

**COMPREHENSIVE ANNUAL
FINANCIAL REPORT**

BRADLEY COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

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

DEPARTMENT OF AUDIT
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Comptroller of the Treasury

DIVISION OF COUNTY AUDIT
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State Auditors

D. GARY DAVIS
County Mayor
Bradley County, Tennessee

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

BRADLEY COUNTY, TENNESSEE

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Audit Highlights

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

Scope

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

Results

Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified. Our report on the aggregate discretely presented component units is qualified because Bradley County Memorial Hospital's auditors were unable to verify a material amount of estimated pension liability at June 30, 2006.

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ A tax anticipation note was not issued and retired in compliance with state statutes.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department did not maintain inventory records for its nondepreciable assets.
 - ◆ General Purpose School Fund salary expenditures exceeded appropriations approved by the County Commission in 19 line items by \$141,340.
-

OTHER FINDINGS

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

INTRODUCTORY SECTION

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

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

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

October 20, 2006

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

State law requires that all general-purpose local governments publish within six months of the close of each fiscal year a complete set of financial statements presented in conformity with generally accepted accounting principles (GAAP) and audited in accordance with generally accepted auditing standards. Pursuant to that requirement, we hereby issue the comprehensive annual financial report of Bradley County, Tennessee, for the fiscal year ended June 30, 2006.

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

Bradley County's financial statements have been audited by the State of Tennessee, Comptroller of the Treasury, Department of Audit. The goal of the independent audit was to provide reasonable assurance that the financial statements of Bradley County for the fiscal year ended June 30, 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 a qualified opinion that Bradley County's financial statements for the fiscal year ended June 30, 2006, are fairly presented in conformity with GAAP. The independent auditor's report is presented as the first component of the financial section of this report.

The independent audit of the financial statements of Bradley County was part of a broader, federally mandated “Single Audit” designed to meet the special needs of federal grantor agencies. The standards governing Single Audit engagements require the independent auditor to report not only on the fair presentation of the financial statements, but also on the audited government’s internal controls and compliance with legal requirements, with special emphasis on internal controls and legal requirements involving the administration of federal awards. These reports are available in Bradley County’s separately issued Single Audit Report.

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

PROFILE OF THE GOVERNMENT

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

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

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

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

provided in this report for each individual governmental fund for which an appropriated annual budget has been adopted. For the General Fund and the Highway/Public Works Fund these comparisons are presented as required supplementary information. For other governmental funds with appropriated annual budgets, this comparison is present in the combining and individual fund financial statements and schedules section of this report.

FACTORS AFFECTING FINANCIAL CONDITION

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

Local economy. Bradley County currently enjoys a favorable economic environment, and local indicators point to continued stability. Bradley County is known for its productive agriculture and for its stable diversified industry. Approximately 80 percent of the county's land area is devoted to farming, with income derived primarily from dairy, cotton raising, poultry, tobacco, and various fruits and vegetables. The county has three industrial parks. Northeast Industrial Park is fully developed, and Cleveland-Bradley County Industrial Park has approximately 80 of its total 228 acres remaining for development. The Hiwassee River Industrial Park has approximately 67 of its total 121 acres available for development. There are approximately 147 industrial concerns in the county. Major industries with headquarters or divisions located within the government's boundaries or in close proximity include household cooking equipment, newspaper and pulp plant, distribution centers, alkaline batteries, hosiery, candy, cakes, cookies, dairy products, photo finishing, and clothing manufacturing.

A diverse manufacturing and industrial base adds to the relative stability of the employment rate. Bradley County has an employed labor force of approximately 47,000, which is anticipated to grow at a rate of two to three percent each year for the next several years. Meanwhile, there continues to be a discernable trend toward steady residential growth.

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

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

- Continuing to replace some of the older bridges in the county through the Road Department bridge program.
- Continuing better working relationship with city government.
- Reducing debt for the county.
- Increasing per-pupil expenditures and/or address school needs, both buildings and programs.
- Developing a five-year plan for schools, other agencies, and county funds.

- Continuing to improve efficiency in county departments.
- Recruiting businesses.
- Extending water lines in the rural areas of the county.

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.

All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal 100 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for the purposes of credit risk disclosure.

