,972	461,553	461,553	2,468,419
Fund Balance, June 30, 2006	\$ 5,170,726	\$ 0	\$ 5,170,726	\$ 471,766	\$ 421,766	\$ 4,748,960

Exhibit H-3

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Education Debt Service Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 968,831	\$ 0	\$ 968,831	\$ 900,415	\$ 900,415	\$ 68,416
Other Local Revenues	68,107	0	68,107	10,000	10,000	58,107
Other Governments and Citizens Groups	931,856	0	931,856	1,042,432	1,042,432	(110,576)
Total Revenues	<u>\$ 1,968,794</u>	<u>\$ 0</u>	<u>\$ 1,968,794</u>	<u>\$ 1,952,847</u>	<u>\$ 1,952,847</u>	<u>\$ 15,947</u>
<u>Expenditures</u>						
<u>Principal on Debt</u>						
Education	\$ 1,308,837	\$ 0	\$ 1,308,837	\$ 1,308,837	\$ 1,308,837	\$ 0
<u>Interest on Debt</u>						
Education	539,854	0	539,854	587,427	587,427	47,573
<u>Other Debt Service</u>						
Education	67,321	(20,000)	47,321	30,500	90,500	43,179
Total Expenditures	<u>\$ 1,916,012</u>	<u>\$ (20,000)</u>	<u>\$ 1,896,012</u>	<u>\$ 1,926,764</u>	<u>\$ 1,986,764</u>	<u>\$ 90,752</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 52,782	\$ 20,000	\$ 72,782	\$ 26,083	\$ (33,917)	\$ 106,699
<u>Other Financing Sources (Uses)</u>						
Other Loans Issued	\$ 1,351,172	\$ 0	\$ 1,351,172	\$ 0	\$ 0	\$ 1,351,172
Transfers In	16,202	0	16,202	16,200	16,200	2
Total Other Financing Sources (Uses)	<u>\$ 1,367,374</u>	<u>\$ 0</u>	<u>\$ 1,367,374</u>	<u>\$ 16,200</u>	<u>\$ 16,200</u>	<u>\$ 1,351,174</u>
Net Change in Fund Balance	\$ 1,420,156	\$ 20,000	\$ 1,440,156	\$ 42,283	\$ (17,717)	\$ 1,457,873
Fund Balance, July 1, 2005	2,344,351	(20,000)	2,324,351	1,295,874	1,295,874	1,028,477
Fund Balance, June 30, 2006	<u>\$ 3,764,507</u>	<u>\$ 0</u>	<u>\$ 3,764,507</u>	<u>\$ 1,338,157</u>	<u>\$ 1,278,157</u>	<u>\$ 2,486,350</u>

Exhibit I-1

Anderson County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	Agency Funds				Total
	Cities - Sales Tax	City School ADA - Clinton	City School ADA - Oak Ridge	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 1,551,503	\$ 1,551,503
Equity in Pooled Cash and Investments	0	4,221	20,653	0	24,874
Due from Other Governments	1,365,087	107,026	523,558	0	1,995,671
Cash Shortage	0	0	0	465	465
Taxes Receivable	0	1,559,485	7,626,669	0	9,186,154
Allowance for Uncollectible Taxes	0	(44,449)	(217,376)	0	(261,825)
Total Assets	<u>\$ 1,365,087</u>	<u>\$ 1,626,283</u>	<u>\$ 7,953,504</u>	<u>\$ 1,551,968</u>	<u>\$ 12,496,842</u>
<u>LIABILITIES</u>					
Due to Other Taxing Units	\$ 1,365,087	\$ 1,626,283	\$ 7,953,504	\$ 0	\$ 10,944,874
Due to Litigants, Heirs, and Others	0	0	0	1,551,968	1,551,968
Total Liabilities	<u>\$ 1,365,087</u>	<u>\$ 1,626,283</u>	<u>\$ 7,953,504</u>	<u>\$ 1,551,968</u>	<u>\$ 12,496,842</u>

Exhibit I-2

Anderson County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2006

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 7,666,427	\$ 7,666,427	\$ 0
Due From Other Governments	1,219,597	1,365,087	1,219,597	1,365,087
Total Assets	\$ 1,219,597	\$ 9,031,514	\$ 8,886,024	\$ 1,365,087
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,219,597	\$ 9,031,514	\$ 8,886,024	\$ 1,365,087
Total Liabilities	\$ 1,219,597	\$ 9,031,514	\$ 8,886,024	\$ 1,365,087
<u>City School ADA - Clinton Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 8,271	\$ 2,073,727	\$ 2,077,777	\$ 4,221
Due From Other Governments	100,196	107,026	100,196	107,026
Taxes Receivable	1,587,495	1,559,485	1,587,495	1,559,485
Allowance for Uncollectible Taxes	(50,580)	(44,449)	(50,580)	(44,449)
Total Assets	\$ 1,645,382	\$ 3,695,789	\$ 3,714,888	\$ 1,626,283
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,645,382	\$ 3,695,789	\$ 3,714,888	\$ 1,626,283
Total Liabilities	\$ 1,645,382	\$ 3,695,789	\$ 3,714,888	\$ 1,626,283
<u>City School ADA - Oak Ridge Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 37,359	\$ 10,027,367	\$ 10,044,073	\$ 20,653
Due From Other Governments	455,083	523,558	455,083	523,558
Taxes Receivable	7,227,873	7,626,669	7,227,873	7,626,669
Allowance for Uncollectible Taxes	(230,290)	(217,376)	(230,290)	(217,376)
Total Assets	\$ 7,490,025	\$ 17,960,218	\$ 17,496,739	\$ 7,953,504
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 7,490,025	\$ 17,960,218	\$ 17,496,739	\$ 7,953,504
Total Liabilities	\$ 7,490,025	\$ 17,960,218	\$ 17,496,739	\$ 7,953,504
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,873,226	\$ 13,571,878	\$ 13,893,601	\$ 1,551,503
Cash Shortage	0	1,782	1,317	465
Total Assets	\$ 1,873,226	\$ 13,573,660	\$ 13,894,918	\$ 1,551,968

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund (Cont.)</u>				
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,873,226	\$ 13,573,660	\$ 13,894,918	\$ 1,551,968
Total Liabilities	\$ 1,873,226	\$ 13,573,660	\$ 13,894,918	\$ 1,551,968
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,873,226	\$ 13,571,878	\$ 13,893,601	\$ 1,551,503
Equity in Pooled Cash and Investments	45,630	19,767,521	19,788,277	24,874
Due From Other Governments	1,774,876	1,995,671	1,774,876	1,995,671
Cash Shortage	0	1,782	1,317	465
Taxes Receivable	8,815,368	9,186,154	8,815,368	9,186,154
Allowance for Uncollectible Taxes	(280,870)	(261,825)	(280,870)	(261,825)
Total Assets	\$ 12,228,230	\$ 44,261,181	\$ 43,992,569	\$ 12,496,842
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,873,226	\$ 13,573,660	\$ 13,894,918	\$ 1,551,968
Due to Other Taxing Units	10,355,004	30,687,521	30,097,651	10,944,874
Total Liabilities	\$ 12,228,230	\$ 44,261,181	\$ 43,992,569	\$ 12,496,842

Fiduciary Funds

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

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

City School ADA - Clinton Fund and City School ADA - Oak Ridge Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

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

Anderson County School Department

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

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

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

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

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for day care programs offered by the component unit, the companion program, and the headstart program.

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

Flexible Benefits Fund – The Flexible Benefits Fund is used to account for medical reimbursement and dependent care benefits for school employees.

Exhibit J-1

Anderson County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Anderson County School Department
June 30, 2006

	<u>Major Fund</u>	Nonmajor <u>Funds</u>	Total
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 25,991	\$ 14,442	\$ 40,433
Equity in Pooled Cash and Investments	3,293,510	754,125	4,047,635
Inventories	0	98,368	98,368
Accounts Receivable	18,395	21,574	39,969
Due from Other Governments	1,014,060	553,079	1,567,139
Due from Other Funds	30,495	7,312	37,807
Due from Primary Government	205,132	160,767	365,899
Property Taxes Receivable	13,184,563	0	13,184,563
Allowance for Uncollectible Property Taxes	(375,788)	0	(375,788)
Prepaid Items	92,050	0	92,050
Total Assets	<u>\$ 17,488,408</u>	<u>\$ 1,609,667</u>	<u>\$ 19,098,075</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 571,149	\$ 379,291	\$ 950,440
Payroll Deductions Payable	492,138	67,348	559,486
Contracts Payable	0	90,647	90,647
Retainage Payable	0	77,904	77,904
Due to Other Funds	2,843	34,964	37,807
Due to Primary Government	34,006	2,872	36,878
Due to State of Tennessee	0	4,132	4,132
Other Current Liabilities	310	0	310
Deferred Revenue - Current Property Taxes	12,394,621	0	12,394,621
Deferred Revenue - Delinquent Property Taxes	381,369	0	381,369
Other Deferred Revenues	484,330	0	484,330
Total Liabilities	<u>\$ 14,360,766</u>	<u>\$ 657,158</u>	<u>\$ 15,017,924</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 0	\$ 647,586	\$ 647,586
Reserved for Prepaid Items	92,050	0	92,050
Reserved for Inventory	0	98,368	98,368
Other Local Education Reserves	123,935	0	123,935
Reserved for Career Ladder - Extended Contract	66,286	0	66,286
Reserved for Career Ladder Program	74,105	0	74,105
Reserved for Title I Grants to Local Education Agencies	0	32,313	32,313
Other Federal Reserves	0	322,709	322,709
Unreserved, Reported In:			
General Fund	2,771,266	0	2,771,266
Special Revenue Funds	0	494,673	494,673
Capital Projects Funds (Deficit)	0	(643,140)	(643,140)
Total Fund Balances	<u>\$ 3,127,642</u>	<u>\$ 952,509</u>	<u>\$ 4,080,151</u>
Total Liabilities and Fund Balances	<u>\$ 17,488,408</u>	<u>\$ 1,609,667</u>	<u>\$ 19,098,075</u>

Exhibit J-2

Anderson County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Anderson County School Department
June 30, 2006

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

Total fund balances - balance sheet- governmental funds (Exhibit J-1)		\$	4,080,151
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	636,889	
Add: construction in progress		1,063,284	
Add: buildings and improvements		38,203,989	
Add: other capital assets		<u>984,636</u>	40,888,798
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			865,699
(3) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(28,501)
(4) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Add: notes payable	\$	8,264,108	
Add: lease payable		820,587	
Add: compensated absences		<u>248,862</u>	<u>(9,333,557)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>36,472,590</u></u>

Exhibit J-3

Anderson County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 18,002,842	\$ 0	\$ 18,002,842
Licenses and Permits	3,773	0	3,773
Charges for Current Services	105,065	1,459,717	1,564,782
Other Local Revenues	417,482	20,643	438,125
State of Tennessee	25,323,225	142,669	25,465,894
Federal Government	199,735	7,943,805	8,143,540
Other Governments and Citizens Groups	0	6,750	6,750
Total Revenues	\$ 44,052,122	\$ 9,573,584	\$ 53,625,706
<u>Expenditures</u>			
Current:			
Instruction	\$ 26,021,604	\$ 2,625,706	\$ 28,647,310
Support Services	14,961,908	877,669	15,839,577
Operation of Non-Instructional Services	293,105	5,749,638	6,042,743
Capital Outlay	142,356	0	142,356
Debt Service:			
Principal on Debt	404,021	16,202	420,223
Interest on Debt	68,689	91,175	159,864
Other Debt Service	2,573,538	0	2,573,538
Capital Projects	0	2,495,309	2,495,309
Total Expenditures	\$ 44,465,221	\$ 11,855,699	\$ 56,320,920
Excess (Deficiency) of Revenues Over Expenditures	\$ (413,099)	\$ (2,282,115)	\$ (2,695,214)
<u>Other Financing Sources (Uses)</u>			
Notes Issued	\$ 0	\$ 3,712,476	\$ 3,712,476
Transfers In	245,322	193,610	438,932
Transfers Out	(3,858)	(435,074)	(438,932)
Total Other Financing Sources (Uses)	\$ 241,464	\$ 3,471,012	\$ 3,712,476
Net Change in Fund Balances	\$ (171,635)	\$ 1,188,897	\$ 1,017,262
Fund Balance, July 1, 2005	3,299,277	(236,388)	3,062,889
Fund Balance, June 30, 2006	\$ 3,127,642	\$ 952,509	\$ 4,080,151

Exhibit J-4

Anderson County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

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

Net change in fund balances - total governmental funds (Exhibit J-3)		\$ 1,017,262
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The amount of depreciation compared to capital outlays is itemized as follows:		
Add: capital outlays in the current period	\$ 2,800,233	
Less: current year depreciation	<u>(1,693,992)</u>	1,106,241
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		103,464
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2005	\$ (865,129)	
For the year ended June 30, 2006	<u>865,699</u>	570
(4) The issuance of long-term debt (e.g., notes, other loans) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: note proceeds	\$ (3,712,476)	
Add: principal payment on notes	520,333	
Add: principal payment on leases	<u>65,640</u>	(3,126,503)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Add: change in accrued interest	\$ 7,763	
Less: change in compensated absences	<u>(4,416)</u>	3,347
Change in net assets of governmental activities (Exhibit B)		<u>\$ (895,619)</u>

Exhibit J-5

Anderson County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Anderson County School Department
June 30, 2006

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>ASSETS</u>						
Cash	\$ 0	\$ 14,442	\$ 0	\$ 14,442	\$ 0	\$ 14,442
Equity in Pooled Cash and Investments	192,449	387,884	95,886	676,219	77,906	754,125
Inventories	0	98,368	0	98,368	0	98,368
Accounts Receivable	17,696	3,418	447	21,561	13	21,574
Due from Other Governments	161,687	140,070	251,322	553,079	0	553,079
Due from Other Funds	70	4,681	2,561	7,312	0	7,312
Due from Primary Government	0	0	0	0	160,767	160,767
Total Assets	<u>\$ 371,902</u>	<u>\$ 648,863</u>	<u>\$ 350,216</u>	<u>\$ 1,370,981</u>	<u>\$ 238,686</u>	<u>\$ 1,609,667</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 88,590	\$ 41,133	\$ 184,243	\$ 313,966	\$ 65,325	\$ 379,291
Payroll Deductions Payable	31,182	14,689	21,477	67,348	0	67,348
Contracts Payable	0	0	0	0	90,647	90,647
Retainage Payable	0	0	0	0	77,904	77,904
Due to Other Funds	29,935	0	5,029	34,964	0	34,964
Due to Primary Government	0	0	2,508	2,508	364	2,872
Due to State of Tennessee	4,132	0	0	4,132	0	4,132
Total Liabilities	<u>\$ 153,839</u>	<u>\$ 55,822</u>	<u>\$ 213,257</u>	<u>\$ 422,918</u>	<u>\$ 234,240</u>	<u>\$ 657,158</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 647,586	\$ 647,586
Reserved for Inventory	0	98,368	0	98,368	0	98,368
Reserved for Title I Grants to Local Education Agencies	32,313	0	0	32,313	0	32,313
Other Federal Reserves	185,750	0	136,959	322,709	0	322,709
Unreserved (Deficit)	0	494,673	0	494,673	(643,140)	(148,467)
Total Fund Balances	<u>\$ 218,063</u>	<u>\$ 593,041</u>	<u>\$ 136,959</u>	<u>\$ 948,063</u>	<u>\$ 4,446</u>	<u>\$ 952,509</u>
Total Liabilities and Fund Balances	<u>\$ 371,902</u>	<u>\$ 648,863</u>	<u>\$ 350,216</u>	<u>\$ 1,370,981</u>	<u>\$ 238,686</u>	<u>\$ 1,609,667</u>

Exhibit J-6

Anderson County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

	Special Revenue Funds				Capital Projects Fund	Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total	Education Capital Projects	
<u>Revenues</u>						
Charges for Current Services	\$ 7,200	\$ 1,198,964	\$ 253,553	\$ 1,459,717	\$ 0	\$ 1,459,717
Other Local Revenues	0	18,763	1,725	20,488	155	20,643
State of Tennessee	27,800	34,091	80,778	142,669	0	142,669
Federal Government	3,625,795	1,466,044	2,851,966	7,943,805	0	7,943,805
Other Governments and Citizens Groups	6,750	0	0	6,750	0	6,750
Total Revenues	\$ 3,667,545	\$ 2,717,862	\$ 3,188,022	\$ 9,573,429	\$ 155	\$ 9,573,584
<u>Expenditures</u>						
Current:						
Instruction	\$ 2,624,543	\$ 0	\$ 0	\$ 2,624,543	\$ 1,163	\$ 2,625,706
Support Services	877,669	0	0	877,669	0	877,669
Operation of Non-Instructional Services	0	2,903,325	2,846,313	5,749,638	0	5,749,638
Debt Service:						
Principal on Debt	0	0	16,202	16,202	0	16,202
Interest on Debt	0	0	91,175	91,175	0	91,175
Capital Projects	0	0	65,133	65,133	2,430,176	2,495,309
Total Expenditures	\$ 3,502,212	\$ 2,903,325	\$ 3,018,823	\$ 9,424,360	\$ 2,431,339	\$ 11,855,699
Excess (Deficiency) of Revenues Over Expenditures	\$ 165,333	\$ (185,463)	\$ 169,199	\$ 149,069	\$ (2,431,184)	\$ (2,282,115)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,712,476	\$ 3,712,476
Transfers In	3,858	189,752	0	193,610	0	193,610
Transfers Out	(67,862)	(110,000)	(257,212)	(435,074)	0	(435,074)
Total Other Financing Sources (Uses)	\$ (64,004)	\$ 79,752	\$ (257,212)	\$ (241,464)	\$ 3,712,476	\$ 3,471,012
Net Change in Fund Balances	\$ 101,329	\$ (105,711)	\$ (88,013)	\$ (92,395)	\$ 1,281,292	\$ 1,188,897
Fund Balance, July 1, 2005	116,734	698,752	224,972	1,040,458	(1,276,846)	(236,388)
Fund Balance, June 30, 2006	\$ 218,063	\$ 593,041	\$ 136,959	\$ 948,063	\$ 4,446	\$ 952,509

Exhibit J-7

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Anderson County School Department
General Purpose School Fund
For the Year Ended June 30, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 18,002,842	\$ 0	\$ 18,002,842	\$ 18,269,971	\$ 18,269,972	\$ (267,130)
Licenses and Permits	3,773	0	3,773	4,000	4,000	(227)
Charges for Current Services	105,065	0	105,065	182,000	182,000	(76,935)
Other Local Revenues	417,482	0	417,482	158,860	217,363	200,119
State of Tennessee	25,323,225	0	25,323,225	25,027,851	25,372,809	(49,584)
Federal Government	199,735	0	199,735	418,698	422,906	(23,171)
Total Revenues	\$ 44,052,122	\$ 0	\$ 44,052,122	\$ 44,061,380	\$ 44,469,050	\$ (416,928)
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 18,591,077	\$ 0	\$ 18,591,077	\$ 19,434,101	\$ 19,483,710	\$ 892,633
Special Education Program	4,803,260	0	4,803,260	4,824,113	4,961,398	158,138
Vocational Education Program	2,507,462	0	2,507,462	2,537,277	2,542,620	35,158
Adult Education Program	119,805	0	119,805	129,171	132,971	13,166
<u>Support Services</u>						
Attendance	233,287	0	233,287	228,187	235,296	2,009
Health Services	291,468	0	291,468	298,961	302,722	11,254
Other Student Support	954,010	0	954,010	929,261	959,263	5,253
Regular Instruction Program	1,099,822	0	1,099,822	1,161,636	1,137,918	38,096
Special Education Program	411,907	0	411,907	414,844	416,994	5,087
Vocational Education Program	219,552	0	219,552	214,978	220,734	1,182
Adult Programs	79,612	0	79,612	89,538	90,134	10,522
Board of Education	856,233	0	856,233	829,470	929,335	73,102
Director of Schools	240,136	0	240,136	236,038	240,290	154
Office of the Principal	2,470,218	0	2,470,218	2,476,709	2,508,163	37,945
Fiscal Services	284,473	0	284,473	311,633	316,709	32,236

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Operation of Plant	\$ 3,990,494	\$ 0	\$ 3,990,494	\$ 3,811,974	\$ 4,206,890	\$ 216,396
Maintenance of Plant	1,053,412	0	1,053,412	1,012,228	1,085,877	32,465
Transportation	2,258,275	0	2,258,275	2,276,272	2,277,829	19,554
Central and Other	519,009	0	519,009	485,388	524,428	5,419
<u>Operation of Non-Instructional Services</u>						
Early Childhood Education	293,105	0	293,105	0	307,808	14,703
<u>Capital Outlay</u>						
Regular Capital Outlay	142,356	(12,377)	129,979	126,750	188,545	58,566
<u>Principal on Debt</u>						
Education	404,021	0	404,021	352,238	403,421	(600)
<u>Interest on Debt</u>						
Education	68,689	0	68,689	49,099	65,315	(3,374)
<u>Other Debt Service</u>						
Education	2,573,538	0	2,573,538	2,573,049	2,569,215	(4,323)
Total Expenditures	<u>\$ 44,465,221</u>	<u>\$ (12,377)</u>	<u>\$ 44,452,844</u>	<u>\$ 44,802,915</u>	<u>\$ 46,107,585</u>	<u>\$ 1,654,741</u>
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (413,099)	\$ 12,377	\$ (400,722)	\$ (741,535)	\$ (1,638,535)	\$ 1,237,813
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 245,322	\$ 0	\$ 245,322	\$ 260,000	\$ 265,000	\$ (19,678)
Transfers Out	(3,858)	0	(3,858)	(114,425)	(3,858)	0
Total Other Financing Sources (Uses)	<u>\$ 241,464</u>	<u>\$ 0</u>	<u>\$ 241,464</u>	<u>\$ 145,575</u>	<u>\$ 261,142</u>	<u>\$ (19,678)</u>

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Net Change in Fund Balance	\$ (171,635)	\$ 12,377	\$ (159,258)	\$ (595,960)	\$ (1,377,393)	\$ 1,218,135
Fund Balance, July 1, 2005	3,299,277	(12,377)	3,286,900	1,924,773	1,924,773	1,362,127
Fund Balance, June 30, 2006	\$ 3,127,642	\$ 0	\$ 3,127,642	\$ 1,328,813	\$ 547,380	\$ 2,580,262