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

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

Pension and other post-employment benefits. Employees of Bradley County are members of the Political Subdivision Pension Plan (PSPP); an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits, as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and members joining

prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bradley County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Awards and Acknowledgements. The Government Finance Officers Association (GFOA) awarded a Certificate of Achievement for Excellence in Financial Reporting to Bradley County for its comprehensive annual financial report (CAFR) for the fiscal year ended June 30, 2005. This was the second consecutive year that Bradley County has received this prestigious award.

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

Respectfully submitted,



Lynn Burns
Director of Accounts & Budgets



D. Gary Davis
County Mayor

Certificate of Achievement for Excellence in Financial Reporting

Presented to

Bradley County,
Tennessee

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

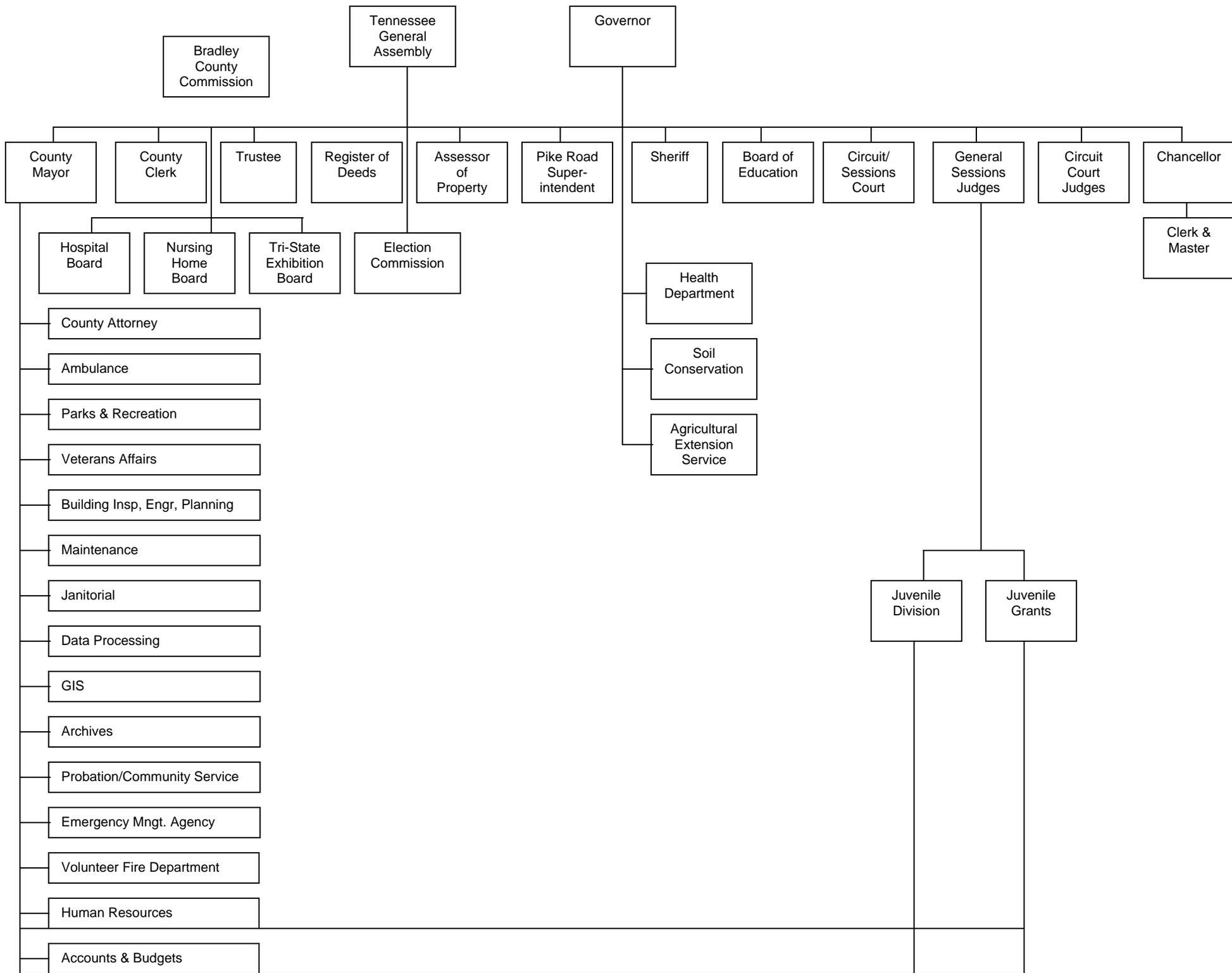


Carla E. Perry

President

Jeffrey R. Enser

Executive Director



Bradley County Officials
June 30, 2006

Officials

County Mayor
Highway Superintendent
Director of Schools
Trustee
Assessor of Property
County Clerk
Circuit & General Sessions Courts Clerk
Clerk & Master
Register
Sheriff

D. Gary Davis
Tom Collins
Robert Taylor
Anderson Miller
Stanley Thompson
Donna Alley Simpson
Pam Mull
Carl Shrewsbury
Raymond Swafford
Dan Gilley

Accounting & Budgeting Director
Agricultural Extension Director
Ambulance Service Director
County Attorney
Emergency Management
Engineering, Planning & Building Inspection
Fire Chief
GIS
Health Department
Human Resources Director
Information Systems
Juvenile Services
Parks & Recreation Director
Probation Services/Courts Community Service
Veteran Affairs

Lynn Burns
Kim Frady
Danny Lawson
Barrett Painter
Troy Spence
Sandra Knight
Dewey Woody
Wayne Owenby
Eloise Waters
Michael Willis
Michael Sullivan
Linda Callaway
Paul Wyrick
Rich Kienlen
Gary Benefield

Board of County Commissioners

District 1
District 1
District 2
District 2
District 3
District 3
District 4
District 4
District 5
District 5

Ben Atchley
Mike Smith
Connie Wilson
Ginger Wilson Buchanan
Matthew Brown
Lisa Stanbery
Jim Smith
Howard Thompson
Bill Ledford
Jeff Yarber

Board of County Commissioners (Cont.)

District 6
District 6
District 7
District 7

Ralph Creel
Roy Smith
Michael Plumley
William Varnell

Board of Education

Troy Weathers, Chairman
Richard Baker
Tom Cassada
Eddie Duncan

Mel Griffith
Mark Grissom
Doris Woody

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 22, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Bradley County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Bradley County's management. Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the discretely presented Bradley County Memorial Hospital which represent 37 percent and 39 percent, respectively, of the assets and revenues of the aggregate discretely presented component units; and the discretely presented Bradley Healthcare and Rehabilitation Center which represent four percent and nine percent, respectively, of the assets and revenues of the aggregate discretely presented component units, as of June 30, 2006, and for the year then ended. Those financial statements were audited by other auditors whose reports thereon have been furnished to us, and our opinion, insofar as it relates to the amounts included for the Bradley County Memorial Hospital and the Bradley Healthcare and Rehabilitation Center, is based on the reports of the other auditors.

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

accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit and the reports of other auditors provide a reasonable basis for our opinions.

As discussed in Note VI.A.10 to the financial statements of the discretely presented Bradley County Memorial Hospital, the hospital's financial statements reflect an estimated pension plan liability of \$10,000,000 at June 30, 2006. The hospital's auditors were unable to obtain support for this estimated liability because the actuarial calculation of benefits had not yet been completed. As a result, the discretely presented Bradley County Memorial Hospital's independent auditor's report reflected a qualified opinion for the year ended June 30, 2006. The amount by which this estimated liability may change once an actuarial calculation is made and its affect on the assets, liabilities, net assets, and expenditures of the aggregate discretely presented component units is not reasonably determinable.

In our opinion, based on our audit and the reports of other auditors, except for the effects of such adjustments, if any, as might have been determined to be necessary had the actuarial calculation of pension benefits for the Bradley County Memorial Hospital been completed, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Bradley County, Tennessee, as of June 30, 2006, and the changes in financial position thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In addition, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of June 30, 2006, and the respective changes in financial position, thereof for the year then ended in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2006, on our consideration of Bradley County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Bradley County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) and GASB Statement No. 47, Accounting for Termination Benefits.