Exhibit J-8

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Anderson County School Department
School Federal Projects Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 7,200	\$ 7,200	\$ 7,200	\$ 0
State of Tennessee	27,800	91,021	91,291	(63,491)
Federal Government	3,625,795	3,726,503	3,770,585	(144,790)
Other Governments and Citizens Groups	6,750	9,260	9,260	(2,510)
Total Revenues	<u>\$ 3,667,545</u>	<u>\$ 3,833,984</u>	<u>\$ 3,878,336</u>	<u>\$ (210,791)</u>
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,435,081	\$ 1,326,031	\$ 1,543,080	\$ 107,999
Special Education Program	959,863	1,029,276	1,043,083	83,220
Vocational Education Program	229,599	250,796	250,898	21,299
<u>Support Services</u>				
Regular Instruction Program	323,969	479,811	401,880	77,911
Special Education Program	445,263	593,270	578,613	133,350
Board of Education	123	370	123	0
Office of the Principal	2,392	6,554	1,470	(922)
Transportation	105,922	106,509	107,000	1,078
Total Expenditures	<u>\$ 3,502,212</u>	<u>\$ 3,792,617</u>	<u>\$ 3,926,147</u>	<u>\$ 423,935</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 165,333</u>	<u>\$ 41,367</u>	<u>\$ (47,811)</u>	<u>\$ 213,144</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,858	\$ 0	\$ 3,858	\$ 0
Transfers Out	(67,862)	(65,389)	(72,783)	4,921
Total Other Financing Sources (Uses)	<u>\$ (64,004)</u>	<u>\$ (65,389)</u>	<u>\$ (68,925)</u>	<u>\$ 4,921</u>
Net Change in Fund Balance	\$ 101,329	\$ (24,022)	\$ (116,736)	\$ 218,065
Fund Balance, July 1, 2005	<u>116,734</u>	<u>24,022</u>	<u>116,736</u>	<u>(2)</u>
Fund Balance, June 30, 2006	<u>\$ 218,063</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 218,063</u>

Exhibit J-9

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Anderson County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 1,198,964	\$ 1,122,961	\$ 1,235,191	\$ (36,227)
Other Local Revenues	18,763	8,450	22,867	(4,104)
State of Tennessee	34,091	32,500	34,100	(9)
Federal Government	1,466,044	1,348,939	1,481,122	(15,078)
Total Revenues	<u>\$ 2,717,862</u>	<u>\$ 2,512,850</u>	<u>\$ 2,773,280</u>	<u>\$ (55,418)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,903,325	\$ 2,740,019	\$ 3,108,039	\$ 204,714
Total Expenditures	<u>\$ 2,903,325</u>	<u>\$ 2,740,019</u>	<u>\$ 3,108,039</u>	<u>\$ 204,714</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (185,463)</u>	<u>\$ (227,169)</u>	<u>\$ (334,759)</u>	<u>\$ 149,296</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 189,752	\$ 145,000	\$ 153,910	\$ 35,842
Transfers Out	(110,000)	(110,000)	(110,000)	0
Total Other Financing Sources (Uses)	<u>\$ 79,752</u>	<u>\$ 35,000</u>	<u>\$ 43,910</u>	<u>\$ 35,842</u>
Net Change in Fund Balance	\$ (105,711)	\$ (192,169)	\$ (290,849)	\$ 185,138
Fund Balance, July 1, 2005	<u>698,752</u>	<u>325,696</u>	<u>427,976</u>	<u>270,776</u>
Fund Balance, June 30, 2006	<u>\$ 593,041</u>	<u>\$ 133,527</u>	<u>\$ 137,127</u>	<u>\$ 455,914</u>

Exhibit J-10

Anderson County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Anderson County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 253,553	\$ 288,900	\$ 262,177	\$ (8,624)
Other Local Revenues	1,725	0	1,725	0
State of Tennessee	80,778	140,500	157,100	(76,322)
Federal Government	2,851,966	2,771,999	2,882,594	(30,628)
Total Revenues	<u>\$ 3,188,022</u>	<u>\$ 3,201,399</u>	<u>\$ 3,303,596</u>	<u>\$ (115,574)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Community Services	\$ 2,846,313	\$ 2,976,837	\$ 2,911,356	\$ 65,043
<u>Principal on Debt</u>				
Education	16,202	0	16,202	0
<u>Interest on Debt</u>				
Education	91,175	0	91,175	0
<u>Capital Projects</u>				
Education Capital Projects	65,133	0	70,734	5,601
Total Expenditures	<u>\$ 3,018,823</u>	<u>\$ 2,976,837</u>	<u>\$ 3,089,467</u>	<u>\$ 70,644</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 169,199</u>	<u>\$ 224,562</u>	<u>\$ 214,129</u>	<u>\$ (44,930)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 0	\$ 23,000	\$ (23,000)
Transfers Out	(257,212)	(224,562)	(282,919)	25,707
Total Other Financing Sources (Uses)	<u>\$ (257,212)</u>	<u>\$ (224,562)</u>	<u>\$ (259,919)</u>	<u>\$ 2,707</u>
Net Change in Fund Balance	\$ (88,013)	\$ 0	\$ (45,790)	\$ (42,223)
Fund Balance, July 1, 2005	224,972	0	45,790	179,182
Fund Balance, June 30, 2006	<u>\$ 136,959</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 136,959</u>

Exhibit J-11

Anderson County, Tennessee
Statement of Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Anderson County School Department
June 30, 2006

	<u>Other Employee Benefit Trust Fund</u> <u>Flexible Benefits Fund</u>
<u>ASSETS</u>	
Cash	\$ 24,509
Total Assets	<u>\$ 24,509</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Employees	<u>\$ 24,509</u>
Total Net Assets	<u><u>\$ 24,509</u></u>

Exhibit J-12

Anderson County, Tennessee
Statement of Changes in Fiduciary Net Assets
Fiduciary Fund
Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

	Other Employee Benefit Trust Fund
	<u>Flexible Benefits Fund</u>
<u>ADDITIONS</u>	
Plan Member Contributions	\$ 130,130
Total Additions	<u>\$ 130,130</u>
<u>DEDUCTIONS</u>	
Employee Benefits	
Other Fringe Benefits	\$ 116,054
Total Deductions	<u>\$ 116,054</u>
Change in Net Assets	\$ 14,076
Net Assets, July 1, 2005	<u>10,433</u>
Net Assets, June 30, 2006	<u><u>\$ 24,509</u></u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Anderson County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
Primary Government and Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through Other Special Revenue Fund</u>									
Land Purchased for Tourism Board	\$ 100,000	5.59%	8-26-1998	8-1-08	\$ 40,000	\$ 0	\$ 10,000	\$ 0	\$ 30,000
Tourism Facilities Improvements	50,000	4.98	10-1-1999	10-1-09	25,000	0	5,000	0	20,000
Total Payable through Other Special Revenue Fund					\$ 65,000	\$ 0	\$ 15,000	\$ 0	\$ 50,000
<u>Payable through General Debt Service Fund</u>									
Anderson County Utility Board	600,000	5.3559	6-1-1995	6-1-07	\$ 125,000	\$ 0	\$ 60,000	\$ 0	\$ 65,000
Anderson County Utility Board	600,000	4.76 to 4.9	12-1-1997	12-1-06	133,332	0	66,666	0	66,666
Refunding	925,000	4.489	1-12-1999	1-1-06	132,142	0	132,142	0	0
Roof Repairs	100,000	3.6	6-12-03	12-1-12	80,000	0	10,000	0	70,000
Health Department	300,000	3.78	5-4-05	5-1-15	300,000	0	30,000	0	270,000
Total Payable through General Debt Service Fund					\$ 770,474	\$ 0	\$ 298,808	\$ 0	\$ 471,666
Total Notes Payable					\$ 835,474	\$ 0	\$ 313,808	\$ 0	\$ 521,666
<u>OTHER LOANS PAYABLE</u>									
<u>Public Building Authority Loan Agreements:</u>									
<u>Payable through General Debt Service Fund</u>									
Industrial Development - Montgomery Co. PBA	1,700,000	Variable	7-13-01	5-25-21	\$ 1,524,000	\$ 0	\$ 64,000	\$ 0	\$ 1,460,000
Jail Renovation - Montgomery Co. PBA	(1)	Variable	5-22-06	5-25-20	0	143,656		0	143,656
Total Payable through General Debt Service Fund					\$ 1,524,000	\$ 143,656	\$ 64,000	\$ 0	\$ 1,603,656

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Debt Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT (Cont.)</u>									
<u>OTHER LOANS PAYABLE (Cont.)</u>									
<u>Payable through Rural Debt Service Fund</u>									
School Refunding - City of Clarksville PBA	\$ 5,746,000	Variable	4-1-03	5-25-17	\$ 4,805,120	\$ 0	\$ 424,263	\$ 0	\$ 4,380,857
Rural Elementary School Project - Montgomery Co. PBA	(2)	Variable	4-19-04	6-25-18	2,468,419	2,361,304	103,250	0	4,726,473
Total Payable through Rural Debt Service Fund					\$ 7,273,539	\$ 2,361,304	\$ 527,513	\$ 0	\$ 9,107,330
<u>Payable through Education Debt Service Fund</u>									
Rural High School Refunding - City of Clarksville PBA	7,187,000	Variable	4-1-03	5-25-17	\$ 5,802,219	\$ 0	\$ 596,337	\$ 0	\$ 5,205,882
Rural High School Project - Montgomery Co. PBA	(3)	Variable	4-19-04	6-25-18	1,028,478	1,351,172	62,500	0	2,317,150
Total Payable through Education Debt Service Fund					\$ 6,830,697	\$ 1,351,172	\$ 658,837	\$ 0	\$ 7,523,032
Total Other Loans Payable					\$ 15,628,236	\$ 3,856,132	\$ 1,250,350	\$ 0	\$ 18,234,018
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through General Fund</u>									
Ambulance Vehicles and Equipment	196,931	3.24%	10-4-02	1-15-06	\$ 16,889	\$ 0	\$ 16,889	\$ 0	\$ 0
Total Payable through General Fund					\$ 16,889	\$ 0	\$ 16,889	\$ 0	\$ 0
Total Capital Leases Payable					\$ 16,889	\$ 0	\$ 16,889	\$ 0	\$ 0

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Debt Period	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT (Cont.)</u>									
<u>BONDS PAYABLE</u>									
<u>Payable through General Debt Service Fund</u>									
General Obligation Refunding	\$ 7,520,000	4.5 to 5%	4-1-1998	9-1-06	\$ 5,835,000	\$ 0	\$ 620,000	\$ 4,565,000	\$ 650,000
General Obligation Refunding	6,085,000	3 to 5	8-1-01	4-1-13	4,235,000	0	55,000	0	4,180,000
General Obligation Refunding	4,580,000	3.5 to 3.7	12-15-05	9-1-12	0	4,580,000	685,000	0	3,895,000
Total Payable through General Debt Service Fund					<u>\$ 10,070,000</u>	<u>\$ 4,580,000</u>	<u>\$ 1,360,000</u>	<u>\$ 4,565,000</u>	<u>\$ 8,725,000</u>
<u>Payable through Rural Debt Service Fund</u>									
Rural School	4,340,000	4.5 to 5.2	4-1-1998	3-1-06	\$ 190,000	\$ 0	\$ 190,000	\$ 0	0
Rural Development Water and Sewer	110,000	4.875	12-28-00	8-28-38	104,871	0	1,300	0	103,571
Rural School Refunding	4,145,000	3 to 5	8-1-01	4-1-13	3,195,000	0	270,000	0	2,925,000
Rural School Refunding	3,505,000	2 to 3.875	3-1-04	3-1-18	3,460,000	0	45,000	0	3,415,000
Total Payable through Rural Debt Service Fund					<u>\$ 6,949,871</u>	<u>\$ 0</u>	<u>\$ 506,300</u>	<u>\$ 0</u>	<u>\$ 6,443,571</u>
<u>Payable through Education Debt Service Fund</u>									
Rural High School	6,060,000	4.5 to 5.2	4-1-1998	3-1-06	\$ 270,000	\$ 0	\$ 270,000	\$ 0	0
Rural High School	450,000	3.4 to 5.5	3-1-1994	7-1-06	90,000	0	45,000	0	45,000
Rural High School Refunding	3,490,000	3 to 5	8-1-01	4-1-13	2,550,000	0	275,000	0	2,275,000
Rural High School Refunding	4,895,000	2 to 3.875	3-1-04	3-1-18	4,825,000	0	60,000	0	4,765,000
Total Payable through Education Debt Service Fund					<u>\$ 7,735,000</u>	<u>\$ 0</u>	<u>\$ 650,000</u>	<u>\$ 0</u>	<u>\$ 7,085,000</u>
Total Bonds Payable					<u>\$ 24,754,871</u>	<u>\$ 4,580,000</u>	<u>\$ 2,516,300</u>	<u>\$ 4,565,000</u>	<u>\$ 22,253,571</u>

(Continued)

Exhibit K-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Paid and/or Matured During Period	Debt Period	Outstanding 6-30-06
<u>DISCRETELY PRESENTED ANDERSON COUNTY SCHOOL DEPARTMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
Norwood Elementary (EPA - Asbestos)	\$ 292,497	0 %	11-1-1989	11-1-08	\$ 56,874	\$ 0	\$ 16,250	\$ 0	\$ 40,624
Clinton Middle (EPA - Asbestos)	89,529	0	4-17-1992	5-30-11	29,529	0	5,000	0	24,529
Renovation of Various Schools	2,750,000	3.5 to 4.7	9-1-1993	10-1-05	50,000	0	50,000	0	0
Renovation of Various Schools	700,000	4.9 to 6.7	4-5-1995	4-5-07	150,000	0	75,000	0	75,000
Schools	1,000,000	4.79 to 5.27	6-30-1997	7-2-09	416,665	0	83,333	0	333,332
Renovation of Various Schools	572,000	4.89	10-1-1999	10-1-09	312,000	0	55,000	0	257,000
Renovation of Various Schools	700,000	3.6	6-12-03	12-1-12	560,000	0	70,000	0	490,000
Renovation of Various Schools - Borrowed from Primary Government	(4)	Varies	4-15-04	6-25-18	3,496,897	3,712,476	165,750	0	7,043,623
Total Payable through General Purpose School Fund					\$ 5,071,965	\$ 3,712,476	\$ 520,333	\$ 0	\$ 8,264,108
Total Notes Payable					\$ 5,071,965	\$ 3,712,476	\$ 520,333	\$ 0	\$ 8,264,108
<u>CAPITAL LEASES PAYABLE</u>									
<u>Payable through General Purpose School Fund</u>									
Copier Machine and Computer Software	191,984	3.49	6-24-02	7-8-05	\$ 48,838	\$ 0	\$ 48,838	\$ 0	\$ 0
<u>Payable through Other Education Special Revenue Fund and General Purpose School Fund</u>									
Headstart Facility	957,236	11.4	12-1-03	12-1-19	837,389	0	16,802	0	820,587
Total Capital Leases Payable					\$ 886,227	\$ 0	\$ 65,640	\$ 0	\$ 820,587

- (1) Total amount approved was \$3,000,000 of which \$2,856,344 remains available for draws as of June 30, 2006.
(2) Total amount approved was \$6,000,000 of which \$1,067,027 remains available for draws as of June 30, 2006.
(3) Total amount approved was \$4,100,000 of which \$1,657,850 remains available for draws as of June 30, 2006.
(4) Total amount authorized was \$10,100,000, of which \$2,724,877 remains available for draws as of June 30, 2006.

Exhibit K-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 2,576,365	\$ 840,219	\$ 3,416,584
2008	2,611,433	752,720	3,364,153
2009	2,496,505	655,138	3,151,643
2010	2,576,580	562,581	3,139,161
2011	2,691,658	458,878	3,150,536
2012	2,301,741	348,390	2,650,131
2013	2,391,828	256,375	2,648,203
2014	1,076,919	175,362	1,252,281
2015	1,112,015	135,000	1,247,015
2016	747,115	91,717	838,832
2017	782,221	64,608	846,829
2018	807,331	35,245	842,576
2019	2,447	3,937	6,384
2020	2,570	3,814	6,384
2021	2,698	3,686	6,384
2022	2,832	3,552	6,384
2023	2,973	3,411	6,384
2024	3,122	3,262	6,384
2025	3,277	3,107	6,384
2026	3,441	2,943	6,384
2027	3,612	2,772	6,384
2028	3,792	2,592	6,384
2029	3,981	2,403	6,384
2030	4,180	2,204	6,384
2031	4,388	1,996	6,384
2032	4,607	1,777	6,384
2033	4,836	1,548	6,384
2034	5,078	1,306	6,384
2035	5,331	1,053	6,384
2036	5,596	788	6,384
2037	5,875	509	6,384
2038	6,168	216	6,384
2039	1,056	6	1,062
Total	\$ 22,253,571	\$ 4,423,115	\$ 26,676,686

Exhibit K-3

Anderson County, Tennessee
Schedule of Notes Receivable
June 30, 2006

Description	Debtor	Original Amount of Notes	Date of Issue	Date of Maturity	Interest Rate	Balance
Rural Debt Service Fund:						
Payment of Other Loan Principal and Interest	Anderson County School Department	(1)	4-19-04	6-25-18	Variable	\$ 4,726,473
Education Debt Service Fund:						
Payment of Other Loan Principal and Interest	Anderson County School Department	(2)	4-19-04	6-25-18	Variable	<u>2,317,150</u>
Total Notes Receivable						<u><u>\$ 7,043,623</u></u>

The county is borrowing funds through loan agreements with the City of Clarksville Public Building Authority and loaning those amounts to the Anderson County School Department.

(1) Total amount approved was \$6,000,000, of which \$1,067,027 remains available for draws as of June 30, 2006.

(2) Total amount approved was \$4,100,000, of which \$1,657,850 remains available for draws as of June 30, 2006.

Exhibit K-4

Anderson County, Tennessee
Schedule of Investments
June 30, 2006

<u>Fund and Type</u>	<u>Amount</u>
<u>Employee Health Insurance Fund</u>	
State Treasurer's Investment Pool	\$ <u>16,507</u>
Total Investments	\$ <u><u>16,507</u></u>

Exhibit K-5

Anderson County, Tennessee
Schedule of Transfers - Primary Government and Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Primary Government:			
General	Courthouse and Jail Maintenance	To provide funds for operations	\$ 100,000
"	Public Library	"	169,616
"	Solid Waste/Sanitation	"	897,246
"	Other Special Revenue	"	125,055
"	Highway/Public Works	To provide funds for various county projects	133,891
"	Education Debt Service	To provide funds for operations	16,202
"	Employee Health Insurance	"	200,000
Highway/Public Works	General Debt Service	To provide funds for debt payments	68,075
Public Utility	General	To provide funds for capital projects	<u>39,890</u>
Total Primary Government			<u>\$ 1,749,975</u>
Discretely Presented Anderson County School Department:			
General Purpose School	School Federal Projects	To provide funds for operations	\$ 3,858
School Federal Projects	General Purpose School	Indirect cost	67,862
Central Cafeteria	"	To provide funds for utilities	110,000
Other Education Special Revenue	"	Indirect cost	67,460
"	Central Cafeteria	To provide funds for cafeteria expenditures	<u>189,752</u>
Total Discretely Presented Anderson County School Department			<u>\$ 438,932</u>

Exhibit K-6

Anderson County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 89,217	\$ 50,000	Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	69,902	100,000	"
Director of Schools	State Board of Education and County Board of Education	99,882	150,000	Tennessee School Board Risk Management Trust
Trustee	Section 8-24-102, <u>TCA</u>	63,548	2,110,470	Cincinnati Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	63,548	50,000	Travelers Casualty and Surety Company of America
Director of Accounts and Budgets	County Commission	63,548	25,000	Cincinnati Insurance Company
County Clerk	Section 8-24-102, <u>TCA</u>	63,548	50,000	"
Circuit and General Sessions Courts Clerk	Section 8-24-102, <u>TCA</u>	63,548	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> and Chancery Court Judge	84,192 (1)	50,000	State Automobile Mutual Insurance Company
Register	Section 8-24-102, <u>TCA</u>	63,548	25,000	Cincinnati Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	70,421 (2)	25,000	"
Purchasing Agent	County Commission	42,962	25,000	Travelers Casualty and Surety Company of America
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee School Board Risk Management Trust
Public Employee Dishonesty - School Department			150,000	"

(1) Includes special commissioner fees of \$20,644

(2) Includes law enforcement training supplement of \$519.

Exhibit K-7

Anderson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2006

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Other Special Revenue
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 8,966,794	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	256,357	0	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	114,801	0	0	0	0	0	0
Interest and Penalty	86,788	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	16,202	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	572,575	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	167,655	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	521,809	0	0	0	0	0	0
Hotel/Motel Tax	139,225	0	0	0	0	0	0
Litigation Tax - General	206,835	0	0	0	0	0	0
Litigation Tax - Special Purpose	0	22,515	0	0	0	0	0
Litigation Tax - Office of Public Defender	16,024	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0
Litigation Tax - Victim/Offender Mediation Center	6,055	0	0	0	0	0	0
Business Tax	793,956	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
Other County Local Option Taxes	270	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	119,170	0	0	0	0	0	0
Coal Severance Tax	0	0	0	0	0	0	0
Interstate Telecommunications Tax	5,473	0	0	0	0	0	0
Other Statutory Local Taxes	1,065	0	0	0	0	0	0
Total Local Taxes	\$ 11,991,054	\$ 22,515	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 117,515	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Beer Permits	1,615	0	0	0	0	0	0
Building Permits	158,434	0	0	0	0	0	0
Total Licenses and Permits	\$ 277,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Other Special Revenue
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 4,511	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	21,735	0	0	0	0	0	0
Drug Control Fines	7,166	0	0	0	7,271	0	0
Jail Fees	7,265	0	0	0	0	0	0
DUI Treatment Fines	1,673	0	0	0	0	0	0
Data Entry Fee - Circuit Court	1,875	0	0	0	0	0	0
<u>Criminal Court</u>							
Fines	6,175	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	36,143	0	0	0	0	0	0
Officers Costs	86,082	0	0	0	0	0	0
Drug Control Fines	6,283	0	0	0	6,283	0	0
Drug Court Fees	9,479	0	0	0	0	0	0
Jail Fees	113,309	0	0	0	0	0	0
Interpreter Fees	352	0	0	0	0	0	0
DUI Treatment Fines	11,583	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	12,424	0	0	0	0	0	0
Courtroom Security Fee	446	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	11,641	0	0	0	0	0	0
Officers Costs	13,535	0	0	0	0	0	0
Jail Fees	6,500	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	29,551	0	0	0	0	0	0
Data Entry Fee - Chancery Court	3,106	0	0	0	0	0	0
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	13,717	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	44,736	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	1,250	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 392,084	\$ 0	\$ 0	\$ 0	\$ 58,290	\$ 13,717	\$ 0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Other Special Revenue
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 283	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Convenience Waste Centers Collection Charge	0	0	0	41,470	0	0	0
Surcharge - Host Agency	0	0	0	401,181	0	0	0
Solid Waste Disposal Fees	0	0	0	6,250	0	0	0
Patient Charges	3,564,635	0	0	0	0	0	0
Health Department Collections	134,118	0	0	0	0	0	0
Other General Service Charges	189,827	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	43,119	0	0	0	0	0	0
Copy Fees	2,959	0	0	0	0	0	0
Library Fees	0	0	16,014	0	0	0	0
Telephone Commissions	18,413	0	0	0	0	0	0
Vending Machine Collections	255	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	33,922	0	0	0	0	0	0
Probation Fees	429,612	0	0	0	0	0	0
Data Processing Fee - Sheriff	12,845	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	2,280	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	11,182	0	0	0	0	0	0
Total Charges for Current Services	\$ 4,443,450	\$ 0	\$ 16,014	\$ 448,901	\$ 0	\$ 0	0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 276,192	\$ 0	\$ 5,590	\$ 0	\$ 4,704	\$ 0	0
Lease/Rentals	210,002	0	0	0	0	0	0
Sale of Materials and Supplies	14,327	0	0	0	0	0	0
Commissary Sales	90,435	0	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0	0
Sale of Maps	813	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	9,117	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Other Special Revenue
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Miscellaneous Refunds	\$ 5,930	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Nonrecurring Items</u>							
Sale of Equipment	7,351	0	0	0	0	0	81
Sale of Property	138,281	0	0	0	0	0	0
Damages Recovered from Individuals	400	0	0	0	2,440	0	0
Contributions & Gifts	270	0	12,322	14,275	798	0	0
Total Other Local Revenues	\$ 744,001	\$ 0	\$ 17,912	\$ 23,392	\$ 7,942	\$ 0	81
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 220,022	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
General Sessions Court Clerk	70,000	0	0	0	0	0	0
Clerk and Master	50,076	0	0	0	0	0	0
Register	161,700	0	0	0	0	0	0
Trustee	803,833	0	0	0	0	0	0
<u>Fees-In-Lieu of Salary</u>							
Sheriff	49,355	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 1,354,986	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 15,210	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
State Reappraisal Grant	22,064	0	0	0	0	0	0
Solid Waste Grants	0	0	0	72,548	0	0	0
Other General Government Grants	2,000	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	18,673	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	353,619	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0