The management's discussion and analysis on pages 23 through 35 and the budgetary comparison information on pages 107 through 113 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited

procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

Management's Discussion and Analysis

As management of Bradley County, we offer readers of the Bradley County financial statements this narrative overview and analysis of the financial activities of the county for the fiscal year ended June 30, 2006. We encourage readers to consider the information presented here in conjunction with additional information that we have furnished in our letter of transmittal.

Financial Highlights

- The assets of Bradley County Primary Governmental Activities exceeded its liabilities at the close of the most recent fiscal year by \$11,087,675 (net assets).
- The government's total net assets decreased by \$4,732,438 during the year ending June 30, 2006.
- As of the close of the current fiscal year, Bradley County's governmental funds reported combined ending fund balances of \$44,732,597. Approximately 21.5 percent of this amount (\$9,598,412) is available for spending at the government's discretion (unreserved fund balance).
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$5,812,612 or 21.5 percent of total General Fund expenditures.
- Bradley County's total long-term debt decreased by \$1,231,882 during the current fiscal year.

Overview of the Financial Statements

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

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

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

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

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

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

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

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

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

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

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

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

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

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Bradley County, assets exceeded liabilities by \$11,087,675 at the close of the most recent fiscal year.

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

As of June 30, 2006, Bradley County had outstanding debt totaling \$53,954,153 for capital purposes of education (\$38,071,693 for county schools and \$15,882,460 for city schools). The capital assets are reported in the financial statements of the Bradley County Board of Education and the Board of Education of the City of Cleveland, respectively. Bradley County has incurred the related liability, significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

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

Table 1a

BRADLEY COUNTY'S Net Assets

	Bradley County Government		Bradley County School Department	
	2006	2005	2006	2005
Current and Other Assets	\$ 63,943,229	\$ 73,369,433	\$ 28,113,547	\$ 21,702,605
Capital Assets	46,161,511	43,508,036	50,590,530	48,899,871
Total Assets	\$ 110,104,740	116,877,469	\$ 78,704,077	\$ 70,602,476
Long-term Liabilities O/S	\$ 81,523,866	\$ 82,783,346	\$ -	\$ -
Other Liabilities	17,493,199	18,274,010	16,829,372	14,904,600
Total Liabilities	\$ 99,017,065	\$ 101,057,356	\$ 16,829,372	\$ 14,904,600
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ 18,717,481	\$ 13,575,147	\$ -	\$ -
Invested in Capital Assets	-	-	50,590,530	48,899,871
Restricted	34,951,549	42,970,084	5,099,663	1,947,027
Unrestricted	(42,581,355)	(40,725,118)	6,184,512	4,850,978
Total Net Assets	\$ 11,087,675	\$ 15,820,113	\$ 61,874,705	\$ 55,697,876

Table 1b

	BRADLEY COUNTY'S Net Assets			
	Bradley County Memorial Hospital		Bradley Healthcare & Rehabilitation	
	2006	2005	2006	2005
Current and Other Assets	\$ 48,918,343	\$ 17,859,490	\$ 2,143,521	\$ 1,649,449
Capital Assets	-	36,070,457	3,082,204	3,092,414
Total Assets	\$ 48,918,343	53,929,947	\$ 5,225,725	\$ 4,741,863
Long-term Liabilities O/S	\$ -	\$ 20,791,504	\$ 114,678	\$ -
Other Liabilities	13,945,000	8,435,894	817,267	790,549
Total Liabilities	\$ 13,945,000	\$ 29,227,398	\$ 931,945	\$ 790,549
Net Assets:				
Invested in Capital Assets, Net of Related Debt	\$ -	\$ 20,382,836	\$ -	\$ -
Invested in Capital Assets	-	-	3,082,204	3,092,414
Restricted	-	108,407	134,574	-
Unrestricted	34,973,343	4,211,306	1,077,002	858,900
Total Net Assets	\$ 34,973,343	\$ 24,702,549	\$ 4,293,780	\$ 3,951,314

An additional portion of Bradley County's governmental activities assets (\$34,951,549) represents resources that are subject to external restrictions on how they may be used.

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

Table 2a

BRADLEY COUNTY'S Changes in Net Assets

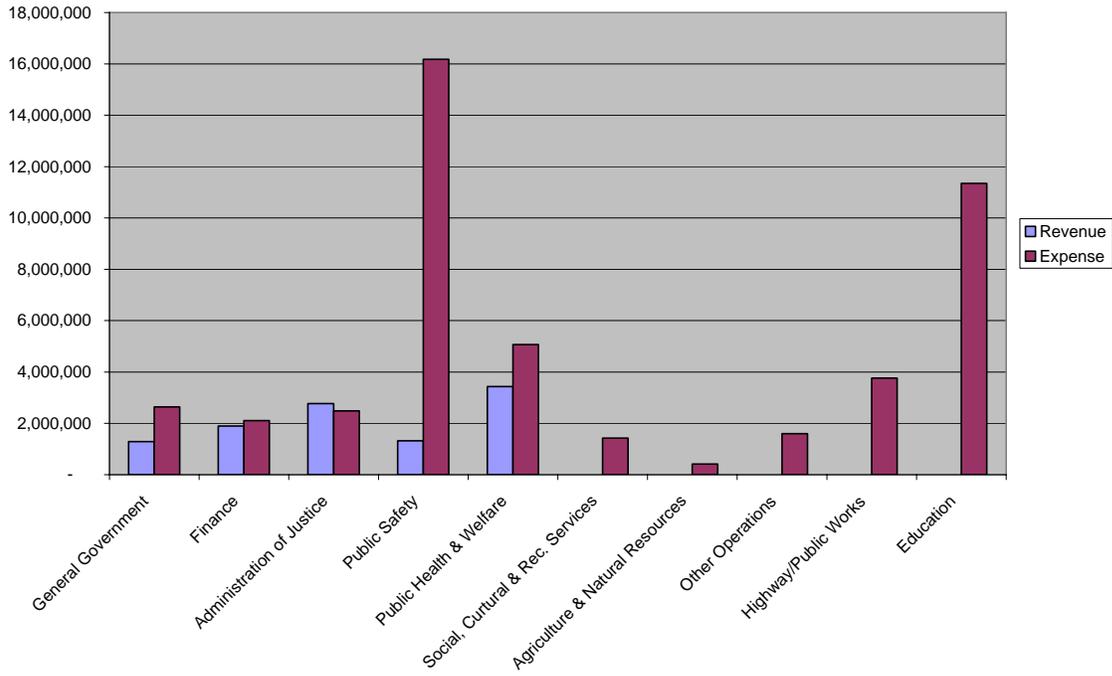
	Bradley County Government		Bradley County School Department	
	2006	2005	2006	2005
Revenues				
Program Revenues:				
Charges for Services	\$ 10,699,470	\$ 10,947,221	\$ 9,337,575	\$ 1,936,298
Operating Grants & Contributions	7,548,175	5,222,274	1,789,366	6,512,203
Capital Grants & Contributions	1,747,863	2,526,651	4,408,270	1,411,489
General Revenues:				
Property Taxes	17,999,945	17,008,170	10,690,877	9,937,003
Other Taxes	5,721,978	5,687,420	7,826,355	7,194,986
Grants & Contributions not restricted to Specific Programs	894,447	480,296	31,042,436	8,862
Other	1,357,401	1,036,277	537,645	29,034,356
Total Revenues	\$ 45,969,279	\$ 42,908,309	\$ 65,632,524	\$ 56,035,197
Expenses				
General Government	\$ 2,643,474	\$ 2,508,007	\$ -	\$ -
Finance	2,105,013	2,076,420	-	-
Administration of Justice	2,484,104	2,484,384	-	-
Public Safety	16,179,741	13,838,185	-	-
Public Health & Welfare	5,071,634	4,388,121	-	-
Social,Curtural & Rec. Services	1,428,944	1,310,346	-	-
Agriculture & Natural Resources	412,796	391,320	-	-
Other Operations	1,599,541	1,432,033	-	-
Highways/Public Works	3,761,715	3,492,535	-	-
Education	11,346,511	1,411,489	-	-
Interest on Long-Term Debt	3,494,212	2,895,248	-	-
Other Enterprises	-	-	59,455,694	54,334,013
Other Debt Service	174,032	183,324	-	-
Total Expenses	\$ 50,701,717	\$ 36,411,412	\$ 59,455,694	\$ 54,334,013
Increase in Net Assets	\$ (4,732,438)	\$ 6,496,897	\$ 6,176,830	\$ 1,701,184
Net Assets - Prior Year	15,820,113	9,323,216	55,697,876	53,996,692
Total Net Assets	\$ 11,087,675	\$ 15,820,113	\$ 61,874,706	\$ 55,697,876