(Continued)

Exhibit K-7

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

	Special Revenue Funds						
	General	Courthouse and Jail Maintenance	Public Library	Solid Waste / Sanitation	Drug Control	District Attorney General	Other Special Revenue
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
Litter Program	\$ 0	\$ 0	\$ 0	\$ 33,651	\$ 0	\$ 0	0
Tennessee Industrial Infrastructure Program	11,391	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	23,056	0	0	0	0	0	0
Alcoholic Beverage Tax	69,967	0	0	0	0	0	0
Mixed Drink Tax	3,775	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	64,977	0	0	0	0	0	0
Prisoner Transportation	4,851	0	0	0	0	0	0
Contracted Prisoner Boarding	374,720	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Revenues	81,845	0	0	0	0	0	0
Total State of Tennessee	\$ 1,062,528	\$ 0	\$ 0	\$ 106,199	\$ 0	\$ 0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 359,931	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	971,862	0	0	0	0	0	0
Other Federal through State	371,985	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	99,191	0	0	0	30,574	0	0
Total Federal Government	\$ 1,802,969	\$ 0	\$ 0	\$ 0	\$ 30,574	\$ 0	0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 105,884	\$ 0	\$ 0	\$ 0	0
Contracted Services	30,947	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 30,947	\$ 0	\$ 105,884	\$ 0	\$ 0	\$ 0	0
Total	\$ 22,099,583	\$ 22,515	\$ 139,810	\$ 578,492	\$ 96,806	\$ 13,717	81

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 2,198,311	\$ 12,297	\$ 904,587	\$ 0	\$ 12,081,989
Trustee's Collections - Prior Year	0	0	63,363	1,600	31,115	0	352,435
Circuit/Clerk & Master Collections - Prior Years	49,800	0	28,392	1,234	20,986	0	215,213
Interest and Penalty	0	0	21,440	668	12,143	0	121,039
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	16,202
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	572,575
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	167,655
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	306,430	0	0	0	0	828,239
Hotel/Motel Tax	0	0	0	0	0	0	139,225
Litigation Tax - General	0	0	0	0	0	0	206,835
Litigation Tax - Special Purpose	0	0	0	0	0	0	22,515
Litigation Tax - Office of Public Defender	0	0	0	0	0	0	16,024
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	42,657	0	0	0	42,657
Litigation Tax - Victim/Offender Mediation Center	0	0	0	0	0	0	6,055
Business Tax	0	0	0	0	0	0	793,956
Mineral Severance Tax	0	189,147	0	0	0	0	189,147
Other County Local Option Taxes	0	0	0	0	0	0	270
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	0	0	0	0	119,170
Coal Severance Tax	0	3,509	0	0	0	0	3,509
Interstate Telecommunications Tax	0	0	0	0	0	0	5,473
Other Statutory Local Taxes	0	0	0	0	0	0	1,065
Total Local Taxes	\$ 49,800	\$ 499,086	\$ 2,354,163	\$ 15,799	\$ 968,831	\$ 0	\$ 15,901,248
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 117,515
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	1,615
Building Permits	0	0	0	0	0	0	158,434
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 277,564

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional - Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
Fines, Forfeitures, and Penalties							
<u>Circuit Court</u>							
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,511
Officers Costs	0	0	0	0	0	0	21,735
Drug Control Fines	0	0	0	0	0	0	14,437
Jail Fees	0	0	0	0	0	0	7,265
DUI Treatment Fines	0	0	0	0	0	0	1,673
Data Entry Fee - Circuit Court	0	0	0	0	0	0	1,875
<u>Criminal Court</u>							
Fines	0	0	0	0	0	0	6,175
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	36,143
Officers Costs	0	0	0	0	0	0	86,082
Drug Control Fines	0	0	0	0	0	0	12,566
Drug Court Fees	0	0	0	0	0	0	9,479
Jail Fees	0	0	0	0	0	0	113,309
Interpreter Fees	0	0	0	0	0	0	352
DUI Treatment Fines	0	0	0	0	0	0	11,583
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	12,424
Courtroom Security Fee	0	0	0	0	0	0	446
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	11,641
Officers Costs	0	0	0	0	0	0	13,535
Jail Fees	0	0	0	0	0	0	6,500
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	29,551
Data Entry Fee - Chancery Court	0	0	0	0	0	0	3,106
<u>Courts in Other District Counties</u>							
District Attorney General Fees	0	0	0	0	0	0	13,717
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	44,736
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	1,250
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	464,091

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Other Employee Benefit Charges/Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	283
Convenience Waste Centers Collection Charge	0	0	0	0	0	0	41,470
Surcharge - Host Agency	0	0	0	0	0	0	401,181
Solid Waste Disposal Fees	0	0	0	0	0	0	6,250
Patient Charges	0	0	0	0	0	0	3,564,635
Health Department Collections	0	0	0	0	0	0	134,118
Other General Service Charges	0	0	0	0	0	0	189,827
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	43,119
Copy Fees	0	0	0	0	0	0	2,959
Library Fees	0	0	0	0	0	0	16,014
Telephone Commissions	0	0	0	0	0	0	18,413
Vending Machine Collections	0	0	0	0	0	0	255
Constitutional Officers' Fees and Commissions	2,001,635	0	0	0	0	0	2,001,635
Special Commissioner Fees/Special Master Fees	20,644	0	0	0	0	0	20,644
Data Processing Fee - Register	0	0	0	0	0	0	33,922
Probation Fees	0	0	0	0	0	0	429,612
Data Processing Fee - Sheriff	0	0	0	0	0	0	12,845
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	2,280
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	11,182
Total Charges for Current Services	\$ 2,022,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,930,644
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 134,638	\$ 14,181	\$ 68,107	\$ 285	\$ 503,697
Lease/Rentals	0	0	0	0	0	0	210,002
Sale of Materials and Supplies	0	0	0	0	0	0	14,327
Commissary Sales	0	0	0	0	0	0	90,435
Sale of Gasoline	0	350,675	0	0	0	0	350,675
Sale of Maps	0	0	0	0	0	0	813
Sale of Recycled Materials	0	0	0	0	0	0	9,117

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Miscellaneous Refunds	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	5,930
<u>Nonrecurring Items</u>							
Sale of Equipment	0	800	0	0	0	0	8,232
Sale of Property	0	0	0	0	0	0	138,281
Damages Recovered from Individuals	0	0	0	0	0	0	2,840
Contributions & Gifts	0	0	7,500	0	0	0	35,165
Total Other Local Revenues	\$ 0	\$ 351,475	\$ 142,138	\$ 14,181	\$ 68,107	\$ 285	\$ 1,369,514
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	220,022
General Sessions Court Clerk	0	0	0	0	0	0	70,000
Clerk and Master	0	0	0	0	0	0	50,076
Register	0	0	0	0	0	0	161,700
Trustee	0	0	0	0	0	0	803,833
<u>Fees-In-Lieu of Salary</u>							
Sheriff	0	0	0	0	0	0	49,355
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,354,986
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	15,210
State Reappraisal Grant	0	0	0	0	0	0	22,064
Solid Waste Grants	0	0	0	0	0	0	72,548
Other General Government Grants	0	0	0	0	0	0	2,000
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	18,673
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	353,619
<u>Public Works Grants</u>							
State Aid Program	0	245,299	0	0	0	0	245,299

(Continued)

Exhibit K-7

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

	Special Revenue Funds		Debt Service Funds			Capital Projects Fund	Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	Education Debt Service	General Capital Projects	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,651
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	11,391
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	23,056
Alcoholic Beverage Tax	0	0	0	0	0	0	69,967
Mixed Drink Tax	0	0	0	0	0	0	3,775
State Revenue Sharing - T.V.A.	0	0	0	0	0	0	64,977
Prisoner Transportation	0	0	0	0	0	0	4,851
Contracted Prisoner Boarding	0	0	0	0	0	0	374,720
Gasoline and Motor Fuel Tax	0	1,930,172	0	0	0	0	1,930,172
Petroleum Special Tax	0	57,380	0	0	0	0	57,380
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Revenues	0	0	0	0	0	0	81,845
Total State of Tennessee	\$ 0	\$ 2,232,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,401,578
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	359,931
Homeland Security Grants	0	0	0	0	0	0	971,862
Other Federal through State	0	0	0	0	0	0	371,985
<u>Direct Federal Revenue</u>							
Other Direct Federal Revenue	0	0	0	0	0	0	129,765
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,833,543
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 30,000	\$ 0	\$ 1,475,443	\$ 931,856	\$ 0	\$ 2,543,183
Contracted Services	0	0	0	0	0	0	30,947
Total Other Governments and Citizens Groups	\$ 0	\$ 30,000	\$ 0	\$ 1,475,443	\$ 931,856	\$ 0	\$ 2,574,130
Total	\$ 2,072,079	\$ 3,113,412	\$ 2,496,301	\$ 1,505,423	\$ 1,968,794	\$ 285	\$ 34,107,298

Exhibit K-8

Anderson County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 11,696,314	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,696,314
Trustee's Collections - Prior Year	334,439	0	0	0	0	334,439
Circuit/Clerk & Master Collections - Prior Years	148,891	0	0	0	0	148,891
Interest and Penalty	113,540	0	0	0	0	113,540
Payments in-Lieu-of Taxes - Other	467,000	0	0	0	0	467,000
<u>County Local Option Taxes</u>						
Local Option Sales Tax	5,063,260	0	0	0	0	5,063,260
<u>Statutory Local Taxes</u>						
Wholesale Beer Tax	170,083	0	0	0	0	170,083
Coal Severance Tax	2,060	0	0	0	0	2,060
Interstate Telecommunications Tax	7,255	0	0	0	0	7,255
Total Local Taxes	\$ 18,002,842	\$ 0	\$ 0	\$ 0	\$ 0	\$ 18,002,842
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 3,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,773
Total Licenses and Permits	\$ 3,773	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,773
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Adult Education	\$ 28,191	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,191
Tuition - Other	0	0	0	253,553	0	253,553
Lunch Payments - Children	0	0	770,544	0	0	770,544
Lunch Payments - Adults	0	0	59,977	0	0	59,977
Income from Breakfast	0	0	184,595	0	0	184,595
Special Milk Sales	0	0	5,250	0	0	5,250
A la carte Sales	0	0	158,341	0	0	158,341
Contract for Administrative Services with Other LEAs	0	7,200	0	0	0	7,200
School Based Health Services - FFS	854	0	0	0	0	854
Receipts from Individual Schools	26,632	0	0	0	0	26,632
<u>Other Charges for Services</u>						
Other Charges for Services	49,388	0	20,257	0	0	69,645
Total Charges for Current Services	\$ 105,065	\$ 7,200	\$ 1,198,964	\$ 253,553	\$ 0	\$ 1,564,782

(Continued)

Exhibit K-8

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 205,138	\$ 0	\$ 18,399	\$ 0	\$ 155	\$ 223,692
Lease/Rentals	65	0	0	0	0	65
Sale of Materials and Supplies	0	0	102	0	0	102
Miscellaneous Refunds	35,486	0	0	225	0	35,711
<u>Nonrecurring Items</u>						
Sale of Equipment	24,982	0	262	0	0	25,244
Contributions & Gifts	27,876	0	0	1,500	0	29,376
<u>Other Local Revenues</u>						
Other Local Revenues	123,935	0	0	0	0	123,935
Total Other Local Revenues	\$ 417,482	\$ 0	\$ 18,763	\$ 1,725	\$ 155	\$ 438,125
<u>State of Tennessee</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 23,284,083	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,284,083
Early Childhood Education	404,840	0	0	0	0	404,840
School Food Service	0	0	34,091	0	0	34,091
Driver Education	14,678	0	0	0	0	14,678
Other State Education Funds	41,409	0	0	0	0	41,409
Career Ladder Program	426,935	0	0	0	0	426,935
Career Ladder - Extended Contract	347,499	0	0	0	0	347,499
Other Vocational	0	270	0	0	0	270
<u>Other State Revenues</u>						
Income Tax	34,585	0	0	0	0	34,585
Beer Tax	17,212	0	0	0	0	17,212
State Revenue Sharing - T.V.A.	655,000	0	0	4,000	0	659,000
Other State Grants	96,734	27,530	0	37,753	0	162,017
Other State Revenues	250	0	0	39,025	0	39,275
Total State of Tennessee	\$ 25,323,225	\$ 27,800	\$ 34,091	\$ 80,778	\$ 0	\$ 25,465,894
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,069,551	\$ 0	\$ 0	\$ 1,069,551
Breakfast	0	0	361,883	0	0	361,883
USDA - Other	0	0	34,610	185,043	0	219,653

(Continued)

Exhibit K-8

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

	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Adult Education State Grant Program	\$ 54,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,462
Vocational Education - Basic Grants to States	0	199,863	0	0	0	199,863
Title I Grants to Local Education Agencies	0	1,350,580	0	0	0	1,350,580
Innovative Education Program Strategies	0	22,078	0	0	0	22,078
Special Education - Grants to States	34,558	1,415,837	0	0	0	1,450,395
Special Education Preschool Grants	0	85,543	0	0	0	85,543
Eisenhower Professional Development State Grants	0	315,167	0	0	0	315,167
Other Federal through State	57,450	187,780	0	0	0	245,230
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	53,265	0	0	0	0	53,265
Other Direct Federal Revenue	0	48,947	0	2,666,923	0	2,715,870
Total Federal Government	\$ 199,735	\$ 3,625,795	\$ 1,466,044	\$ 2,851,966	\$ 0	\$ 8,143,540
<u>Other Governments and Citizens Groups</u>						
<u>Other</u>						
Other	\$ 0	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 6,750
Total Other Governments and Citizens Groups	\$ 0	\$ 6,750	\$ 0	\$ 0	\$ 0	\$ 6,750
Total	\$ 44,052,122	\$ 3,667,545	\$ 2,717,862	\$ 3,188,022	\$ 155	\$ 53,625,706

Exhibit K-9

Anderson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2006

General Fund

General Government

County Commission

Secretary to Board	\$	37,411	
Board and Committee Members Fees		101,043	
Social Security		7,893	
State Retirement		5,305	
Life Insurance		428	
Medical Insurance		26,208	
Dental Insurance		4,780	
Unemployment Compensation		56	
Employer Medicare		1,847	
Communication		81	
Dues and Memberships		2,800	
Legal Notices, Recording, and Court Costs		635	
Maintenance Agreements		813	
Maintenance & Repair Services - Office Equipment		30	
Postal Charges		883	
Printing, Stationery, and Forms		72	
Travel		7,352	
Office Supplies		2,685	
Other Supplies and Materials		199	
Workers' Compensation Insurance		359	
In Service/Staff Development		1,925	
Total County Commission			\$ 202,805

Board of Equalization

Board and Committee Members Fees	\$	3,655	
Social Security		227	
Employer Medicare		53	
Legal Notices, Recording, and Court Costs		78	
Workers' Compensation Insurance		17	
Total Board of Equalization			4,030

Other Boards and Committees

County Official/Administrative Officer	\$	33,560	
Guards		2,700	
Secretary(ies)		5,714	
Maintenance Personnel		44,390	
Part-time Personnel		15,966	
Social Security		5,976	
State Retirement		4,648	
Life Insurance		109	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Other Boards and Committees (Cont.)

Medical Insurance	\$	12,661	
Dental Insurance		1,068	
Unemployment Compensation		282	
Employer Medicare		1,397	
Advertising		136	
Communication		1,959	
Dues and Memberships		405	
Maintenance & Repair Services - Equipment		474	
Maintenance & Repair Services - Vehicles		985	
Postal Charges		57	
Rentals		2,473	
Travel		1,024	
Disposal Fees		1,140	
Permits		80	
Other Contracted Services		4,080	
Crushed Stone		1,744	
Custodial Supplies		1,416	
Gasoline		5,155	
Office Supplies		244	
Uniforms		586	
Utilities		13,934	
Water and Sewer		54	
Wood Products		4,649	
Other Supplies and Materials		8,764	
Vehicle and Equipment Insurance		8,031	
Workers' Compensation Insurance		6,457	
In Service/Staff Development		270	
Building Improvements		62,387	
Office Equipment		871	
Total Other Boards and Committees			\$ 255,846

County Mayor/Executive

County Official/Administrative Officer	\$	89,217
Assistant(s)		31,425
Social Security		6,910
State Retirement		6,724
Life Insurance		74
Medical Insurance		13,047
Dental Insurance		924
Unemployment Compensation		49

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Employer Medicare	\$	1,616	
Communication		1,154	
Dues and Memberships		2,987	
Postal Charges		116	
Travel		2,454	
Office Supplies		716	
Other Supplies and Materials		477	
Workers' Compensation Insurance		308	
In Service/Staff Development		85	
Other Charges		34	
Total County Mayor/Executive			\$ 158,317

Personnel Office

Assistant(s)	\$	23,003	
Supervisor/Director		36,189	
Social Security		3,605	
State Retirement		1,530	
Life Insurance		36	
Dental Insurance		519	
Unemployment Compensation		165	
Employer Medicare		843	
Communication		613	
Dues and Memberships		145	
Legal Notices, Recording, and Court Costs		436	
Postal Charges		510	
Travel		699	
Other Contracted Services		20	
Office Supplies		2,076	
Workers' Compensation Insurance		175	
In Service/Staff Development		692	
Data Processing Equipment		2,444	
Total Personnel Office			73,700

County Attorney

County Official/Administrative Officer	\$	12,000	
Assistant(s)		62,409	
Secretary(ies)		24,815	
Social Security		5,674	
State Retirement		5,516	
Life Insurance		119	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Medical Insurance	\$	16,979	
Dental Insurance		1,295	
Unemployment Compensation		112	
Employer Medicare		1,327	
Dues and Memberships		862	
Postal Charges		401	
Travel		1,432	
Other Contracted Services		50	
Office Supplies		684	
Workers' Compensation Insurance		252	
In Service/Staff Development		1,215	
Other Charges		14,852	
Total County Attorney			\$ 149,994

Election Commission

County Official/Administrative Officer	\$	57,193
Deputy(ies)		88,562
Part-time Personnel		392
Other Salaries & Wages		6,876
Election Commission		12,412
Election Workers		34,520
Social Security		10,274
State Retirement		8,112
Life Insurance		296
Medical Insurance		21,198
Dental Insurance		3,493
Unemployment Compensation		203
Employer Medicare		2,403
Communication		679
Data Processing Services		9,672
Dues and Memberships		1,448
Legal Notices, Recording, and Court Costs		7,712
Maintenance & Repair Services - Equipment		60
Postal Charges		6,675
Printing, Stationery, and Forms		4,592
Rentals		3,629
Travel		4,876
Office Supplies		2,769
Water and Sewer		33
Other Supplies and Materials		316

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Workers' Compensation Insurance	\$	3,706	
In Service/Staff Development		1,270	
Data Processing Equipment		368,936	
Total Election Commission			\$ 662,307

Register of Deeds

State Retirement	\$	13,448	
Life Insurance		229	
Medical Insurance		24,063	
Dental Insurance		2,263	
Communication		733	
Dues and Memberships		606	
Maintenance & Repair Services - Office Equipment		29,584	
Postal Charges		3,982	
Printing, Stationery, and Forms		345	
Rentals		640	
Travel		2,451	
Data Processing Supplies		1,184	
Duplicating Supplies		549	
Office Supplies		543	
Other Supplies and Materials		2,230	
Workers' Compensation Insurance		2,993	
In Service/Staff Development		667	
Data Processing Equipment		10,000	
Total Register of Deeds			96,510

Planning

Clerical Personnel	\$	50,707	
Other Salaries & Wages		35,393	
Social Security		4,971	
State Retirement		2,818	
Life Insurance		79	
Medical Insurance		9,435	
Dental Insurance		776	
Unemployment Compensation		222	
Employer Medicare		1,163	
Communication		1,650	
Dues and Memberships		180	
Legal Notices, Recording, and Court Costs		2,183	
Maintenance & Repair Services - Vehicles		1,000	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Postal Charges	\$	950	
Printing, Stationery, and Forms		677	
Duplicating Supplies		932	
Office Supplies		4,255	
Other Supplies and Materials		377	
Vehicle and Equipment Insurance		2,678	
Workers' Compensation Insurance		181	
Total Planning			\$ 120,627

Engineering

County Official/Administrative Officer	\$	62,387	
Social Security		3,764	
State Retirement		3,466	
Life Insurance		40	
Medical Insurance		3,010	
Dental Insurance		519	
Unemployment Compensation		56	
Employer Medicare		880	
Maintenance Agreements		1,000	
Gasoline		519	
Other Supplies and Materials		2,028	
Workers' Compensation Insurance		159	
In Service/Staff Development		75	
Other Charges		2,500	
Data Processing Equipment		7,739	
Total Engineering			88,142

Codes Compliance

Supervisor/Director	\$	37,274	
Deputy(ies)		27,889	
Investigator(s)		27,535	
Overtime Pay		7	
Social Security		5,602	
State Retirement		3,691	
Life Insurance		103	
Medical Insurance		4,615	
Dental Insurance		1,128	
Unemployment Compensation		221	
Employer Medicare		1,310	
Communication		1,180	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Codes Compliance (Cont.)