Table 2b

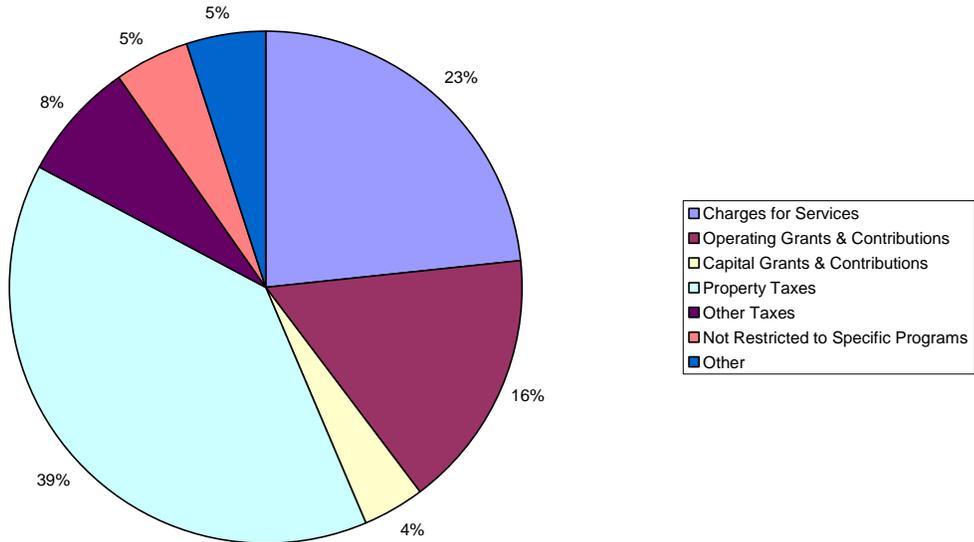
BRADLEY COUNTY'S Changes in Net Assets

	Bradley County Memorial Hospital		Bradley Healthcare & Rehabilitation	
	2006	2005	2006	2005
Revenues				
Program Revenues:				
Charges for Services	\$ 17,232,565	\$76,588,355	\$11,098,044	\$ 10,494,139
Capital Grants & Contributions	3,798	-	-	-
General Revenues:				
Other	32,012,486	265,407	23,606	17,794
Total Revenues	\$ 49,248,849	\$76,853,762	\$11,121,650	\$ 10,511,933
Expenses				
Other Enterprises	\$ 38,978,055	\$80,125,492	\$10,779,184	\$ 10,145,755
Other Debt Service	-	-	-	-
Total Expenses	\$ 38,978,055	\$80,125,492	\$10,779,184	\$ 10,145,755
Increase in Net Assets	\$ 10,270,794	\$(3,271,730)	\$ 342,466	\$ 366,178
Net Assets - Prior Year	24,702,549	27,974,279	3,951,314	3,585,136
Total Net Assets	\$ 34,973,343	\$24,702,549	\$ 4,293,780	\$ 3,951,314