Dues and Memberships	\$	75	
Maintenance & Repair Services - Vehicles		2,000	
Travel		643	
Gasoline		4,114	
Tires and Tubes		261	
Other Supplies and Materials		1,950	
Workers' Compensation Insurance		3,873	
In Service/Staff Development		2,979	
Communication Equipment		1,200	
Data Processing Equipment		4,723	
Total Codes Compliance			\$ 132,373

County Buildings

Supervisor/Director	\$	45,088
Clerical Personnel		34,992
Custodial Personnel		157,298
Maintenance Personnel		30,171
Overtime Pay		77
Social Security		15,346
State Retirement		12,739
Life Insurance		246
Medical Insurance		27,471
Dental Insurance		2,449
Unemployment Compensation		668
Employer Medicare		3,589
Advertising		600
Communication		2,027
Maintenance & Repair Services - Buildings		68,573
Postal Charges		4
Travel		4,698
Disposal Fees		2,958
Custodial Supplies		12,612
Electricity		209,882
Gasoline		23
Natural Gas		52,170
Office Supplies		3,192
Small Tools		23
Uniforms		1,027
Water and Sewer		18,400
Other Supplies and Materials		13,296

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Workers' Compensation Insurance	\$	13,496	
In Service/Staff Development		450	
Other Charges		3,719	
Building Improvements		13,632	
Other Construction		8,465	
Total County Buildings			\$ 759,381

Other General Administration

Dental Insurance	\$	764	
Audit Services		16,361	
Consultants		20,775	
Contracts with Private Agencies		5,608	
Contributions		20,875	
Legal Services		5,682	
Legal Notices, Recording, and Court Costs		1,638	
Rentals		9,048	
Travel		3,355	
Remittance of Revenue Collected		15,611	
Other Contracted Services		242,258	
Other Supplies and Materials		300	
Workers' Compensation Insurance		2,328	
Liability Claims		1,275	
Other Charges		25,867	
Other Equipment		1,998	
Total Other General Administration			373,743

Preservation of Records

Clerical Personnel	\$	21,739	
Part-time Personnel		4,745	
Social Security		1,582	
State Retirement		1,208	
Life Insurance		26	
Medical Insurance		2,545	
Dental Insurance		519	
Unemployment Compensation		134	
Employer Medicare		370	
Maintenance & Repair Services - Equipment		120	
Postal Charges		16	
Travel		330	
Other Supplies and Materials		4,465	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Workers' Compensation Insurance	\$ 78	
Total Preservation of Records		\$ 37,877

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 63,548	
Accountants/Bookkeepers	330,822	
Part-time Personnel	3,157	
Social Security	22,565	
State Retirement	20,007	
Life Insurance	427	
Medical Insurance	60,999	
Dental Insurance	4,910	
Unemployment Compensation	800	
Employer Medicare	5,277	
Communication	2,067	
Data Processing Services	1,540	
Dues and Memberships	995	
Legal Notices, Recording, and Court Costs	1,071	
Maintenance Agreements	27,144	
Maintenance & Repair Services - Office Equipment	1,646	
Postal Charges	12,022	
Printing, Stationery, and Forms	9,767	
Travel	6,457	
Other Contracted Services	1,210	
Office Supplies	8,211	
Workers' Compensation Insurance	3,324	
In Service/Staff Development	2,557	
Other Charges	11	
Data Processing Equipment	4,323	
Furniture and Fixtures	2,920	
Total Accounting and Budgeting		597,777

Purchasing

County Official/Administrative Officer	\$ 42,962
Purchasing Personnel	45,420
Part-time Personnel	279
Social Security	5,158
State Retirement	4,066
Life Insurance	104

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Medical Insurance	\$	11,731	
Dental Insurance		847	
Unemployment Compensation		136	
Employer Medicare		1,206	
Advertising		896	
Communication		511	
Dues and Memberships		375	
Maintenance Agreements		381	
Postal Charges		2,799	
Printing, Stationery, and Forms		1,047	
Travel		2,537	
Other Contracted Services		959	
Office Supplies		1,576	
Other Supplies and Materials		666	
Workers' Compensation Insurance		234	
In Service/Staff Development		2,556	
Other Charges		294	
Data Processing Equipment		1,648	
Total Purchasing			\$ 128,388

Property Assessor's Office

County Official/Administrative Officer	\$	63,548
Deputy(ies)		132,148
Social Security		11,527
State Retirement		9,346
Life Insurance		145
Medical Insurance		19,524
Dental Insurance		1,552
Unemployment Compensation		224
Employer Medicare		2,696
Communication		6,672
Data Processing Services		17,225
Dues and Memberships		1,780
Operating Lease Payments		692
Maintenance Agreements		5,000
Postal Charges		1,675
Printing, Stationery, and Forms		550
Rentals		1,664
Travel		1,644
Office Supplies		594

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Other Supplies and Materials	\$	2,518	
Workers' Compensation Insurance		11,552	
Data Processing Equipment		2,979	
Furniture and Fixtures		17,600	
Total Property Assessor's Office			\$ 312,855

Reappraisal Program

Deputy(ies)	\$	85,729	
Social Security		4,867	
State Retirement		4,763	
Life Insurance		119	
Medical Insurance		16,979	
Dental Insurance		1,273	
Unemployment Compensation		168	
Employer Medicare		1,138	
Data Processing Services		6,822	
Travel		174	
Office Supplies		500	
Workers' Compensation Insurance		186	
Total Reappraisal Program			122,718

County Trustee's Office

State Retirement	\$	13,521	
Life Insurance		317	
Medical Insurance		32,597	
Dental Insurance		3,530	
Communication		399	
Dues and Memberships		1,021	
Legal Notices, Recording, and Court Costs		1,442	
Maintenance & Repair Services - Office Equipment		336	
Postal Charges		12,242	
Printing, Stationery, and Forms		3,525	
Travel		3,983	
Other Contracted Services		250	
Office Supplies		2,489	
Other Supplies and Materials		1,647	
Workers' Compensation Insurance		828	
In Service/Staff Development		2,450	
Total County Trustee's Office			80,577

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

State Retirement	\$	23,629	
Life Insurance		593	
Medical Insurance		43,638	
Dental Insurance		5,964	
Communication		8,102	
Data Processing Services		19,273	
Dues and Memberships		646	
Janitorial Services		875	
Legal Notices, Recording, and Court Costs		165	
Maintenance & Repair Services - Buildings		1,079	
Postal Charges		16,922	
Printing, Stationery, and Forms		2,422	
Rentals		1,800	
Travel		1,524	
Other Contracted Services		1,007	
Data Processing Supplies		1,797	
Office Supplies		4,938	
Other Supplies and Materials		1,229	
Workers' Compensation Insurance		27,055	
In Service/Staff Development		340	
Data Processing Equipment		14,818	
Total County Clerk's Office			\$ 177,816

Administration of Justice

Circuit Court

Board and Committee Members Fees	\$	450
State Retirement		24,810
Life Insurance		656
Medical Insurance		77,050
Dental Insurance		7,278
Data Processing Services		1,675
Dues and Memberships		566
Maintenance & Repair Services - Office Equipment		5,184
Postal Charges		9,631
Printing, Stationery, and Forms		1,988
Travel		784
Other Contracted Services		17,097
Data Processing Supplies		289
Duplicating Supplies		347
Office Supplies		4,939

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Other Supplies and Materials	\$	1,968	
Workers' Compensation Insurance		2,348	
In Service/Staff Development		295	
Other Charges		297	
Data Processing Equipment		10,891	
Office Equipment		3,759	
Total Circuit Court			\$ 172,302

Criminal Court

Communication	\$	1,118	
Postal Charges		37	
Office Supplies		1,371	
Total Criminal Court			2,526

General Sessions Court

Communication	\$	8,426	
Data Processing Services		12,216	
Maintenance & Repair Services - Office Equipment		435	
Postal Charges		2,547	
Printing, Stationery, and Forms		3,976	
Travel		2,066	
Data Processing Supplies		390	
Duplicating Supplies		1,611	
Office Supplies		2,260	
Other Supplies and Materials		734	
Total General Sessions Court			34,661

General Sessions Judge

Judge(s)	\$	205,727	
Assistant(s)		62,808	
Other Salaries & Wages		20,206	
Social Security		16,130	
State Retirement		15,944	
Life Insurance		172	
Medical Insurance		19,524	
Dental Insurance		2,030	
Unemployment Compensation		163	
Employer Medicare		3,964	
Communication		47	
Dues and Memberships		1,116	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Postal Charges	\$	191	
Printing, Stationery, and Forms		293	
Travel		2,311	
Office Supplies		1,480	
Workers' Compensation Insurance		736	
Other Charges		47	
Communication Equipment		320	
Total General Sessions Judge			\$ 353,209

Chancery Court

State Retirement	\$	13,328	
Life Insurance		282	
Medical Insurance		37,863	
Dental Insurance		3,231	
Communication		418	
Dues and Memberships		706	
Maintenance & Repair Services - Office Equipment		4,480	
Postal Charges		4,749	
Printing, Stationery, and Forms		600	
Duplicating Supplies		2,338	
Office Supplies		1,869	
Other Supplies and Materials		3,611	
Workers' Compensation Insurance		604	
Data Processing Equipment		1,500	
Total Chancery Court			75,579

Juvenile Court

Judge(s)	\$	69,626	
Probation Officer(s)		159,662	
Secretary(ies)		25,788	
Part-time Personnel		5,451	
Other Salaries & Wages		3,189	
Social Security		15,458	
State Retirement		13,391	
Life Insurance		264	
Medical Insurance		22,411	
Dental Insurance		2,847	
Unemployment Compensation		421	
Employer Medicare		3,615	
Communication		673	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Contracts with Government Agencies	\$	22,340	
Dues and Memberships		426	
Evaluation and Testing		3,470	
Maintenance Agreements		1,500	
Maintenance & Repair Services - Buildings		740	
Maintenance & Repair Services - Office Equipment		200	
Maintenance & Repair Services - Vehicles		500	
Postal Charges		874	
Printing, Stationery, and Forms		150	
Travel		3,243	
Other Contracted Services		2,075	
Food Supplies		74	
Gasoline		476	
Office Supplies		2,442	
Utilities		230	
Other Supplies and Materials		729	
Vehicle and Equipment Insurance		1,339	
Workers' Compensation Insurance		1,421	
In Service/Staff Development		1,075	
Data Processing Equipment		6,657	
Total Juvenile Court			\$ 372,757

District Attorney General

Secretary(ies)	\$	19,271	
Social Security		1,093	
State Retirement		1,033	
Life Insurance		18	
Medical Insurance		1,760	
Dental Insurance		179	
Unemployment Compensation		41	
Employer Medicare		255	
Communication		532	
Workers' Compensation Insurance		48	
Total District Attorney General			24,230

Judicial Commissioners

Communication	\$	578	
Postal Charges		74	
Office Supplies		254	
Total Judicial Commissioners			906

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probate Court

Communication	\$	292	
Duplicating Supplies		606	
Office Supplies		391	
Total Probate Court			\$ 1,289

Other Administration of Justice

Probation Officer(s)	\$	78,527	
Overtime Pay		3,329	
Social Security		4,728	
State Retirement		4,525	
Life Insurance		101	
Medical Insurance		11,527	
Dental Insurance		958	
Unemployment Compensation		171	
Employer Medicare		1,106	
Communication		676	
Printing, Stationery, and Forms		320	
Travel		2,124	
Office Supplies		1,394	
Workers' Compensation Insurance		211	
Furniture and Fixtures		871	
Total Other Administration of Justice			110,568

Probation Services

Probation Officer(s)	\$	232,134
Clerical Personnel		7,080
Part-time Personnel		200
Overtime Pay		105
Other Salaries & Wages		39,980
Social Security		16,668
State Retirement		12,920
Life Insurance		286
Medical Insurance		35,072
Dental Insurance		2,970
Unemployment Compensation		801
Employer Medicare		3,898
Communication		12,629
Data Processing Services		11,000
Maintenance & Repair Services - Buildings		325
Postal Charges		1,416

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Administration of Justice (Cont.)

Probation Services (Cont.)

Printing, Stationery, and Forms	\$	1,650	
Rentals		16,974	
Travel		8,178	
Other Contracted Services		1,648	
Office Supplies		6,473	
Utilities		1,262	
Other Supplies and Materials		13,632	
Workers' Compensation Insurance		2,363	
In Service/Staff Development		374	
Data Processing Equipment		635	
Total Probation Services			\$ 430,673

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,421
Deputy(ies)		1,290,703
Secretary(ies)		51,726
Clerical Personnel		38,610
Educational Incentive - Other County Employees		4,000
Overtime Pay		32,459
Other Salaries & Wages		92,385
Social Security		92,710
State Retirement		74,587
Life Insurance		1,637
Medical Insurance		210,246
Dental Insurance		18,890
Unemployment Compensation		3,051
Employer Medicare		21,683
Advertising		943
Communication		14,127
Data Processing Services		3,750
Dues and Memberships		2,000
Legal Notices, Recording, and Court Costs		254
Maintenance & Repair Services - Equipment		16,629
Maintenance & Repair Services - Office Equipment		1,009
Maintenance & Repair Services - Vehicles		10,378
Medical and Dental Services		3,614
Postal Charges		6,236
Printing, Stationery, and Forms		2,109
Travel		4,883

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tuition	\$	2,386	
Data Processing Supplies		740	
Duplicating Supplies		481	
Gasoline		145,757	
Law Enforcement Supplies		9,471	
Office Supplies		4,311	
Tires and Tubes		12,690	
Uniforms		13,164	
Utilities		4,083	
Other Supplies and Materials		1,225	
Liability Insurance		38,764	
Vehicle and Equipment Insurance		81,112	
Workers' Compensation Insurance		148,404	
Liability Claims		16,358	
In Service/Staff Development		1,460	
Communication Equipment		25,434	
Data Processing Equipment		14,819	
Furniture and Fixtures		2,417	
Law Enforcement Equipment		5,755	
Motor Vehicles		197,167	
Total Sheriff's Department			\$ 2,795,038

Jail

Medical Personnel	\$	68,702
Guards		1,167,067
Clerical Personnel		52,295
Cafeteria Personnel		45,733
Educational Incentive - Other County Employees		4,000
Overtime Pay		13,605
Other Salaries & Wages		30,821
Social Security		80,697
State Retirement		55,956
Life Insurance		1,724
Medical Insurance		182,773
Dental Insurance		18,574
Unemployment Compensation		4,329
Employer Medicare		18,873
Communication		11,598
Contracts with Private Agencies		11,193
Dues and Memberships		150

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Evaluation and Testing	\$	60	
Maintenance & Repair Services - Buildings		14,989	
Medical and Dental Services		9,250	
Pest Control		480	
Printing, Stationery, and Forms		2,301	
Travel		5,613	
Tuition		316	
Disposal Fees		4,895	
Custodial Supplies		38,989	
Drugs and Medical Supplies		80,970	
Duplicating Supplies		4,110	
Electricity		51,761	
Food Preparation Supplies		1,726	
Food Supplies		247,956	
Gasoline		12,161	
Law Enforcement Supplies		2,467	
Natural Gas		48,205	
Office Supplies		5,962	
Prisoners Clothing		11,473	
Uniforms		8,895	
Water and Sewer		68,930	
Other Supplies and Materials		24,832	
Building and Contents Insurance		18,316	
Liability Insurance		28,089	
Medical Claims		389,815	
Vehicle and Equipment Insurance		17,317	
Workers' Compensation Insurance		79,660	
Liability Claims		10,305	
In Service/Staff Development		1,056	
Building Improvements		7,591	
Communication Equipment		5,931	
Other Equipment		16,898	
Total Jail			\$ 2,989,409

Commissary

Guards	\$	2,892
Social Security		175
State Retirement		161
Life Insurance		3
Medical Insurance		220

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Commissary (Cont.)

Dental Insurance	\$	22	
Unemployment Compensation		5	
Employer Medicare		41	
Prisoners Clothing		698	
Other Supplies and Materials		76,326	
Workers' Compensation Insurance		78	
Data Processing Equipment		1,596	
Total Commissary			\$ 82,217

Civil Defense

County Official/Administrative Officer	\$	27,204	
Other Salaries & Wages		13,903	
Social Security		2,478	
State Retirement		1,511	
Life Insurance		40	
Dental Insurance		201	
Unemployment Compensation		123	
Employer Medicare		580	
Communication		1,650	
Contracts with Government Agencies		2,000	
Contributions		136,028	
Maintenance & Repair Services - Vehicles		2,500	
Postal Charges		43	
Rentals		4,180	
Travel		1,413	
Other Contracted Services		13,049	
Gasoline		3,639	
Office Supplies		553	
Other Supplies and Materials		16,585	
Vehicle and Equipment Insurance		1,339	
Workers' Compensation Insurance		93	
In Service/Staff Development		3,612	
Other Charges		240	
Data Processing Equipment		9,999	
Motor Vehicles		389,918	
Office Equipment		4,000	
Other Equipment		507,186	
Total Civil Defense			1,144,067

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 20,000	
Total Rescue Squad		\$ 20,000

Other Emergency Management

Dispatchers/Radio Operators	\$ 334,033	
Overtime Pay	13,184	
Social Security	20,585	
State Retirement	11,881	
Life Insurance	336	
Medical Insurance	43,089	
Dental Insurance	3,665	
Unemployment Compensation	1,225	
Employer Medicare	4,815	
Communication	11,744	
Contracts with Government Agencies	1,600	
Contracts with Private Agencies	2,375	
Medical and Dental Services	1,250	
Travel	3,614	
Data Processing Supplies	4,800	
Office Supplies	1,350	
Other Supplies and Materials	72	
Workers' Compensation Insurance	5,805	
In Service/Staff Development	20	
Total Other Emergency Management		465,443

County Coroner/Medical Examiner

County Official/Administrative Officer	\$ 6,714
Other Per Diem & Fees	3,891
Social Security	465
State Retirement	218
Life Insurance	35
Medical Insurance	8,162
Dental Insurance	588
Unemployment Compensation	7
Employer Medicare	108
Communication	157
Other Contracted Services	39,408
Tires and Tubes	177
Other Supplies and Materials	934
Workers' Compensation Insurance	41

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Communication Equipment	\$ 3,915	
Total County Coroner/Medical Examiner		\$ 64,820

Other Public Safety

Mechanic(s)	\$ 71,317	
Clerical Personnel	1,937	
Social Security	4,249	
State Retirement	4,070	
Life Insurance	81	
Medical Insurance	10,603	
Dental Insurance	1,065	
Unemployment Compensation	114	
Employer Medicare	994	
Communication	1,565	
Rentals	5,400	
Tow-in Services	1,675	
Disposal Fees	265	
Other Contracted Services	8,884	
Garage Supplies	9,930	
Lubricants	4,913	
Office Supplies	30	
Small Tools	504	
Tires and Tubes	261	
Uniforms	106	
Utilities	5,520	
Vehicle Parts	53,527	
Other Supplies and Materials	208	
Vehicle and Equipment Insurance	1,339	
Workers' Compensation Insurance	4,533	
In Service/Staff Development	99	
Maintenance Equipment	2,148	
Total Other Public Safety		195,337

Public Health and Welfare

Local Health Center

Medical Personnel	\$ 30,696
Clerical Personnel	33,974
Overtime Pay	283
Other Salaries & Wages	12,738
Social Security	4,605

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

State Retirement	\$	1,443	
Life Insurance		74	
Medical Insurance		8,939	
Dental Insurance		694	
Unemployment Compensation		304	
Employer Medicare		1,077	
Communication		1,975	
Contracts with Other Public Agencies		6,668	
Dues and Memberships		415	
Laundry Service		1,190	
Maintenance & Repair Services - Buildings		7,105	
Maintenance & Repair Services - Equipment		647	
Postal Charges		3,250	
Printing, Stationery, and Forms		313	
Rentals		1,100	
Travel		62	
Disposal Fees		2,409	
Other Contracted Services		9,338	
Drugs and Medical Supplies		459	
Electricity		19,974	
Office Supplies		10,470	
Other Supplies and Materials		2,105	
Building and Contents Insurance		15,000	
Workers' Compensation Insurance		216	
In Service/Staff Development		1,020	
Other Charges		4,587	
Maintenance Equipment		800	
Total Local Health Center			\$ 183,930

Rabies and Animal Control

Part-time Personnel	\$	2,290
Other Salaries & Wages		27,243
Social Security		1,669
State Retirement		1,518
Life Insurance		40
Medical Insurance		7,217
Dental Insurance		519
Unemployment Compensation		58
Employer Medicare		390
Communication		708

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Contracts with Government Agencies	\$	34,943	
Contributions		2,500	
Maintenance & Repair Services - Vehicles		900	
Travel		240	
Gasoline		4,175	
Office Supplies		1,521	
Tires and Tubes		348	
Uniforms		600	
Other Supplies and Materials		913	
Vehicle and Equipment Insurance		1,339	
Workers' Compensation Insurance		5,689	
Other Charges		56	
Motor Vehicles		18,370	
Other Equipment		9,975	
Total Rabies and Animal Control			\$ 123,221

Ambulance/Emergency Medical Services

Supervisor/Director	\$	60,231
Accountants/Bookkeepers		34,476
Medical Personnel		1,089,112
Overtime Pay		641,247
Social Security		106,843
State Retirement		78,568
Life Insurance		1,599
Medical Insurance		199,695
Dental Insurance		17,256
Unemployment Compensation		3,555
Employer Medicare		24,988
Communication		21,193
Dues and Memberships		720
Laundry Service		29,578
Maintenance & Repair Services - Vehicles		20,639
Pest Control		1,300
Postal Charges		267
Printing, Stationery, and Forms		128
Travel		2,177
Tuition		19,193
Other Contracted Services		10,550
Custodial Supplies		3,014
Drugs and Medical Supplies		132,265

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Duplicating Supplies	\$	918	
Gasoline		99,610	
Natural Gas		2,647	
Office Supplies		5,534	
Tires and Tubes		9,833	
Uniforms		17,124	
Utilities		15,197	
Other Supplies and Materials		12,264	
Building and Contents Insurance		2,550	
Liability Insurance		24,104	
Vehicle and Equipment Insurance		16,705	
Workers' Compensation Insurance		187,828	
In Service/Staff Development		5,155	
Building Improvements		2,167	
Communication Equipment		8,590	
Furniture and Fixtures		1,378	
Motor Vehicles		216,192	
Other Equipment		14,981	
Total Ambulance/Emergency Medical Services			\$ 3,141,371

Dental Health Program

Medical Personnel	\$	122,523	
Social Security		7,122	
State Retirement		6,785	
Life Insurance		111	
Medical Insurance		16,692	
Dental Insurance		1,498	
Unemployment Compensation		224	
Employer Medicare		1,666	
Medical and Dental Services		404	
Travel		815	
Drugs and Medical Supplies		2,615	
Other Supplies and Materials		7,563	
Liability Insurance		886	
Workers' Compensation Insurance		2,186	
Total Dental Health Program			171,090

Alcohol and Drug Programs

Contributions	\$	13,500	
Total Alcohol and Drug Programs			13,500

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

Medical Personnel	\$	94,622	
Clerical Personnel		99,811	
Overtime Pay		456	
Social Security		10,953	
State Retirement		7,901	
Life Insurance		336	
Medical Insurance		33,949	
Dental Insurance		3,231	
Unemployment Compensation		619	
Employer Medicare		2,561	
Printing, Stationery, and Forms		160	
Travel		8,524	
Workers' Compensation Insurance		1,065	
Total Other Local Health Services			\$ 264,188

Social, Cultural, and Recreational Services

Parks and Fair Boards

Contributions	\$	3,000	
Total Parks and Fair Boards			3,000

Agriculture & Natural Resources

Agriculture Extension Service

Clerical Personnel	\$	22,506	
Part-time Personnel		12,051	
Social Security		1,934	
Extension Service Medicare		11,071	
State Retirement		1,250	
Life Insurance		40	
Medical Insurance		7,217	
Dental Insurance		257	
Unemployment Compensation		110	
Employer Medicare		452	
Communication		247	
Maintenance Agreements		223	
Travel		1,166	
Other Contracted Services		66,819	
Office Supplies		163	
Other Supplies and Materials		5,000	
Workers' Compensation Insurance		88	
In Service/Staff Development		794	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Data Processing Equipment	\$	812	
Other Equipment		1,132	
Total Agriculture Extension Service			\$ 133,332

Soil Conservation

Secretary(ies)	\$	28,558	
Social Security		1,658	
State Retirement		1,587	
Life Insurance		40	
Dental Insurance		519	
Unemployment Compensation		56	
Employer Medicare		388	
Dues and Memberships		290	
Postal Charges		248	
Travel		756	
Office Supplies		200	
Workers' Compensation Insurance		73	
Other Charges		36	
Total Soil Conservation			34,409

Other Agriculture & Natural Resources

Other Contracted Services	\$	87,918	
Total Other Agriculture & Natural Resources			87,918

Other Operations

Industrial Development

Contributions	\$	118,395	
Total Industrial Development			118,395

Housing and Urban Development

Contracts with Private Agencies	\$	39,936	
Total Housing and Urban Development			39,936

Veterans' Services

County Official/Administrative Officer	\$	15,242	
Social Security		922	
State Retirement		847	
Life Insurance		26	
Dental Insurance		519	
Unemployment Compensation		56	

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

Employer Medicare	\$	216	
Dues and Memberships		25	
Maintenance & Repair Services - Office Equipment		40	
Rentals		369	
Travel		449	
Office Supplies		24	
Other Supplies and Materials		325	
Workers' Compensation Insurance		38	
Total Veterans' Services			\$ 19,098

Other Charges

Contributions	\$	11,000	
Duplicating Supplies		1,615	
Building and Contents Insurance		43,460	
Liability Insurance		72,830	
Trustee's Commission		273,489	
Total Other Charges			402,394

Contributions to Other Agencies

Contributions	\$	204,610	
Total Contributions to Other Agencies			204,610

Miscellaneous

County Official/Administrative Officer	\$	29,991	
Part-time Personnel		12,257	
Social Security		2,490	
State Retirement		1,635	
Life Insurance		17	
Medical Insurance		2,545	
Dental Insurance		257	
Unemployment Compensation		158	
Employer Medicare		582	
Communication		58,390	
Dues and Memberships		23,370	
Office Supplies		199	
Other Supplies and Materials		693	
Workers' Compensation Insurance		3,463	
Total Miscellaneous			136,047

(Continued)

Exhibit K-9

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Capital Leases	\$ 16,889	
Total General Government		\$ 16,889

Interest on Debt

General Government

Interest on Capital Leases	\$ 1,009	
Total General Government		1,009

Capital Projects

General Administration Projects

Architects	\$ 4,100	
Building Improvements	128,542	
Total General Administration Projects		132,642

Public Safety Projects

Architects	\$ 30,576	
Total Public Safety Projects		30,576

Public Health and Welfare Projects

Architects	\$ 10,885	
Engineering Services	660	
Building Improvements	117,612	
Total Public Health and Welfare Projects		129,157

Public Utility Projects

Contracts with Private Agencies	\$ 19,000	
Contributions	16,859	
Engineering Services	56,163	
Legal Notices, Recording, and Court Costs	125	
Other Construction	407,330	
Total Public Utility Projects		499,477

Other General Government Projects

Contributions	\$ 87,607	
Total Other General Government Projects		87,607

Total General Fund		\$ 19,844,610
--------------------	--	---------------

(Continued)

Exhibit K-9

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

Courthouse & Jail Maintenance Fund

General Government

Building

Maintenance & Repair Services - Buildings	\$	60,297	
Maintenance & Repair Services - Equipment		1,050	
Other Supplies and Materials		1,622	
Trustee's Commission		224	
Data Processing Equipment		7,123	
Furniture and Fixtures		3,870	
Other Equipment		7,258	
Total Building			<u>\$ 81,444</u>

Total Courthouse & Jail Maintenance Fund \$ 81,444

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Librarians	\$	89,977
Part-time Personnel		61,353
Social Security		8,973
State Retirement		4,787
Life Insurance		173
Medical Insurance		14,852
Dental Insurance		2,080
Unemployment Compensation		842
Employer Medicare		2,099
Advertising		82
Communication		5,251
Data Processing Services		1,050
Dues and Memberships		120
Maintenance Agreements		2,087
Maintenance & Repair Services - Buildings		665
Maintenance & Repair Services - Equipment		2,950
Pest Control		225
Postal Charges		2,698
Printing, Stationery, and Forms		337
Rentals		186
Travel		655
Maintenance and Repair Services - Records		2,214
Other Contracted Services		103
Custodial Supplies		1,312
Data Processing Supplies		433
Library Books/Media		36,843

(Continued)

Exhibit K-9

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

Public Library Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Office Supplies	\$	4,291	
Periodicals		3,471	
Utilities		25,794	
Other Supplies and Materials		7,138	
Trustee's Commission		160	
Workers' Compensation Insurance		360	
In Service/Staff Development		172	
Data Processing Equipment		3,706	
Office Equipment		4,673	
Other Equipment		3,782	
Total Libraries			\$ 295,894

Total Public Library Fund \$ 295,894

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

County Official/Administrative Officer	\$	44,322	
Laborers		20,801	
Social Security		3,804	
State Retirement		3,618	
Life Insurance		66	
Medical Insurance		9,762	
Dental Insurance		782	
Unemployment Compensation		112	
Employer Medicare		890	
Advertising		173	
Communication		1,178	
Maintenance & Repair Services - Vehicles		1,000	
Postal Charges		23	
Travel		351	
Gasoline		1,867	
Other Supplies and Materials		429	
Trustee's Commission		3,994	
Workers' Compensation Insurance		7,436	
In Service/Staff Development		275	
Total Sanitation Management			\$ 100,883

Convenience Centers

Rentals	\$	7,650	
---------	----	-------	--

(Continued)

Exhibit K-9

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Convenience Centers (Cont.)

Other Contracted Services	\$	425,527	
Concrete		163	
Electricity		3,175	
Water and Sewer		1,674	
Total Convenience Centers			\$ 438,189

Other Waste Collection

Supervisor/Director	\$	4,840	
Deputy(ies)		27,134	
Social Security		1,808	
State Retirement		1,478	
Life Insurance		41	
Medical Insurance		6,440	
Dental Insurance		498	
Unemployment Compensation		62	
Employer Medicare		423	
Communication		527	
Maintenance & Repair Services - Vehicles		1,000	
Postal Charges		53	
Gasoline		2,669	
Instructional Supplies and Materials		10,939	
Uniforms		250	
Other Supplies and Materials		934	
Vehicle and Equipment Insurance		2,617	
Workers' Compensation Insurance		89	
Total Other Waste Collection			61,802

Recycling Center

Contracts with Private Agencies	\$	6,022	
Total Recycling Center			6,022

Landfill Operation and Maintenance

Contracts with Private Agencies	\$	635,214	
Contributions		15,275	
Total Landfill Operation and Maintenance			650,489

Other Waste Disposal

Contracts with Private Agencies	\$	88,774	
Rentals		1,533	
Small Tools		528	
Total Other Waste Disposal			90,835

Total Solid Waste/Sanitation Fund \$ 1,348,220

(Continued)

Exhibit K-9

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

Drug Control Fund

Public Safety

Drug Enforcement

Communication	\$	9,566	
Contracts with Private Agencies		4,949	
Confidential Drug Enforcement Payments		10,000	
Dues and Memberships		875	
Operating Lease Payments		2,000	
Maintenance & Repair Services - Vehicles		3,193	
Printing, Stationery, and Forms		336	
Tow-in Services		4,570	
Travel		1,851	
Veterinary Services		910	
Animal Food and Supplies		438	
Law Enforcement Supplies		6,486	
Office Supplies		443	
Uniforms		2,868	
Vehicle Parts		498	
Other Supplies and Materials		982	
Trustee's Commission		588	
Vehicle and Equipment Insurance		2,678	
In Service/Staff Development		680	
Communication Equipment		1,518	
Law Enforcement Equipment		9,891	
Total Drug Enforcement			\$ 65,320

Total Drug Control Fund \$ 65,320

District Attorney General Fund

Administration of Justice

District Attorney General

Clerical Personnel	\$	8,509
Social Security		544
State Retirement		447
Life Insurance		8
Medical Insurance		785
Dental Insurance		78
Unemployment Compensation		24
Employer Medicare		127
Communication		124
Travel		315
Other Supplies and Materials		28
Trustee's Commission		140

(Continued)

Exhibit K-9

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

District Attorney General Fund (Cont.)
Administration of Justice (Cont.)
District Attorney General (Cont.)

In Service/Staff Development	\$ 215	
Total District Attorney General		\$ 11,344

Total District Attorney General Fund		\$ 11,344
--------------------------------------	--	-----------

Other Special Revenue Fund

Other Operations

Tourism

Supervisor/Director	\$ 36,348	
Clerical Personnel	9,453	
Social Security	2,742	
State Retirement	2,016	
Life Insurance	40	
Medical Insurance	2,545	
Dental Insurance	258	
Unemployment Compensation	132	
Employer Medicare	542	
Accounting Services	310	
Advertising	13,918	
Communication	3,484	
Dues and Memberships	3,250	
Maintenance & Repair Services - Buildings	604	
Postal Charges	624	
Travel	1,739	
Office Supplies	216	
Utilities	2,411	
Building and Contents Insurance	468	
Liability Insurance	911	
Workers' Compensation Insurance	113	
In Service/Staff Development	199	
Other Charges	944	
Building Improvements	52,487	
Data Processing Equipment	1,260	
Total Tourism		\$ 137,014

Principal on Debt

General Government

Principal on Notes	\$ 15,000	
Total General Government		15,000

(Continued)

Exhibit K-9

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

Other Special Revenue Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 3,221	
Total General Government	<u>3,221</u>	\$ 3,221

Total Other Special Revenue Fund \$ 155,235

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$ 262,852	
Total Register of Deeds		\$ 262,852

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$ 349,352	
Total County Trustee's Office		349,352

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 494,057	
Total County Clerk's Office		494,057

Administration of Justice

Circuit Court Clerk

Constitutional Officers' Operating Expenses	\$ 1,830	
Total Circuit Court Clerk		1,830

General Sessions Court

Constitutional Officers' Operating Expenses	\$ 581,756	
Total General Sessions Court		581,756

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 20,644	
Constitutional Officers' Operating Expenses	<u>277,741</u>	
Total Chancery Court		298,385

Juvenile Court

Constitutional Officers' Operating Expenses	\$ 32	
Total Juvenile Court		<u>32</u>

Total Constitutional Officers - Fees Fund 1,988,264

(Continued)

Exhibit K-9

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	69,902	
Clerical Personnel		104,260	
Social Security		10,415	
State Retirement		9,690	
Life Insurance		145	
Medical Insurance		16,979	
Dental Insurance		1,552	
Unemployment Compensation		84	
Employer Medicare		2,436	
Dues and Memberships		3,209	
Licenses		750	
Maintenance Agreements		8,116	
Maintenance & Repair Services - Equipment		141	
Pest Control		180	
Postal Charges		130	
Printing, Stationery, and Forms		148	
Disposal Fees		291	
Office Supplies		973	
In Service/Staff Development		650	
Data Processing Equipment		5,366	
Total Administration			\$ 235,417

Highway and Bridge Maintenance

Foremen	\$	56,300
Equipment Operators		134,169
Truck Drivers		93,649
Laborers		209,273
Overtime Pay		37,580
Social Security		30,771
State Retirement		27,507
Life Insurance		712
Medical Insurance		89,892
Dental Insurance		7,247
Unemployment Compensation		678
Employer Medicare		7,196
Contracts with Private Agencies		605
Rentals		2,092
Other Contracted Services		36,385
Asphalt		856,948
Crushed Stone		89,135

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Custodial Supplies	\$	4,774	
Fertilizer, Lime, and Seed		3,385	
General Construction Materials		909	
Other Road Supplies		12,938	
Pipe - Metal		21,455	
Road Signs		7,666	
Uniforms		4,767	
Total Highway and Bridge Maintenance			\$ 1,736,033

Operation and Maintenance of Equipment

Mechanic(s)	\$	52,177	
Nightwatchmen		69,516	
Overtime Pay		2,375	
Social Security		6,943	
State Retirement		6,184	
Life Insurance		172	
Medical Insurance		31,414	
Dental Insurance		2,071	
Unemployment Compensation		170	
Employer Medicare		1,624	
Licenses		34	
Other Contracted Services		5,760	
Equipment and Machinery Parts		73,526	
Garage Supplies		945	
Gasoline		409,800	
Lubricants		2,955	
Tires and Tubes		15,125	
Other Supplies and Materials		19,157	
Total Operation and Maintenance of Equipment			699,948

Other Charges

Accounting Services	\$	2,405	
Communication		3,818	
Maintenance & Repair Services - Buildings		621	
Electricity		10,749	
Natural Gas		8,806	
Water and Sewer		448	
Building and Contents Insurance		20,832	
Liability Insurance		18,445	
Trustee's Commission		25,059	

(Continued)

Exhibit K-9

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Vehicle and Equipment Insurance	\$	79,205	
Workers' Compensation Insurance		81,036	
Liability Claims		17,671	
Other Charges		600	
Total Other Charges			\$ 269,695

Capital Outlay

Bridge Construction	\$	34,265	
Highway Construction		325,863	
Highway Equipment		244,344	
Total Capital Outlay			<u>604,472</u>

Total Highway/Public Works Fund \$ 3,545,565

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	1,360,000	
Principal on Notes		298,808	
Principal on Other Loans		64,000	
Total General Government			\$ 1,722,808

Interest on Debt

General Government

Interest on Bonds	\$	442,472	
Interest on Notes		104,890	
Interest on Other Loans		52,157	
Total General Government			599,519

Other Debt Service

General Government

Accounting Services	\$	73,598	
Financial Advisory Services		4,000	
Fiscal Agent Charges		3,915	
Trustee's Commission		53,303	
Other Debt Issuance Charges		7,250	
Other Debt Service		1,540	
Total General Government			<u>143,606</u>

Total General Debt Service Fund 2,465,933

(Continued)

Exhibit K-9

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

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 506,300	
Principal on Other Loans	527,513	
Total Education	<u> </u>	\$ 1,033,813

Interest on Debt

Education

Interest on Bonds	\$ 261,310	
Interest on Other Loans	309,726	
Total Education	<u> </u>	571,036

Other Debt Service

Education

Accounting Services	\$ 37,185	
Fiscal Agent Charges	3,311	
Trustee's Commission	628	
Total Education	<u> </u>	<u>41,124</u>

Total Rural Debt Service Fund \$ 1,645,973

Education Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 650,000	
Principal on Other Loans	658,837	
Total Education	<u> </u>	\$ 1,308,837

Interest on Debt

Education

Interest on Bonds	\$ 275,417	
Interest on Other Loans	264,437	
Total Education	<u> </u>	539,854

Other Debt Service

Education

Accounting Services	\$ 44,692	
Fiscal Agent Charges	3,786	
Trustee's Commission	18,843	
Total Education	<u> </u>	<u>67,321</u>

Total Education Debt Service Fund 1,916,012

(Continued)

Exhibit K-9

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Architects	\$ 71,031	
Other Charges	3,950	
Other Debt Issuance Charges	<u>21,000</u>	
Total Public Safety Projects		<u>\$ 95,981</u>
Total General Capital Projects Fund		<u>\$ 95,981</u>
Total Governmental Funds - Primary Government		<u>\$ 33,459,795</u>

Exhibit K-10

Anderson County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Anderson County School Department
For the Year Ended June 30, 2006

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 13,597,983	
Career Ladder Program	246,668	
Career Ladder Extended Contracts	303,750	
Homebound Teachers	59,557	
Educational Assistants	288,375	
Certified Substitute Teachers	27,620	
Non-certified Substitute Teachers	144,618	
Social Security	858,755	
State Retirement	782,613	
Life Insurance	18,538	
Medical Insurance	1,179,382	
Unemployment Compensation	14,350	
Employer Medicare	200,834	
Payments to Retirees	34,696	
Contracts with Government Agencies	145,100	
Contributions	15,000	
Maintenance & Repair Services - Equipment	1,519	
Other Contracted Services	17,825	
Instructional Supplies and Materials	265,599	
Textbooks	149,852	
Other Supplies and Materials	85,707	
Refund to Applicant for Criminal Investigation	4,512	
Other Charges	46,130	
Regular Instruction Equipment	102,094	
Total Regular Instruction Program		\$ 18,591,077

Special Education Program

Teachers	\$ 3,404,959
Career Ladder Program	56,825
Homebound Teachers	21,248
Educational Assistants	326,104
Other Salaries & Wages	777
Certified Substitute Teachers	2,812
Non-certified Substitute Teachers	25,315
Social Security	224,836
State Retirement	207,144
Life Insurance	5,757
Medical Insurance	328,226
Unemployment Compensation	4,410

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Employer Medicare	\$	52,584	
Payments to Retirees		7,965	
Contracts with Private Agencies		24,529	
Dues and Memberships		140	
Other Contracted Services		55,590	
Instructional Supplies and Materials		24,017	
Other Supplies and Materials		11,442	
Transfers to Other Funds		1,355	
Special Education Equipment		17,225	
Total Special Education Program			\$ 4,803,260

Vocational Education Program

Teachers	\$	1,757,652	
Career Ladder Program		25,000	
Clerical Personnel		71,974	
Other Salaries & Wages		27,767	
Certified Substitute Teachers		8,630	
Non-certified Substitute Teachers		24,932	
Social Security		111,937	
State Retirement		102,612	
Life Insurance		2,337	
Medical Insurance		162,363	
Unemployment Compensation		1,769	
Employer Medicare		26,180	
Maintenance & Repair Services - Equipment		14,362	
Instructional Supplies and Materials		79,961	
Other Supplies and Materials		10,171	
Vocational Instruction Equipment		79,815	
Total Vocational Education Program			2,507,462

Adult Education Program

Teachers	\$	93,552
Career Ladder Program		2,000
Other Salaries & Wages		5,420
Social Security		6,186
State Retirement		3,229
Life Insurance		50
Unemployment Compensation		133
Employer Medicare		1,447

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Adult Education Program (Cont.)

Advertising	\$	920	
Travel		1,074	
Instructional Supplies and Materials		5,366	
In Service/Staff Development		428	
Total Adult Education Program			\$ 119,805

Support Services

Attendance

Supervisor/Director	\$	65,310	
Career Ladder Program		2,000	
Clerical Personnel		26,592	
Other Salaries & Wages		114,023	
Social Security		12,858	
State Retirement		6,084	
Life Insurance		206	
Unemployment Compensation		212	
Employer Medicare		3,007	
Travel		1,421	
Other Supplies and Materials		1,499	
In Service/Staff Development		75	
Total Attendance			233,287

Health Services

Medical Personnel	\$	210,394	
Social Security		12,396	
State Retirement		11,050	
Life Insurance		323	
Medical Insurance		17,752	
Unemployment Compensation		287	
Employer Medicare		2,899	
Travel		12,416	
Drugs and Medical Supplies		18,003	
Other Supplies and Materials		3,590	
Furniture and Fixtures		2,358	
Total Health Services			291,468

Other Student Support

Career Ladder Program	\$	7,000	
Guidance Personnel		728,594	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Social Security	\$	43,401	
State Retirement		39,422	
Life Insurance		899	
Medical Insurance		42,657	
Unemployment Compensation		645	
Employer Medicare		10,150	
Contracts with Other School Systems		69,750	
Evaluation and Testing		255	
Other Supplies and Materials		11,237	
Total Other Student Support			\$ 954,010

Regular Instruction Program

Supervisor/Director	\$	68,006	
Career Ladder Program		16,000	
Librarians		578,387	
Secretary(ies)		22,321	
Clerical Personnel		30,502	
Other Salaries & Wages		83,689	
Social Security		46,979	
State Retirement		40,958	
Life Insurance		1,046	
Medical Insurance		60,350	
Unemployment Compensation		804	
Employer Medicare		10,987	
Maintenance & Repair Services - Equipment		9,636	
Travel		1,607	
Library Books/Media		75,311	
Other Supplies and Materials		42,676	
In Service/Staff Development		10,251	
Transfers to Other Funds		312	
Total Regular Instruction Program			1,099,822

Special Education Program

Supervisor/Director	\$	75,712
Career Ladder Program		9,700
Psychological Personnel		134,722
Clerical Personnel		69,546
Social Security		16,232
State Retirement		15,964

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Life Insurance	\$	354	
Medical Insurance		34,632	
Unemployment Compensation		240	
Employer Medicare		3,796	
Consultants		45,000	
Dues and Memberships		129	
In Service/Staff Development		1,880	
Other Charges		4,000	
Total Special Education Program			\$ 411,907

Vocational Education Program

Supervisor/Director	\$	87,360	
Career Ladder Program		3,000	
Other Salaries & Wages		66,724	
Social Security		9,173	
State Retirement		8,987	
Life Insurance		185	
Medical Insurance		13,701	
Unemployment Compensation		120	
Employer Medicare		2,145	
Travel		28,157	
Total Vocational Education Program			219,552

Adult Programs

Other Salaries & Wages	\$	59,010	
Social Security		3,599	
State Retirement		2,998	
Life Insurance		101	
Medical Insurance		3,558	
Unemployment Compensation		62	
Employer Medicare		842	
Communication		520	
Travel		615	
Other Supplies and Materials		8,307	
Total Adult Programs			79,612

Board of Education

Secretary to Board	\$	6,000	
Board and Committee Members Fees		38,500	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

Social Security	\$	2,759	
State Retirement		831	
Life Insurance		416	
Unemployment Compensation		26	
Employer Medicare		645	
Advertising		439	
Audit Services		10,500	
Dues and Memberships		6,826	
Legal Services		21,687	
Travel		8,494	
Liability Insurance		140,316	
Trustee's Commission		392,679	
Workers' Compensation Insurance		226,115	
Total Board of Education			\$ 856,233

Director of Schools

County Official/Administrative Officer	\$	99,882	
Secretary(ies)		26,174	
Social Security		7,243	
State Retirement		6,954	
Life Insurance		101	
Medical Insurance		3,483	
Unemployment Compensation		62	
Employer Medicare		1,808	
Communication		73,044	
Dues and Memberships		2,480	
Maintenance & Repair Services - Equipment		964	
Postal Charges		5,564	
Travel		1,787	
Office Supplies		3,590	
Other Charges		7,000	
Total Director of Schools			240,136

Office of the Principal

Principals	\$	1,110,364	
Career Ladder Program		28,000	
Assistant Principals		423,469	
Secretary(ies)		451,828	
Social Security		120,197	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

State Retirement	\$	108,441	
Life Insurance		2,579	
Medical Insurance		123,197	
Unemployment Compensation		1,707	
Employer Medicare		28,111	
Payments to Retirees		4,535	
Communication		20,219	
Travel		8,964	
Other Supplies and Materials		1,291	
In Service/Staff Development		887	
Administration Equipment		36,429	
Total Office of the Principal			\$ 2,470,218

Fiscal Services

Supervisor/Director	\$	64,827	
Accountants/Bookkeepers		152,915	
Social Security		13,111	
State Retirement		11,174	
Life Insurance		302	
Medical Insurance		10,449	
Unemployment Compensation		216	
Employer Medicare		3,066	
Maintenance & Repair Services - Office Equipment		296	
Travel		1,027	
Office Supplies		6,698	
Other Supplies and Materials		12,269	
In Service/Staff Development		1,039	
Other Charges		4,050	
Administration Equipment		3,034	
Total Fiscal Services			284,473

Operation of Plant

Supervisor/Director	\$	23,950
Clerical Personnel		14,421
Custodial Personnel		1,143,506
Social Security		67,780
State Retirement		62,945
Life Insurance		2,734
Medical Insurance		156,188

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Unemployment Compensation	\$	1,842	
Employer Medicare		15,757	
Maintenance & Repair Services - Vehicles		4,958	
Rentals		42,589	
Disposal Fees		48,396	
Other Contracted Services		44,345	
Custodial Supplies		182,653	
Electricity		1,361,072	
Natural Gas		404,117	
Water and Sewer		211,733	
Other Supplies and Materials		13,476	
Building and Contents Insurance		155,359	
Plant Operation Equipment		32,673	
Total Operation of Plant			\$ 3,990,494

Maintenance of Plant

Maintenance Personnel	\$	466,242	
Social Security		26,853	
State Retirement		21,643	
Life Insurance		605	
Medical Insurance		75,522	
Unemployment Compensation		781	
Employer Medicare		6,280	
Communication		81,865	
Maintenance & Repair Services - Buildings		43,579	
Maintenance & Repair Services - Equipment		29,781	
Other Contracted Services		65,358	
Gasoline		35,649	
Office Supplies		1,217	
Other Supplies and Materials		198,037	
Total Maintenance of Plant			1,053,412

Transportation

Supervisor/Director	\$	67,247	
Clerical Personnel		14,421	
Social Security		4,606	
State Retirement		4,503	
Life Insurance		69	
Medical Insurance		9,730	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Unemployment Compensation	\$	45	
Employer Medicare		1,077	
Contracts with Vehicle Owners		2,133,940	
Other Contracted Services		4,630	
Other Supplies and Materials		757	
Transportation Equipment		17,250	
Total Transportation			\$ 2,258,275

Central and Other

Supervisor/Director	\$	76,365	
Secretary(ies)		27,676	
Other Salaries & Wages		212,583	
Social Security		17,875	
State Retirement		16,549	
Life Insurance		353	
Medical Insurance		20,883	
Unemployment Compensation		323	
Employer Medicare		4,181	
Payments to Retirees		1,252	
Travel		1,698	
Other Contracted Services		74,320	
Other Supplies and Materials		63,028	
In Service/Staff Development		1,923	
Total Central and Other			519,009

Operation of Non-Instructional Services

Early Childhood Education

Supervisor/Director	\$	7,600	
Teachers		109,149	
Secretary(ies)		3,716	
Educational Assistants		54,886	
Certified Substitute Teachers		3,285	
Social Security		10,742	
State Retirement		9,433	
Life Insurance		286	
Medical Insurance		11,749	
Unemployment Compensation		370	
Employer Medicare		2,511	
Payments to Retirees		503	

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Advertising	\$	179	
Communication		268	
Contributions		50	
Maintenance & Repair Services - Office Equipment		984	
Postal Charges		37	
Travel		898	
Other Contracted Services		5,210	
Drugs and Medical Supplies		347	
Food Supplies		298	
General Construction Materials		4,240	
Instructional Supplies and Materials		27,069	
Natural Gas		598	
Office Supplies		2,492	
Other Supplies and Materials		5,280	
In Service/Staff Development		1,608	
Refund to Applicant for Criminal Investigation		96	
Other Charges		1,607	
Data Processing Equipment		5,602	
Furniture and Fixtures		15,125	
Other Equipment		6,887	
Total Early Childhood Education			\$ 293,105

Capital Outlay

Regular Capital Outlay

Architects	\$	9,732	
Other Contracted Services		3,189	
Building Construction		2,380	
Building Improvements		127,055	
Total Regular Capital Outlay			142,356

Principal on Debt

Education

Principal on Notes	\$	354,583	
Principal on Capital Leases		49,438	
Total Education			404,021

Interest on Debt

Education

Interest on Notes	\$	63,608	
-------------------	----	--------	--

(Continued)

Exhibit K-10

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

General Purpose School Fund (Cont.)

Interest on Debt (Cont.)

Education (Cont.)

Interest on Capital Leases	\$ 5,081	
Total Education		\$ 68,689

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 2,573,049	
Other Debt Service	489	
Total Education		<u>2,573,538</u>

Total General Purpose School Fund \$ 44,465,221

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,070,234	
Educational Assistants	69,333	
Other Salaries & Wages	2,101	
Certified Substitute Teachers	310	
Non-certified Substitute Teachers	1,912	
Social Security	67,789	
State Retirement	62,454	
Life Insurance	1,567	
Medical Insurance	82,789	
Unemployment Compensation	1,126	
Employer Medicare	15,854	
Payments to Retirees	6,466	
Other Fringe Benefits	5,681	
Instructional Supplies and Materials	35,913	
Refund to Applicant for Criminal Investigation	48	
Regular Instruction Equipment	<u>11,504</u>	
Total Regular Instruction Program		\$ 1,435,081

Special Education Program

Teachers	\$ 407,380
Clerical Personnel	475
Educational Assistants	140,298
Other Salaries & Wages	37,921
Certified Substitute Teachers	2,275
Non-certified Substitute Teachers	8,823

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Social Security	\$	35,887	
State Retirement		30,193	
Life Insurance		1,174	
Medical Insurance		35,814	
Unemployment Compensation		983	
Employer Medicare		8,393	
Other Fringe Benefits		9,593	
Contracts with Private Agencies		5,201	
Maintenance & Repair Services - Equipment		334	
Travel		2,120	
Other Contracted Services		11,621	
Instructional Supplies and Materials		168,684	
Other Supplies and Materials		1,855	
Refund to Applicant for Criminal Investigation		384	
Transfers to Other Funds		1,817	
Regular Instruction Equipment		1,697	
Special Education Equipment		46,941	
Total Special Education Program			\$ 959,863

Vocational Education Program

Educational Assistants	\$	15,371	
Other Salaries & Wages		31,366	
Social Security		894	
State Retirement		858	
Life Insurance		50	
Medical Insurance		3,483	
Unemployment Compensation		170	
Employer Medicare		209	
Other Fringe Benefits		115	
Travel		17,793	
Instructional Supplies and Materials		27,022	
Workers' Compensation Insurance		85	
In Service/Staff Development		7,376	
Other Charges		2,435	
Vocational Instruction Equipment		122,372	
Total Vocational Education Program			229,599

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services

Regular Instruction Program

Supervisor/Director	\$	80,135	
Secretary(ies)		29,309	
Other Salaries & Wages		65,827	
Social Security		10,811	
State Retirement		8,100	
Life Insurance		143	
Unemployment Compensation		92	
Employer Medicare		2,528	
Other Fringe Benefits		802	
Communication		620	
Dues and Memberships		79	
Travel		11,701	
Other Contracted Services		40,200	
Instructional Supplies and Materials		849	
Other Supplies and Materials		33,531	
In Service/Staff Development		35,891	
Other Charges		649	
Other Equipment		2,702	
Total Regular Instruction Program			\$ 323,969

Special Education Program

Psychological Personnel	\$	97,258	
Clerical Personnel		37,035	
Social Security		8,221	
State Retirement		7,317	
Life Insurance		193	
Medical Insurance		6,246	
Unemployment Compensation		158	
Employer Medicare		1,923	
Other Fringe Benefits		740	
Consultants		243,541	
Travel		31,981	
In Service/Staff Development		10,650	
Total Special Education Program			445,263

Board of Education

Workers' Compensation Insurance	\$	123	
Total Board of Education			123

(Continued)

Exhibit K-10

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Office of the Principal

Communication	\$ 2,392	
Total Office of the Principal		\$ 2,392

Transportation

Contracts with Vehicle Owners	\$ 83,159	
Maintenance & Repair Services - Vehicles	9,263	
Gasoline	13,500	
Total Transportation		<u>105,922</u>

Total School Federal Projects Fund		\$ 3,502,212
------------------------------------	--	--------------

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$ 2,661	
Accountants/Bookkeepers	134,681	
Clerical Personnel	286,813	
Cafeteria Personnel	706,583	
Other Salaries & Wages	13,799	
Social Security	65,860	
State Retirement	46,145	
Life Insurance	3,032	
Medical Insurance	124,760	
Unemployment Compensation	3,243	
Employer Medicare	15,403	
Other Fringe Benefits	22,810	
Communication	11,301	
Maintenance & Repair Services - Equipment	18,299	
Travel	1,849	
Other Contracted Services	51,260	
Food Supplies	1,254,266	
Office Supplies	3,133	
Other Supplies and Materials	5,015	
Trustee's Commission	517	
In Service/Staff Development	4,436	
Refund to Applicant for Criminal Investigation	720	
Other Charges	2,954	
Food Service Equipment	123,785	
Total Food Service		<u>\$ 2,903,325</u>

Total Central Cafeteria Fund		2,903,325
------------------------------	--	-----------

(Continued)

Exhibit K-10

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

<u>Other Education Special Revenue Fund</u>	
<u>Operation of Non-Instructional Services</u>	
<u>Community Services</u>	
Supervisor/Director	\$ 68,397
Teachers	188,694
Social Workers	81,816
Medical Personnel	39,449
Secretary(ies)	79,946
Educational Assistants	962,077
Other Salaries & Wages	83,286
Certified Substitute Teachers	1,456
Non-certified Substitute Teachers	3,240
Social Security	86,634
State Retirement	77,133
Life Insurance	3,464
Medical Insurance	169,455
Unemployment Compensation	2,845
Employer Medicare	20,260
Payments to Retirees	10,660
Advertising	287
Architects	3,277
Communication	17,896
Consultants	3,380
Contracts with Other School Systems	679,375
Contracts with Vehicle Owners	145
Contributions	150
Dues and Memberships	1,712
Operating Lease Payments	13,200
Maintenance & Repair Services - Office Equipment	2,308
Maintenance & Repair Services - Vehicles	1,501
Pest Control	920
Postal Charges	1,153
Travel	10,475
Other Contracted Services	42,931
Drugs and Medical Supplies	2,192
Electricity	13,006
Food Supplies	14,794
Gasoline	3,441
General Construction Materials	6,610
Instructional Supplies and Materials	32,874
Natural Gas	4,412
Office Supplies	11,278

(Continued)

Exhibit K-10

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

Other Education Special Revenue Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services (Cont.)

Water and Sewer	\$	2,047	
Other Supplies and Materials		24,293	
Building and Contents Insurance		4,249	
Liability Insurance		1,490	
Trustee's Commission		40	
Vehicle and Equipment Insurance		4,500	
Workers' Compensation Insurance		4,884	
In Service/Staff Development		28,635	
Refund to Applicant for Criminal Investigation		816	
Other Charges		22,930	
Data Processing Equipment		524	
Office Equipment		725	
Other Equipment		5,051	
Total Community Services			\$ 2,846,313

Principal on Debt

Education

Principal on Capital Leases	\$	16,202	
Total Education			16,202

Interest on Debt

Education

Interest on Capital Leases	\$	91,175	
Total Education			91,175

Capital Projects

Education Capital Projects

Gasoline	\$	1,900	
Building Construction		63,233	
Total Education Capital Projects			65,133

Total Other Education Special Revenue Fund \$ 3,018,823

Education Capital Projects Fund

Instruction

Vocational Education Program

Building Improvements	\$	1,163	
Total Vocational Education Program			\$ 1,163

(Continued)

Exhibit K-10

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

Education Capital Projects Fund (Cont.)

Capital Projects

Education Capital Projects

Advertising	\$	364	
Architects		19,083	
Consultants		5,152	
Building Construction		97,406	
Building Improvements		<u>2,308,171</u>	
Total Education Capital Projects			<u>\$ 2,430,176</u>

Total Education Capital Projects Fund \$ 2,431,339

Total Governmental Funds - Anderson County School Department \$ 56,320,920

Exhibit K-11

Anderson County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances -
City Agency Funds
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund	City School ADA - Clinton Fund	City School ADA - Oak Ridge Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 1,379,729	\$ 6,743,764	\$ 8,123,493
Trustee's Collections - Prior Years	0	45,570	223,397	268,967
Circuit/Clerk and Master Collections - Prior Years	0	12,798	75,173	87,971
Interest and Penalty	0	12,357	61,376	73,733
Local Option Sales Tax	7,666,427	621,588	2,915,106	11,203,121
Coal Severance Tax	0	356	1,789	2,145
Interstate Telecommunications Tax	0	899	4,556	5,455
Marriage Licenses	0	430	2,206	2,636
Total Cash Receipts	\$ 7,666,427	\$ 2,073,727	\$ 10,027,367	\$ 19,767,521
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 7,589,763	\$ 2,042,623	\$ 9,873,905	\$ 19,506,291
Trustee's Commission	76,664	35,154	170,168	281,986
Total Cash Disbursements	\$ 7,666,427	\$ 2,077,777	\$ 10,044,073	\$ 19,788,277
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ (4,050)	\$ (16,706)	\$ (20,756)
Cash Balance, July 1, 2005	0	8,271	37,359	45,630
Cash Balance, June 30, 2006	\$ 0	\$ 4,221	\$ 20,653	\$ 24,874

STATISTICAL SECTION

This part of the Anderson County's comprehensive annual report presents detailed information as a context for understanding what the information in the financial statements, note disclosures, and required supplementary information says about the government's overall financial health.

	Table	Page(s)
Financial Trends:		
These schedules contain trend information to help the reader understand how the government's financial performance and well-being have changed over time.	1-6	237-243
Revenue Capacity:		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	7-10	244-247
Debt Capacity:		
These schedules present information to help the reader assess the affordability of the government's current levels of outstanding debt and the government's ability to issue additional debt in the future.	11-15	248-252
Demographic and Economic Information:		
These schedules offer demographic and economic indicators to help the reader understand the environment within which the government's financial activities take place.	16-17	253-254
Operating Information:		
These schedules contain service and infrastructure data to help the reader understand how the information in the government's financial report relates to the services the government provides and the activities it performs.	18-20	255-257

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

Anderson County, Tennessee
 Net Assets by Component
 Last Four Fiscal Years (1)
 (accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Governmental Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 1,759,576	\$ 3,677,748	\$ 4,795,772	\$ 7,485,543
Restricted for:				
Highway	594,373	967,776	1,740,500	1,379,754
Debt Service	343,039	514,489	797,035	947,042
Other Purposes	254,040	439,064	606,468	797,752
Unrestricted	<u>(22,816,572)</u>	<u>(20,570,791)</u>	<u>(17,603,786)</u>	<u>(14,374,348)</u>
Subtotal Governmental Activities Net Assets	<u>\$ (19,865,544)</u>	<u>\$ (14,971,714)</u>	<u>\$ (9,664,011)</u>	<u>\$ (3,764,257)</u>
Business-type Activities:				
Invested in Capital Assets, Net of Related Debt	\$ 9,348,039	\$ 9,663,218	\$ 10,053,279	\$ 10,749,737
Unrestricted	<u>1,442,959</u>	<u>1,312,134</u>	<u>1,340,772</u>	<u>1,287,859</u>
Subtotal Business-type Activities Net Assets	<u>\$ 10,790,998</u>	<u>\$ 10,975,352</u>	<u>\$ 11,394,051</u>	<u>\$ 12,037,596</u>
Primary Government:				
Invested in Capital Assets, Net of Related Debt	\$ 11,107,615	\$ 13,340,966	\$ 14,849,051	\$ 18,235,280
Restricted for:				
Highway	594,373	967,776	1,740,500	1,379,754
Debt Service	343,039	514,489	797,035	947,042
Other Purposes	254,040	439,064	606,468	797,752
Unrestricted	<u>(21,373,613)</u>	<u>(19,258,657)</u>	<u>(16,263,014)</u>	<u>(13,086,489)</u>
Total Primary Government Net Assets (2)	<u>\$ (9,074,546)</u>	<u>\$ (3,996,362)</u>	<u>\$ 1,730,040</u>	<u>\$ 8,273,339</u>

(1)

The county implemented GASB 34 in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

(2) See Table 2 for changes in net assets from year to year.

Table 2

Anderson County, Tennessee
Changes in Net Assets
Last Four Fiscal Years (1)
(accrual basis of accounting)

	Fiscal Year			
	2003	2004	2005	2006
Expenses				
Governmental Activities:				
General Government	\$ 2,384,417	\$ 2,958,476	\$ 3,043,074	\$ 3,625,905
Finance	2,074,278	2,264,600	2,353,548	2,289,764
Administration of Justice	2,143,265	2,487,842	2,396,649	2,499,792
Public safety	6,005,316	6,525,846	6,550,593	7,265,640
Public Health and Welfare	4,306,111	4,821,032	5,490,734	5,700,376
Social, Cultural and Recreational Service	246,687	274,330	290,638	305,178
Agricultural and Natural Resources	153,247	160,814	158,093	256,550
Other Operations	907,842	950,493	784,386	1,101,170
Highways	4,273,421	3,965,497	2,830,170	3,315,744
Education	0	0	0	103,464
Interest on Long-Term Debt	2,195,850	1,631,665	1,543,338	1,774,242
Other Debt Service	213,476	233,936	128,947	215,508
Total Governmental Activities Expenses	\$ 24,903,910	\$ 26,274,531	\$ 25,570,170	\$ 28,453,333
Business-Type Activities				
Water and Sewer	\$ 1,841,550	\$ 1,962,176	\$ 2,069,838	\$ 2,238,689
Total Business-Type Activities Expenses	\$ 1,841,550	\$ 1,962,176	\$ 2,069,838	\$ 2,238,689
Total Primary Government Expenses	\$ 26,745,460	\$ 28,236,707	\$ 27,640,008	\$ 30,692,022
Program Revenues				
Governmental Activities:				
Charges for Services:				
General Government	\$ 1,078,964	\$ 1,125,816	\$ 1,026,912	\$ 1,044,089
Finance	1,583,976	1,630,854	1,754,221	1,813,917
Administration of Justice	1,647,842	1,656,494	1,802,240	1,927,388
Public Safety	537,734	552,327	503,359	554,705
Public Health and Welfare (2)	2,496,522	3,530,284	3,847,134	4,530,165
Social, Cultural and Recreational Services	46,634	53,948	53,712	59,388
Highways	183,836	205,001	272,479	350,675
Operating Grants and Contributions	3,336,015	3,426,740	3,174,796	2,643,078
Capital Grants and Contributions (3)	1,313,529	352,265	292,704	2,087,387
Total Governmental Activities Program Revenues	\$ 12,225,052	\$ 12,533,729	\$ 12,727,557	\$ 15,010,792
Business-Type Activities:				
Charges for Services:				
Water and Sewer	1,670,079	1,719,379	1,818,137	1,967,035
Capital Grants and Contributions	0	423,375	425,000	940,801
Total Business-type Activities Program Revenues	\$ 1,670,079	\$ 2,142,754	\$ 2,243,137	\$ 2,907,836
Total Primary Government Program Revenues	\$ 13,895,131	\$ 14,676,483	\$ 14,970,694	\$ 17,918,628

(Continued)

Table 2

Anderson County, Tennessee
Changes in Net Assets
Last Four Fiscal Years (1)
(accrual basis of accounting) (cont.)

	Fiscal Year			
	2003	2004	2005	2006
Net (Expense)/Revenue				
Governmental Activities	\$ (12,678,858)	\$ (13,740,802)	\$ (12,842,613)	\$ (13,442,541)
Business-Type Activities	(171,471)	180,578	173,299	669,147
Total Primary Government Net Expense	\$ (12,850,329)	\$ (13,560,224)	\$ (12,669,314)	\$ (12,773,394)
General Revenues and Other Changes in Net Assets				
Governmental Activities:				
Taxes:				
Property Taxes	\$ 12,842,570	\$ 13,040,094	\$ 12,735,886	\$ 12,833,697
Sales Taxes	511,551	722,130	805,743	843,717
Other Taxes	821,487	886,672	1,439,492	1,426,737
Grants and Contributions not Restricted to Specific Programs	3,678,888	3,707,744	3,081,497	3,538,483
Unrestricted Investment Income	256,942	203,825	276,969	504,488
Gain (Loss) on Sale of Capital Assets	0	0	0	96,514
Miscellaneous	86,743	74,167	49,095	58,769
Transfers	0	0	(238,366)	39,890
Total Governmental Activities	\$ 18,198,181	\$ 18,634,632	\$ 18,150,316	\$ 19,342,295
Business-Type Activities:				
Sales Taxes	\$ 49,546	\$ 0	\$ 0	\$ 0
Unrestricted Investment Income	5,622	3,776	7,034	14,288
Miscellaneous	10,500	0	0	0
Transfers	0	0	238,366	(39,890)
Total Business-Type Activities	\$ 65,668	\$ 3,776	\$ 245,400	\$ (25,602)
Total Primary Government	\$ 18,263,849	\$ 18,638,408	\$ 18,395,716	\$ 19,316,693
Change in Net Assets				
Governmental Activities	\$ 5,519,323	\$ 4,893,830	\$ 5,307,703	\$ 5,899,754
Business-Type Activities	(105,803)	184,354	418,699	643,545
Total Primary Government	\$ 5,413,520	\$ 5,078,184	\$ 5,726,402	\$ 6,543,299

(1) The county implemented GASB 34 in fiscal year 2003. Therefore, ten years of data is not available but will be accumulated over time.

(2) The majority of the annual increases can be attributed to the ambulance service operations.

(3) This amount for the year 2006 includes:

Community Development Block Grant	\$ 359,981
Homeland Security Cluster Grant	882,049
Helping America Vote Act Requirement Payments	312,500
	<u>\$ 1,554,530</u>

Table 3

Anderson County, Tennessee
 Governmental Activities Tax Revenues by Source
 Last Four Fiscal Years (1)
 (accrual basis of accounting)

Fiscal Year	Property Tax (2)	Local Option Sales Tax	Interstate Communi- cations Tax	Hotel Motel Tax	Local Litigation Tax	Business Tax	Mineral Severance Tax	Other Local Tax	Total
2003	\$ 12,842,570	\$ 511,551	\$ 5,841	\$ 128,715	\$ 254,295	\$ 297,608	\$ 129,584	\$ 5,444	\$ 14,175,608
2004	13,040,094	722,130	5,349	129,939	280,883	333,822	132,095	4,584	14,648,896
2005	12,735,886	805,743	5,364	134,738	327,692	756,324 ⁽³⁾	198,865	16,509	14,981,121
2006	12,833,697	843,717	5,479	139,225	294,356	793,956	189,147	4,574	15,104,151

- (1) The county implemented GASB 34 in fiscal year 2003. Therefore ten years of data is not available but will be accumulated over time.
- (2) Includes current year, prior year, interest and penalty, and in-lieu-of property taxes.
- (3) Prior to fiscal year 2005, business tax was distributed based on property tax distribution which included the Discretely Presented Anderson County School Department.

Table 4

Anderson County, Tennessee
Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003 (2)	2004	2005	2006
General Fund:										
Reserved	\$ 81,486	\$ 75,527	\$ 102,107	\$ 146,605	\$ 121,952	\$ 221,553	\$ 199,846	\$ 296,073	\$ 755,557	\$ 279,141
Unreserved	648,989	409,064	156,665	237,543	1,658,650	2,622,253	4,261,566	4,000,725	4,156,848	5,286,117
Total General Fund	<u>\$ 730,475</u>	<u>\$ 484,591</u>	<u>\$ 258,772</u>	<u>\$ 384,148</u>	<u>\$ 1,780,602</u>	<u>\$ 2,843,806</u>	<u>\$ 4,461,412</u>	<u>\$ 4,296,798</u>	<u>\$ 4,912,405</u>	<u>\$ 5,565,258</u>
All other Governmental Funds:										
Reserved	\$ 662,663	\$ 7,069	\$ 50,297	\$ 8,811	\$ 29,219	\$ 15,933	\$ 13,215	\$ 385,599	\$ 4,598,932	\$ 7,147,825
Unreserved, Reported in:										
Special Revenue Funds	725,202	766,993	804,059	970,962	1,199,948	1,136,394	1,035,630	1,415,124	1,277,166	2,164,596
Debt Service Funds	2,440,974	2,663,868	2,474,310	2,081,008	1,759,436	1,713,695	1,767,012	1,790,559	2,617,523	2,831,162
Capital Projects	336	28,599	7,082	7,082	7,082	0	0	0	0	47,960
Total Other Governmental Funds	<u>\$ 3,829,175</u>	<u>\$ 3,466,529</u>	<u>\$ 3,335,748</u>	<u>\$ 3,067,863</u>	<u>\$ 2,995,685</u>	<u>\$ 2,866,022</u>	<u>\$ 2,815,857</u>	<u>\$ 3,591,282</u>	<u>\$ 8,493,621</u>	<u>\$ 12,191,543</u>
Total Governmental Funds (1)	<u>\$ 4,559,650</u>	<u>\$ 3,951,120</u>	<u>\$ 3,594,520</u>	<u>\$ 3,452,011</u>	<u>\$ 4,776,287</u>	<u>\$ 5,709,828</u>	<u>\$ 7,277,269</u>	<u>\$ 7,888,080</u>	<u>\$ 13,406,026</u>	<u>\$ 17,756,801</u>

(1) See Table 5 for changes in fund balances from year to year.

Table 5

Anderson County, Tennessee
Changes in Fund Balances of Governmental Funds
Last Ten Fiscal Years
(modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues:										
Local Taxes	\$ 11,380,486	\$ 11,518,924	\$ 11,864,039	\$ 13,536,158	\$ 14,284,748	\$ 14,670,570	\$ 14,864,570	\$ 15,402,349	\$ 15,973,264	\$ 15,901,248
Licenses and permits	183,149	241,158	231,236	234,314	237,143	260,265	262,113	303,338	312,175	277,564
Fines, Forfeitures, and Penalties	301,850	363,103	356,438	351,692	294,635	325,699	370,148	427,735	494,129	464,091
Charges for Current Services	3,301,098	3,531,839	3,613,489	4,166,551	4,673,112	5,084,502	5,979,533	5,839,958	6,228,056	6,930,644
Other Local Revenues	1,799,470	1,610,560	1,620,851	1,369,621	1,260,907	858,826	1,158,942	849,065	963,584	1,369,514
Fees Received from County Officials (1)	0	0	0	0	0	0	0	1,277,573	1,323,177	1,354,986
State of Tennessee	2,650,506	2,716,701	3,125,476	2,943,036	3,143,781	2,983,226	3,551,284	3,483,171	3,438,717	3,401,578
Federal Government	184,773	325,232	1,172,094	386,448	340,757	776,305	409,311	678,092	231,108	1,833,543
Other Governments and Citizens Groups	102,035	124,942	162,710	128,200	122,915	139,165	3,458,424	2,966,178	2,174,828	2,574,130
Total Revenues	\$ 19,903,367	\$ 20,432,459	\$ 22,146,333	\$ 23,116,020	\$ 24,357,998	\$ 25,098,558	\$ 30,054,325	\$ 31,227,459	\$ 31,139,038	\$ 34,107,298
Expenditures:										
General Government	\$ 2,634,044	\$ 1,967,403	\$ 1,982,412	\$ 2,989,953	\$ 2,354,285	\$ 2,502,448	\$ 2,706,226	\$ 2,994,719	\$ 3,167,562	\$ 3,459,948
Finance	1,201,793	1,596,056	1,635,258	1,869,855	2,025,449	2,029,905	2,055,313	2,213,122	2,293,211	2,263,540
Administration of Justice	1,262,422	1,236,171	1,324,913	1,742,335	1,886,328	1,996,125	2,151,193	2,358,261	2,330,126	2,472,047
Public Safety	3,791,174	4,168,660	4,362,591	5,131,129	5,369,399	5,506,290	6,165,119	6,222,472	6,340,657	7,821,651
Public Health and Welfare	3,030,343	3,362,284	3,647,324	4,022,325	4,040,765	4,314,606	4,482,218	5,043,678	5,264,081	5,245,520
Social, Cultural, and Recreational Services	301,045	401,449	470,420	300,734	234,603	253,009	263,472	268,495	287,399	298,894
Agricultural and Natural Resources	108,495	111,272	585,941	136,033	140,945	144,980	152,408	167,853	153,674	255,659
Other Operations	2,031,878	2,034,319	1,957,477	1,069,272	819,433	3,059,257	904,384	939,409	777,750	1,057,494
Highways	2,061,972	2,557,388	3,084,249	2,126,859	2,321,751	2,414,641	2,755,636	2,443,708	2,470,425	3,545,565
Capital Projects	277,123	14,432	246,517	50,000	0	49,833	105,814	1,228,570	778,751	975,440
Debt Service:										
Principal	4,352,097	4,432,253	5,255,118	5,208,901	5,424,982	5,800,614	4,494,918	4,756,275	4,060,229	4,097,347
Interest	1,357,180	1,392,964	1,293,858	1,260,875	1,271,985	833,277	2,456,869	1,640,404	1,534,095	1,714,639
Other Debt Service	10,766	31,179	36,521	35,064	33,816	30,623	153,024	284,776	90,211	252,051
Total Expenditures	\$ 22,420,332	\$ 23,305,830	\$ 25,882,599	\$ 25,943,335	\$ 25,923,741	\$ 28,935,608	\$ 28,846,594	\$ 30,561,742	\$ 29,548,171	\$ 33,459,795
Excess of Revenues Over (Under) Expenditures	\$ (2,516,965)	\$ (2,873,371)	\$ (3,736,266)	\$ (2,827,315)	\$ (1,565,743)	\$ (3,837,050)	\$ 1,207,731	\$ 665,717	\$ 1,590,867	\$ 647,503
Other Financing Sources (Uses):										
Notes Issued	\$ 10,050,000	\$ 11,000,000	\$ 1,110,000	\$ 50,000	\$ -	\$ 0	\$ 100,000	\$ 8,395,000	\$ 300,000	\$ 0
Capital Leases Issued	192,573	213,236	319,352	386,251	382,189	331,044	196,931	318,291	0	0
Refunding Debt Issued	8,940,000	7,520,000	0	0	0	13,720,000	12,933,000	0	0	4,580,000
Other Loans Issued	0	0	0	0	0	1,700,000	0	0	3,344,356	3,856,132
Premiums on Bonds Sold	0	0	0	0	0	189,880	0	0	0	0
Transfers In (1)	3,743,589	3,778,853	3,689,940	4,104,486	4,510,346	5,149,004	2,552,902	1,380,648	1,809,005	1,549,975
Transfers Out (1)	(10,179,445)	(12,226,879)	(1,739,626)	(1,867,432)	(2,006,968)	(2,588,549)	(2,552,902)	(1,380,648)	(2,109,005)	(1,710,085)
Redemption of Refunded Debt	(8,750,426)	(7,409,168)	0	0	0	(13,732,625)	(12,867,400)	(8,185,474)	0	(4,572,750)
Total Other Financing Sources (Uses)	\$ 3,996,291	\$ 2,876,042	\$ 3,379,666	\$ 2,673,305	\$ 2,885,567	\$ 4,768,754	\$ 362,531	\$ 527,817	\$ 3,344,356	\$ 3,703,272
Net Change in Fund Balances	\$ 1,479,326	\$ 2,671	\$ (356,600)	\$ (154,010)	\$ 1,319,824	\$ 931,704	\$ 1,570,262	\$ 1,193,534	\$ 4,935,223	\$ 4,350,775
Debt service as a percentage of noncapital expenditures	25.8%	25.1%	25.7%	25.1%	26.0%	23.1%	24.7%	22.8%	19.8%	18.7%

- (1) Prior to July 1, 2004, fees collected by the individual constitutional officers were presented in total as charges for current services in a special revenue fund with the amount of funds remitted to the General Fund being reflected as transfers between funds. Subsequent to that date, the amount of funds remitted by the constitutional officers to the General Fund are shown as revenue directly into the General Fund and not in the special revenue fund.

Table 6

Anderson County, Tennessee
 General Governmental Tax Revenues by Source
 Last Ten Fiscal Years
 (modified accrual basis of accounting)

Fiscal Year	Property Tax	Local Option Sales Tax	Interstate Communi- cations Tax	Hotel Motel Tax	Local Litigation Tax	Business Tax	Mineral Severance Tax	Coal Severance Tax	Other Local Tax	Total
1997	\$ 9,468,708	\$ 410,227	\$ 0	\$ 58,600	\$ 216,104	\$ 285,793	\$ 85,062	\$ 77,825	\$ 2,141	\$ 10,604,460
1998	9,763,838	364,415	0	64,048	224,752	238,667	77,348	31,274	1,971	10,766,313
1999	10,089,337	424,111	0	86,720	222,985	267,546	94,141	13,040	1,067	11,198,947
2000	11,705,501	415,826	0	109,419	199,469	256,811	100,472	2,336	3,558	12,793,392
2001	12,176,498	519,206	5,099	126,055	224,422	246,945	121,119	4,306	1,999	13,425,649
2002	12,719,652	504,283	4,728	112,552	237,604	263,745	104,816	4,316	2,220	13,953,916
2003	12,809,222	481,007	5,841	128,715	253,487	297,608	129,584	3,454	1,990	14,110,908
2004	12,984,453	724,201	5,349	129,939	280,883	333,822	132,095	3,341	1,243	14,595,326
2005	12,853,661	796,107	5,292	134,738	327,692	756,324	198,865	15,723	786	15,089,188
2006	12,770,676	828,239	5,473	139,225	294,356	793,956	189,147	3,509	1,065	15,025,646

Table 7

Anderson County, Tennessee
Appraised and Assessed Value of Taxable Property
Last Ten Fiscal Years

Fiscal Year Ended December 31	Tax Year	(1a) Real Property		(1b) Personal Property		(1c) Public Utility Property		Total		Total Direct Tax Rate	Ratio of Total Assessed to Total Appraised Value
		Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value	Appraised Value	Assessed Value		
1997	1996	\$ 2,158,721,000	\$ 624,957,424	\$ 216,743,884	\$ 65,023,055	\$ 61,822,807	\$ 34,002,544	\$ 2,437,287,691	\$ 723,983,023	\$ 3.22	29.70%
1998	(2) 1997	2,243,120,055	640,126,331	212,614,263	63,784,279	53,637,129	29,500,421	2,509,371,447	733,411,031	3.22	29.23%
1999	1998	2,774,270,700	796,020,240	273,196,323	81,954,436	66,012,944	36,307,119	3,113,479,967	914,281,795	2.77	29.37%
2000	1999	2,833,842,400	813,264,040	287,473,303	86,243,016	68,177,078	37,497,393	3,189,492,781	937,004,449	3.15	29.38%
2001	2000	2,882,067,700	828,100,855	318,990,968	91,055,827	67,339,249	37,036,587	3,268,397,917	956,193,269	3.32	29.26%
2002	2001	2,928,146,700	841,114,335	325,344,114	90,414,968	60,280,307	33,154,169	3,313,771,121	964,683,472	3.32	29.11%
2003	2002	2,974,766,300	853,864,145	317,599,626	88,263,392	59,732,351	32,852,793	3,352,098,277	974,980,330	3.32	29.09%
2004	2003	3,012,353,000	863,322,920	306,978,956	82,335,143	52,690,385	28,979,712	3,372,022,341	974,637,775	3.32	28.90%
2005	(2) 2004	3,050,012,600	872,896,130	312,102,890	83,469,007	53,459,049	29,402,477	3,415,574,539	985,767,614	3.40	28.86%
2006	2005	3,809,604,800	1,077,413,360	324,661,031	97,398,417	74,055,042	40,730,273	4,208,320,873	1,215,542,050	2.82	28.88%

(1) Assessment Rates are set by Tennessee State Law as follows:

(a) Real Property: Residential and Farm at 25 percent of value
Commercial and Industrial at 40 percent of value

(b) Personal Property at 30 percent of value.

(c) Railroads at 40 percent of value and other Public Utilities at 55 percent of value

(2) In fiscal years 1998 and 2005, county-wide reappraisals of real property were conducted by the State of Tennessee, Division of Property Assessment. Also the county-wide reappraisals of real property were completed during tax years 1998 and 2005.

Table 8

Anderson County, Tennessee
 Property Tax Rates - Direct and Overlapping Governments
 Last Ten Fiscal Years

Fiscal Year	Tax Year	County Direct Rates									Overlapping Rates			
		General Fund	General Purpose School Fund	General Debt Service Fund	Rural Debt Service	Education Debt Service	Total Direct Inside Clinton	Total Direct Inside Oak Ridge	Total Direct Remainder of Anderson County	City of Clinton	City of Oak Ridge	City of Norris	City of Lake City	
1997	1996	\$.93	\$ 1.79	\$.28	\$.01	\$.21	\$ 3.21	\$ 3.00	\$ 1.79	\$ 1.10	\$ 2.34	\$ 2.80	\$ 1.15	
1998	(3) 1997	.78	1.58	.23	.01	.17	2.76	2.59	1.58	1.10	2.09	1.89	1.15	
1999	1998	.94	1.80	.23	.01	.17	3.14	2.97	1.80	0.89	2.34	1.89	1.25	
2000	1999	.97	1.94	.23	.01	.17	3.31	3.14	1.94	0.89	2.57	1.89	1.15	
2001	2000	.98	1.91	.25	.01	.17	3.31	3.14	1.91	0.89	2.94	1.89	1.50	
2002	2001	.98	1.92	.26	.01	.17	3.33	3.16	1.92	0.89	2.94	1.89	1.60	
2003	2002	.96	1.92	.26	.01	.17	3.31	3.14	1.92	0.89	2.87	1.89	1.60	
2004	2003	.93	2.06	.23	.01	.17	3.39	3.22	2.06	0.89	2.87	1.60	1.60	
2005	(3) 2004	.775	1.715	.19	.01	.13	2.81	2.68	1.72	0.89	2.87	1.60	1.60	
2006	2005	.78	1.71	.19	.01	.13	2.81	2.68	1.71	0.73	2.55	1.53	1.60	

(1) Tax rates are in dollars per \$100 of assessed value.

(2) City residents pay county taxes in addition to city taxes.

(3) In fiscal years 1998 and 2005, county-wide reappraisals of real property were conducted by the State of Tennessee, Division of Property Assessment. Also the county-wide reappraisals of real property were completed during tax years 1998 and 2005.

Table 9

Anderson County, Tennessee
Principal Property Taxpayers (1)
Current Year and Nine Years Ago

Taxpayer	2006			1997		
	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (2)	Taxable Assessed Value	Rank	Percentage of Total Taxable Assessed Value (3)
Bell South Telecom	\$ 14,180,474	1	1.17%	\$ 18,771,289	1	2.59%
Summit Properties (4)	11,752,360	2	0.97%	5,843,260	6	0.81%
Boeing, Inc.	11,403,714	3	0.94%	10,832,865	3	1.50%
Food Lion, Inc.	8,263,344	4	0.68%	7,702,385	4	1.06%
Carlisle Tire, Inc. (5)	8,228,760	5	0.68%	6,468,447	5	0.89%
Richard Chinn	7,797,385	6	0.64%	-	-	-
Methodist Medical Center	7,571,480	7	0.62%	-	-	-
DH Compund	6,831,329	8	0.56%	-	-	-
Invenergy Tn LLC	6,648,895	9	0.55%	-	-	-
Magna International	6,598,747	10	0.54%	-	-	-
Crown American Corporation	-	-	-	17,723,632	2	2.45%
D H Compound, Inc.	-	-	-	4,762,182	7	0.66%
Norfolk Southern Railway	-	-	-	4,434,606	8	0.61%
Oak Ridge Corporate	-	-	-	4,400,040	9	0.61%
Mckinley Oak Ridge	-	-	-	3,306,680	10	0.46%
Totals	<u>\$ 89,276,488</u>		<u>7.34%</u>	<u>\$ 84,245,386</u>		<u>11.64%</u>

- (1) Taken from the records of the Anderson County Property Assessor.
- (2) Total taxable value including real, personal, and public utility property for tax year 2005 (fiscal year 2006) is \$1,215,542,050.
- (3) Total taxable value including real, personal, and public utility property for tax year 1996 (fiscal year 1997) is \$723,983,023.
- (4) Summit Properties was known as Joe Hollingsworth, Jr., in 1997.
- (5) Carlisle Tire & Wheel Co. was known as Dico Tire in 1997.

Table 10

Anderson County, Tennessee
Property Tax Levies and Collections
Last Ten Fiscal Years

Fiscal Year Ended June 30	Tax Year	Total Tax Levy for Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years (1)	Total Collections to Date		Uncollected Taxes to Date	
			Amount	Percentage of Levy		Amount	Percentage of Levy	Amount	Percentage of Levy
1997	1996	\$ 22,482,578	\$ 21,395,574	95.17%	\$ 1,061,416	\$ 22,456,990	99.89%	\$ 25,588	0.11%
1998	1997	22,800,027	21,658,824	94.99	1,009,704	22,668,528	99.42	131,499	0.58
1999	1998	24,517,698	23,368,780	95.31	1,070,026	24,438,806	99.68	78,892	0.32
2000	1999	28,705,746	28,086,203	97.84	521,817	28,608,020	99.66	97,726	0.34
2001	2000	30,929,677	29,215,549	94.46	1,491,955	30,707,504	99.28	222,173	0.72
2002	2001	31,218,032	29,464,179	94.38	1,602,904	31,067,083	99.52	150,949	0.48
2003	2002	31,553,817	29,547,862	93.64	1,918,060	31,465,922	99.72	87,895	0.28
2004	2003	31,541,534	29,710,989	94.20	1,736,627	31,447,616	99.70	93,918	0.30
2005	2004	32,691,543	31,110,500	95.16	1,276,680	32,387,180	99.07	304,363	0.93
2006	2005	33,550,148	31,908,542	95.11	-	31,908,542	95.11	1,641,606	4.89

(1) Collections in subsequent years include amounts collected by the Trustee's Office after June 30 of each year and amounts collected by the Clerk and Master in Chancery Court.

Table 11

Anderson County, Tennessee
 Ratios of Outstanding Debt by Type
 Last Ten Fiscal Years

Fiscal Year	Governmental Activities			Business-Type Activities		Total Primary Government	Percentage of Personal Income (2)	Per Capita (2)
	General Obligation Bonds (1)	Capital Outlay Notes	Capital Leases	Water and Sewer Revenue Bonds (1)	Capital Outlay Notes			
1997	\$ 47,670,000	\$ 3,145,000	\$ 396,714	\$ 1,394,052	\$ 666,217	\$ 53,271,983	3.37%	\$ 746
1998	56,380,000	3,276,000	311,682	1,391,823	556,950	61,916,455	3.92%	871
1999	53,960,000	3,450,333	415,901	1,328,265	452,598	59,607,097	3.77%	839
2000	51,180,000	2,912,523	452,313	1,256,020	346,712	56,147,568	3.55%	787
2001	48,224,484	2,344,714	549,084	1,149,037	267,750	52,535,069	3.32%	735
2002	47,013,414	1,766,904	593,996	1,106,868	220,541	50,701,723	3.21%	710
2003	43,494,290	1,388,094	486,943	1,175,271	159,400	46,703,998	2.95%	652
2004	40,603,340	899,284	148,719	1,253,963	102,119	43,007,425	2.72%	598
2005	40,383,107	835,474	16,889	1,250,367	42,800	42,528,637	2.69%	589
2006	40,487,589	521,666	0	1,177,475	10,000	42,196,730	2.67%	582

(1) Includes long-term loans payable financed by PBA loan agreements.

(2) See Table 16 for personal income and population data.

Table 12

Anderson County, Tennessee
Ratios of General Bonded Debt Outstanding (1)
Last Ten Fiscal Years

Fiscal Year	Estimated Population	Assessed Property Value	General Obligation Bonds	Less: Amounts Available in Debt Service Funds	Net Bonded Debt	Ratio of Net Bonded Debt to Assessed Value	Net Bonded Debt Per Capita
1997	71,429	\$ 723,983,023	\$ 47,670,000	\$ 2,440,974	\$ 45,229,026	6.25%	\$ 633
1998	71,116	733,411,031	56,380,000	2,663,868	53,716,132	7.32%	755
1999	71,004	914,281,795	53,960,000	2,474,310	51,485,690	5.63%	725
2000	71,330	937,004,449	51,180,000	2,081,008	49,098,992	5.24%	688
2001	71,457	756,193,269	48,224,484	1,759,436	46,465,048	6.14%	650
2002	71,627	964,683,472	47,013,414	1,713,695	45,299,719	4.70%	632
2003	71,627	974,980,330	43,494,290	1,767,011	41,727,279	4.28%	583
2004	71,904	974,637,775	40,603,340	2,373,282	38,230,058	3.92%	532
2005	72,244	985,767,614	40,383,107	2,637,523	37,745,584	3.83%	522
2006	72,469	1,215,542,050	40,487,589	2,877,398	37,610,191	3.09%	519

(1) Includes long-term loans payable financed by PBA loan agreements.

Table 13

Anderson County, Tennessee
 Direct and Overlapping Governmental Activities Debt
 As of June 30, 2006

Direct General Bonded Debt and Loans Payable:	
Anderson County	\$40,487,589 (1)
Less: Amount Available in Debt Service Funds	<u>(2,877,398)</u>
Total Direct General Bonded Debt and Loans Payable - Net	<u>\$37,610,191</u>
Overlapping General Bonded Debt:	
City of Oak Ridge	\$76,610,040 (2)
City of Clinton	5,990,285 (2)
Town of Lake City	<u>972,589 (2)</u>
Total Overlapping General Bonded Debt	<u>\$83,572,914</u>
TOTAL DIRECT GENERAL BONDED DEBT AND LOANS PAYABLE AND OVERLAPPING GENERAL BONDED DEBT	
	<u><u>\$121,183,105</u></u>

- (1) Includes long-term loans payable financed by PBA loan agreements.
 (2) Includes general bonded debt only.

Table 14

Anderson County, Tennessee
Computation of Legal Debt Margin
June 30, 2006

Not Applicable to Anderson County, Tennessee

NOTE:

Section 9-21-103 of the laws of the State of Tennessee provides that bonds or notes may be issued without regard to any limit on indebtedness for Tennessee Counties.

Table 15

Anderson County, Tennessee
Pledged Revenue Coverage
Last Ten Fiscal Years

Fiscal Year	Total Revenues (1)	Less Operating Expenses (2)	Net Available Revenue	Debt Service Requirements (3)			Coverage
				Bonds (4)	Notes	Total	
1997	\$ 1,348,325	\$ 1,047,756	\$ 300,569	\$ 106,639	\$ 109,567	\$ 216,206	1.39
1998	1,435,944	1,066,800	369,144	111,496	109,881	221,377	1.67
1999	1,656,491	1,138,025	518,466	137,473	119,989	257,462	2.01
2000	1,564,016	1,057,393	506,623	135,814	132,454	268,268	1.89
2001	1,686,833	1,129,308	557,525	143,253	87,734	230,987	2.41
2002	1,655,320	1,180,701	474,619	106,212	53,284	159,496	2.98
2003	1,735,747	1,348,129	387,618	101,947	74,964	176,911	2.19
2004	1,723,155	1,456,902	266,253	126,310	60,418	186,728	1.43
2005	1,825,171	1,566,766	258,405	132,010	61,841	193,851	1.33
2006	1,967,035	1,714,328	252,707	137,233	34,122	171,355	1.47

This table only includes the Water and Revenue Bonds of the Public Utility Fund (Enterprise Fund).

- Notes:
- (1) Includes operating revenues and nonoperating revenues excluding capital grants and contributions from developers.
 - (2) Does not include depreciation expense.
 - (3) Includes principal and interest amounts.
 - (4) Includes other loans payable.

Table 16

Anderson County, Tennessee
Demographic and Economic Statistics
Last Ten Fiscal Years

<u>Fiscal Year</u>	<u>Population (1)</u>	<u>Personal Income (amounts expressed in thousands) (1)</u>	<u>Per Capita Personal Income (1)</u>	<u>Median Age (1)</u>	<u>School Attendance (2)</u>	<u>Unemployment Rate (3)</u>
1997	71,429	\$ 1,580,724	\$ 22,130	38.0	8,908	5.5%
1998	71,116	1,730,750	24,337	38.0	8,650	4.4%
1999	71,004	1,764,236	24,847	38.0	8,776	4.1%
2000	71,330	1,856,863	26,032	39.9	8,689	3.9%
2001	71,457	1,943,202	27,194	39.9	8,645	4.1%
2002	71,627	1,947,825	27,194	39.9	8,627	4.0%
2003	71,904	1,955,357	27,194	39.9	8,510	4.4%
2004	72,244	1,964,603	27,194	39.9	8,486	5.1%
2005	72,244	2,151,426	29,780	39.2	8,431	5.8%
2006	72,469	2,158,127	29,780	40.7	8,336	5.3%

Data Sources:

- (1) U.S. Census Bureau and East Tennessee Development District.
(2) Anderson County Schools.
(3) Tennessee Department of Labor and Workforce Development.

Table 17

Anderson County, Tennessee
Principal Employers
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	Percentage of County Work Force	Employees	Rank	Percentage of County Work Force
BWXT - Y12 (1)	4,600	1	13.14%	-		-
UT Battelle (1)	4,045	2	11.55%	-		-
Bechtel Jacobs Co., LLC	1,337	3	3.82%	630	8	(3)
Methodist Medical Center	1,300	4	3.71%	1,442	2	(3)
Anderson County Government	1,259	5	3.60%	1,251	3	(3)
City of Oak Ridge	1,062	6	3.03%	-		-
SAIC	1,000	7	2.86%	450	10	(3)
Wackenhut-Oak Ridge Team	900	8	2.57%	-		-
Carlisle Tire & Wheel Co. (2)	600	9	1.71%	500	9	(3)
Oak Ridge Associated Universities	600	10	1.71%	706	5	(3)
Lockheed Martin Energy System, Inc. (1)	-		-	11,381	1	(3)
Boeing Engineering, Inc.	-		-	950	4	(3)
U.S. Department of Energy	-		-	671	6	(3)
Scientific Ecology Group	-		-	669	7	(3)
Total	<u>16,703</u>		<u>47.71%</u>	<u>18,650</u>		

Source(s): Tennessee Department of Economic and Community Development and Tennessee Department of Labor and Workforce Development.

- (1) In 1997 Lockheed Martin Energy System, Inc., was the Department of Energy contract manager for the Y-12 and X-10 sites in Oak Ridge. In 2006 those sites were managed by BWXT-Y12 and UT Battelle.
- (2) Carlisle Tire & Wheel Co. was previously named Dico Tire.
- (3) Due to unavailability of total county work force, percentage is not calculated.

Table 18

Anderson County, Tennessee
 Full-Time Equivalent County Government Employees by Function
 Last Four Fiscal Years (1)

Function	Full-Time Equivalent Employees as of June 30			
	2003	2004	2005	2006
General Government	32.0	33.5	34.7	42.8
Finance	22.9	24.8	23.1	22.4
Administration of Justice	21.6	23.7	22.5	24.9
Public safety	103.0	112.9	111.5	121.0
Public Health and Welfare	90.6	92.8	90.5	92.8
Social, Cultural, and Recreational Services	1.5	11.3	11.3	10.6
Agricultural and Natural Resources	2.6	2.7	2.5	2.7
Other Operations	3.7	4.3	3.3	4.5
Solid Waste	3.0	3.0	3.0	3.0
Highways	38.2	36.8	33.2	32.1
Water and Sewer	15.8	15.9	14.8	15.5
TOTAL	<u>334.9</u>	<u>361.7</u>	<u>350.4</u>	<u>372.3</u>

(1) Ten years of data is not available, but will be accumulated over time.

Table 19

Anderson County, Tennessee
Operating Indicators by Function
Last Ten Fiscal Years

Function:	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Register of Deeds										
Documents Filed	NA	NA	NA	NA	15,100	16,500	18,500	18,000	15,500	17,000
Chancery Court										
Cases Filed	1,706	1,753	1,587	1,699	1,808	1,705	1,566	1,670	1,565	1,704
Case Dispositions	1,849	1,616	1,498	1,467	1,749	1,997	1,394	1,448	1,390	2,117
General Sessions Court I										
Civil Cases Filed	1,226	1,301	1,410	1,154	1,011	1,146	1,354	1,522	1,320	1,439
Misdemeanor Cases Filed	6,429	6,506	5,831	5,165	5,897	6,081	7,839	8,641	8,710	6,246
General Sessions Court II										
Civil Cases Filed	350	502	527	487	492	477	382	419	429	420
Misdemeanor Cases Filed	3,308	3,389	3,900	4,234	4,496	4,778	5,497	6,201	5,702	5,423
Circuit Court										
Cases Filed	607	547	565	584	659	649	761	839	757	858
Case Dispositions	647	538	541	566	532	544	599	NA	772	785
Criminal Court										
Cases Filed	1,114	818	919	1,111	1,184	983	964	1,025	922	934
Case Dispositions	1,102	634	1,267	795	1,279	941	815	835	974	980
Sheriff's Department										
Physical arrests	NA	NA	NA	NA	608	527	793	910	768	803
Traffic violations	NA	152	495	499	703	906	2,071	1,997	1,042	576
Back-Up units required	NA	NA	1,795	2,334	2,580	3,844	4,566	6,283	5,856	5,974
Emergency Dispatch										
Calls for Service										
Sherriff	12,816	12,834	14,820	15,878	15,707	15,703	22,777	25,661	25,205	12,602
Ambulance	9,500	9,820	10,005	13,040	14,701	16,142	17,166	19,327	20,953	10,476
Fire & Rescue Calls	NA	2,135								
Ambulance Service										
Transports (1)	5,043	6,000	9,120	8,821	9,836	8,719	11,868	13,043	14,760	15,843
Highway Department										
Road resurfacing (miles)	NA	NA	28	9	16	24	28	14	32	36
Water										
New connections	75	75	75	75	101	97	105	88	100	100
Gallons produced and purchased	569,015	582,842	619,315	481,993	469,674	482,189	474,336	455,233	485,515	483,672
Gallons sold	467,731	490,442	532,943	352,595	343,786	360,934	353,989	334,293	338,187	338,670
Wastewater										
Average daily sewage treatment (thousands of gallons)	60	60	60	60	61	63	64	65	67	69

Sources: Various government departments.

NA Information not available.

(1) These numbers only represent actual transports of patients. They do not represent any calls that had no transports or a stand-by.

Table 20

Anderson County, Tennessee
Capital Assets Statistics by Function
Last Four Fiscal Years (1)

Function	Fiscal Year Ending			
	2003	2004	2005	2006
General Government				
Buildings	5	5	5	5
Vehicles	5	6	6	5
Administration of Justice				
Vehicles	1	1	1	1
Public Safety				
Buildings	2	2	2	2
Vehicles	79	77	81	71
Haz-mat Vehicle	0	0	0	1
Public Health and Welfare				
Buildings	2	2	2	2
Ambulances	10	14	16	18
Vehicles	2	3	3	4
Social, Cultural and Recreational				
Buildings	1	1	1	1
Parks	8	8	8	7
Highway				
Buildings	1	1	1	1
Bridges	65	65	65	65
Roads (miles)	500	501	534	535
Water				
Water mains (miles)	440	450	460	465
Fire hydrants	145	160	180	188
Sewer				
Sanitary sewers (miles)	43	43	43	50

Sources: Various Government departments.

(1) Ten years of data is not available, but will be accumulated over time.

SINGLE AUDIT SECTION



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

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

October 17, 2006

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

To the County Mayor and County Commissioners:

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anderson County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Anderson County's basic financial statements and have issued our report thereon dated October 17, 2006. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Anderson County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Anderson County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying schedule of findings and questioned costs as items 06.01, 06.02, and 06.03.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, of the reportable conditions described above, we consider items 06.01 and 06.02 to be material weaknesses.

Compliance and Other Matters

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

We have also noted certain matters that we reported to the management of Anderson County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu



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

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

October 17, 2006

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

To the County Mayor and County Commissioners:

Compliance

We have audited the compliance of Anderson County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Anderson County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Anderson County's management. Our responsibility is to express an opinion on Anderson County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Anderson County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Anderson County's compliance with those requirements.

In our opinion, Anderson County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Anderson County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Anderson County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

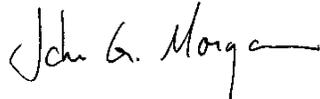
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce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

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the business-type activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Anderson County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated October 17, 2006. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/yu

OTHER AUDITOR'S REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

For the Emergency Communications District of Anderson County

Board of Directors
Emergency Communications District of
Anderson County, Tennessee
Clinton, Tennessee

We have audited the financial statements of the Emergency Communications District of Anderson County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States of America.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Emergency Communications District of Anderson County, Tennessee's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure over financial reporting. A material weakness is a condition in which the design or operation of one or more of the internal control structure 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 over financial reporting that might be material weaknesses. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

However, we noted certain matters that we have reported to the management of the Emergency Communications District of Anderson County, Tennessee, in a separate letter.

This report is intended solely for the information and use of management and government regulatory agencies and is not intended to be and should not be used by anyone other than these specified parties.

Anderson County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants - (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture: Food Donation (Noncash Assistance)	10.550	N/A	\$ 166,394
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	361,883
National School Lunch Program	10.555	N/A	1,069,551
Summer Food Service Program for Children	10.559	N/A	34,610
Passed through State Department of Human Services:			
Child and Adult Care Food Program	10.558	(2)	185,043
Total U.S. Department of Agriculture			\$ 1,817,481
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	(2)	\$ 359,931
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	(2)	39,936
Total U.S. Department of Housing and Urban Development			\$ 399,867
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11396-00	\$ 4,549
Total U.S. Department of Justice			\$ 4,549
U.S. Environmental Protection Agency:			
Direct Program:			
Brownfield Pilots Cooperative Agreements	66.811	N/A	\$ 79,298
Total U.S. Environmental Protection Agency			\$ 79,298
U.S. Department of Military:			
Passed-through State Department of Military:			
Off-site Emergency Planning and Response	81.502	N/A	\$ 15,000
Total U.S. Department of Military			\$ 15,000
U.S. Department of Education:			
Direct Program:			
Fund for the Improvement of Education	84.215	N/A	\$ 14,275
Passed-through State Department of Education:			
Adult Education - State Grant Program	84.002	Z-05-022191-00	54,462
Title I Grants to Local Educational Agencies	84.010	N/A	1,326,711
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,416,385
Special Education - Preschool Grants	84.173	N/A	93,244
Vocational Education - Basic Grants to States	84.048	N/A	198,181

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	N/A	\$ 56,819
Safe and Drug Free Schools and Communities - State Grants	84.186	(2)	59,740
State Grants for Innovative Programs	84.298	N/A	39,648
Education Technology State Grants	84.318	(2)	44,002
Improving Teacher Quality State Grants	84.367	N/A	302,503
Hurricane Education Recovery	84.938	N/A	18,810
Total U.S. Department of Education			\$ 3,624,780
U.S. Department of Election Assistance Commission:			
Passed-through State Secretary of State:			
Help America Vote Act Requirement Payments	90.401	(2)	\$ 312,500
Total U.S. Department of Election Assistance Commission			\$ 312,500
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
Job Opportunities and Basic Skills Training	93.561	(3)	\$ 13,037
Total U.S. Department of Labor			\$ 13,037
U.S. Department of Health and Human Services:			
Direct Program:			
Head Start	93.600	N/A	\$ 2,666,923
Total U.S. Department of Health and Human Services			\$ 2,666,923
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Cluster:			
State Domestic Preparedness Equipment Support Program	97.004	(4)	\$ 771,760
Homeland Security Grant Program	97.067	Z-05-025130-00	126,296
Homeland Security Preparedness Technical Assistance Program	97.007	Z-04020050-01	3,492
Emergency Management Performance Grants	97.042	(5)	15,016
Pre-Disaster Mitigation	97.047	GG-0-09902-01	4,619
Total U.S. Department of Homeland Security			\$ 921,183
Total Expenditures of Federal Awards			\$ 9,854,618

(Continued)

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

Federal/Pass-through Agency/Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Reappraisal Program - Comptroller of the Treasury	N/A	(2)	\$ 22,064
Juvenile Services Program - State Children's Services Commission	N/A	Z-06-002567-00	15,210
Litter Program - State Department of Transportation	N/A	(2)	33,651
Waste Tire Grant - State Department of Environment and Conservation	N/A	(2)	72,548
Adult Basic Education - State Department of Education	N/A	Z-05-022191-00	14,477
Law Enforcement Training Program	N/A	(2)	18,673
Family Resource - State Department of Education	N/A	(2)	3,475
Vocational Rehabilitation - State Department of Education	N/A	(2)	81,762
Incentive Award - State Department of Education	N/A	(2)	495
Tennessee Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	11,391
Lottery for Education: Afterschool Program (LEAP)- State Department of Education	N/A	Z-05-027715-00	27,530
Archives Materials Grant - State Department of Finance and Administration	N/A	(2)	2,000
Land Reclamation Grant - Office of Surface Mining	N/A	(2)	23,157
Safe Schools Grant - State Department of Health	N/A	(2)	36,803
Health and Welfare Grants - State Department of Health	N/A	(2)	353,619
Total State Grants			\$ 716,855

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) Z-05-022286-00: \$6,584; Z-06-027156-00: \$6,453
- (4) Z-03-017722-01: \$7,150; Z-04-020067-00: \$159,864; Z-04-022415-02: \$604,746
- (5) Z-05-025361-00: \$2,095; Z-06-032867-00: \$12,921

Anderson County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Comprehensive Annual Financial Report for Anderson County, Tennessee, for the year ended June 30, 2005, which has not been corrected.

OFFICES OF COUNTY MAYOR, DIRECTOR OF ACCOUNTS AND BUDGETS, AND PROBATION OFFICE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.01	266	The Probation Office had internal control weaknesses

ANDERSON COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. An unqualified opinion was issued on the financial statements of Anderson County.
2. The audit of the financial statements of Anderson County disclosed reportable conditions in internal control. Two of these conditions were considered to be material weaknesses.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Anderson County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Community Development Block Grant (CFDA No. 14.228), the Special Education Cluster: the Special Education - Grants to States and the Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173), the Improving Teacher Quality State Grants (CFDA No. 84.367), Help America Vote Act Requirement Payments (CFDA No. 90.401), Homeland Security Cluster: the State Domestic Preparedness Equipment Support Program and Homeland Security Grant Program (CFDA Nos. 97.004 and 97.067) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Anderson County did qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to the findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF TRUSTEE

FINDING 06.01 **AN EMPLOYEE STOLE CASH COLLECTIONS OF AT LEAST \$30,126.34 FROM THE TRUSTEE'S OFFICE**
(Internal Control – Material Weakness Under Government Auditing Standards)

The county attorney notified the Comptroller's Office by letter dated August 15, 2006, regarding a potential impropriety in accounting for property tax collections in the Trustee's Office. The irregular transaction involved a payment from a local bank for 37 property tax bills received by the Trustee's Office in May 2006; however, financial institutions normally remit payments for property tax bills in the month of December. On August 25, 2006, audit staff went to the bank to determine whether the bank had made a payment for unpaid property taxes in May. On August 28, 2006, the trustee requested a meeting with auditors; and on August 29, 2006, the trustee reported to auditors that an employee had resigned effective May 4, 2006, after it was determined that the employee had diverted cash collections of the office for personal use. The trustee also advised that the check from the bank received in May 2006, was issued to the Trustee's Office as a result of the bank's loan to the employee to liquidate the majority of the funds that the employee had diverted from the office, but not yet restored.

The trustee provided auditors with records that the employee had retained for collections she had diverted from the office. Those records indicated that the employee had diverted property tax plus interest and penalty collections between November 29, 2005, and May 4, 2006, totaling \$30,126.34. The employee had restored a portion of these funds (\$7,609.42) prior to the diversion being detected and restored the balance of the funds subsequent to her resignation (\$22,516.92). The employee also paid \$931.94 to the Trustee's Office to account for additional interest and penalty that had accrued on the accounting system for the taxes that had been diverted. We examined the records presented by the trustee, as well as other records of the office, and found a total of 53 cash receipts that the employee had apparently deleted or voided from the office accounting system in order to divert the collections.

The office staff became aware of improprieties when certain taxpayers notified the office that they had received delinquent property tax notices for unpaid taxes which in fact had already been paid. These taxpayers subsequently provided evidence to the Trustee's Office verifying that their taxes had indeed been paid. The trustee presented auditors with the original delinquent notices that the employee had removed from the group of notices being mailed to delinquent taxpayers. By removing these notices, the employee prevented most taxpayers from realizing that their payments had been diverted. However, the employee inadvertently failed to remove all of the affected property notices; therefore, certain

taxpayers were notified that their properties were delinquent when in fact their taxes had been paid.

The trustee advised auditors that when the employee was confronted with the information presented by the taxpayers, the employee acknowledged the diversion of those collections, as well as acknowledging the diversion of many other tax collections not detected by the Trustee's Office. The trustee obtained the records the employee had retained of collections she had diverted, and upon the employee restoring the funds, the Trustee's Office recorded the customers' taxes as paid.

We expanded our audit procedures in the Trustee's Office to determine if there were indications of other amounts that had been diverted by the employee in addition to amounts restored. Our audit included a review of certain transactions through August 31, 2006, the date the trustee left office. Although our procedures did not discover any other collections being diverted, there was no audit trail maintained by the computer accounting system of the use of the delete function which had been used to remove the majority of the diverted tax payments from the system. Without an audit trail of the use of the delete function, it is possible that receipts for other taxes could have been deleted from the system and not be detected. If we become aware of any further tax collections that have been diverted, we will communicate those in a future report.

On November 8, 1999, an information systems audit finding regarding the availability of the delete function had been reported, and the trustee had that capability removed from the computer system based on our recommendation. However, the function was apparently restored to the system at some point in time that neither the trustee nor the software vendor can determine. The trustee advised that once she became aware of the availability of the delete function (in March or April of 2006), she again had the software vendor remove that capability; however, the software vendor had no record of a change being made during the year. We did note that for transactions that were diverted in April and May 2006, the employee used the void function on the computer system, rather than the delete function. Unlike the delete function, the void function does provide an audit trail of the receipts voided. While certain employees of the office stated they were not aware that the delete function was available, other employees stated they were aware of it. The delete function is a material weakness in the internal control system. To preserve the integrity of the accounting system, it is essential that no accounting entries be removed without an audit trail of the deletion.

Although the trustee stated that she became aware of the problem around May 5, 2006, auditors were not notified by the trustee of the problem until August 29, 2006. It is important that our office be advised of improprieties when they are discovered.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

Management should contact their software vendor concerning the addition of software controls to the property tax application which would provide an audit trail for any transaction deletions, or have the delete function capability removed from the application. The computer generated audit log for voided transactions should be periodically examined

to determine the propriety of the voided transactions. County officials should be alert for any information provided by taxpayers that may indicate other tax receipts had been deleted from the system without detection. The Comptroller's Office should be notified immediately upon the detection of funds diverted from any county office.

OFFICE OF COUNTY CLERK

FINDING 06.02 **AN EMPLOYEE STOLE CASH COLLECTIONS OF AT LEAST \$1,781.86 FROM THE COUNTY CLERK'S OFFICE (Internal Control – Material Weakness Under Government Auditing Standards)**

On May 30, 2006, during our audit entrance conference, the county clerk reported that an employee had resigned on November 14, 2005, after it was determined that the employee had diverted cash collections of the office for personal use. The employee had diverted the funds by deleting motor vehicle registration receipts from the office computer system and removing a like amount of cash from the office. At the time the clerk reported the issue to auditors, he had identified nine transactions totaling \$1,316.36 that the employee had diverted from the office and had not repaid until confronted by the clerk. The employee repaid the \$1,316.36 to the County Clerk's Office on November 15, 2005. Subsequent to our entrance conference, another transaction was discovered by the clerk for a collection of \$465.50 that had been diverted. The county attorney wrote a letter to the employee stating that those funds should be repaid, and the employee repaid the \$465.50 on July 17, 2006.

The clerk became aware of improprieties when two customers called regarding the status of their title applications. The clerk examined logs maintained by the computer system and found title applications and renewal transactions which had been deleted from the accounting system and never reprocessed.

The clerk advised that when the employee was confronted about the deleted transactions, she acknowledged diverting those funds. Upon the employee restoring the funds, the County Clerk's Office reprocessed the title applications and renewal transactions which had been inappropriately deleted. The clerk's review of the log of deleted transactions indicated that there may have been other transactions that the employee had inappropriately deleted but reprocessed before being confronted by the clerk.

Although the diversion of funds was discovered in November 2005, the clerk did not notify the Comptroller's Office until May 30, 2006. However, the clerk had notified the county attorney and the district attorney general regarding the diversion of funds.

This finding has been reviewed with the district attorney general.

RECOMMENDATION

The county clerk should periodically review the computer generated audit log to determine the propriety of deleted transactions. County officials should be alert for any information

provided by customers that may indicate that other collections had been diverted and not detected. The Comptroller's Office should be notified immediately upon detection of funds diverted from any county office.

OFFICES OF COUNTY MAYOR, DIRECTOR OF ACCOUNTS AND BUDGETS, AND PROBATION DEPARTMENT

FINDING 06.03 **THE PROBATION OFFICE HAD INTERNAL CONTROL WEAKNESSES**

(Internal Control – Reportable Condition Under Government Auditing Standards)

Our audit of the Probation Office's policies and procedures over the computerized receipting and case management system revealed the following weaknesses:

- A. A monthly list of probationer account balances was not reconciled with monthly transactions. Reconciling the current account balance's list with the previous month's account balances plus receipts and charges of the current month establishes the validity of transactions and account balances.
- B. A sequential identification number was not assigned to each case. Without a sequential case number, it is difficult to determine whether all cases are properly accounted.

RECOMMENDATION

A list of account balances should be printed monthly and reconciled with the previous month's account balances plus receipts and charges for the current month. A sequential identifying number should be assigned to each case to ensure all cases are properly accounted.

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

There were no findings and questioned costs for federal awards.

ANDERSON COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.