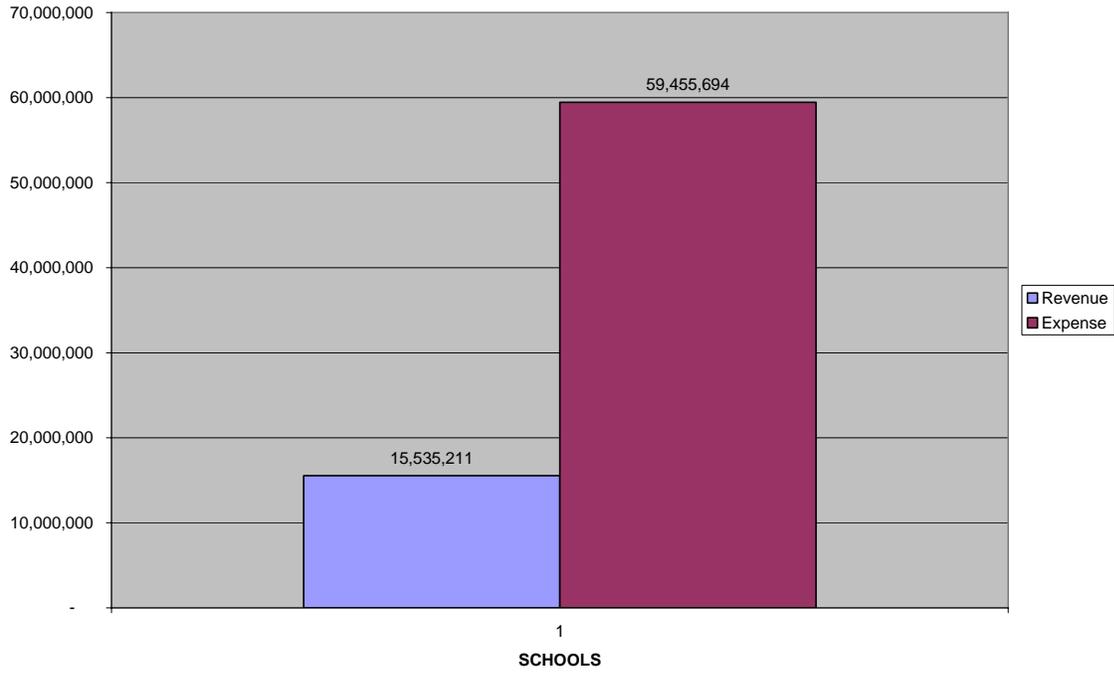
Program Revenues & Expenses - Governmental Activities



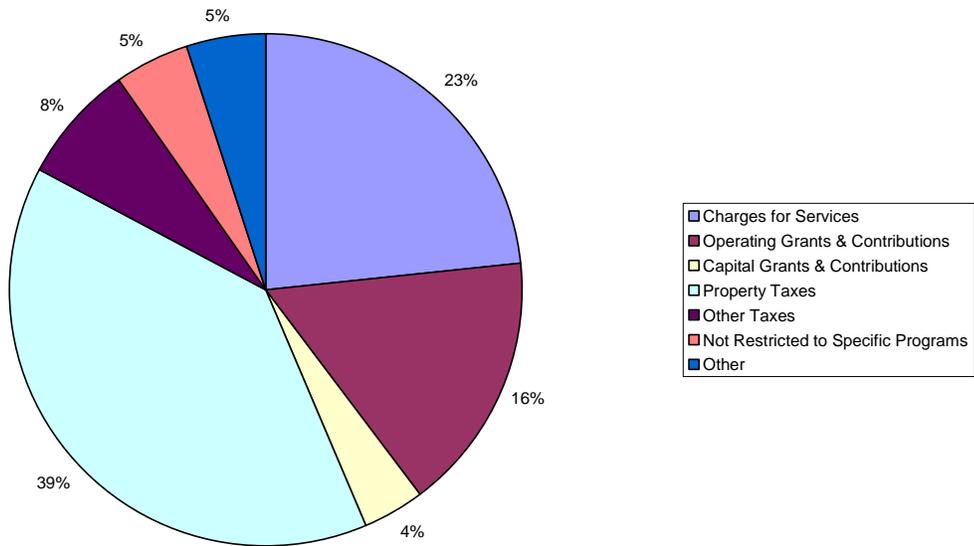
Revenues by Source - Governmental Activities



Program Revenues & Expenses - Schools



Revenues by Source - Schools



Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Bradley County's governmental funds reported combined ending fund balances of \$44,732,597. Approximately 22.9 percent of this amount (\$10,245,956) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of the fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders (\$217,193), 2) to pay debt service (\$33,083,643), or 3) for a variety of other restricted purposes (\$1,185,805).

The General Fund is the chief operating fund of Bradley County. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$5,812,612 while total fund balance reached \$7,131,666. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 21.5 percent of total General Fund expenditures, while total fund balance represents 26.4 percent of that same amount.

The fund balance of Bradley County's General Fund increased by \$173,570 during the current fiscal year. A key factor in this growth was a 13.4 percent increase in charges for current services over prior year.

The General Debt Service Fund has a total fund balance of \$33,083,643, all of which is reserved for the payment of debt service. The \$8,248,100 net decrease in fund balance during the current year in the General Debt Service Fund was largely due to short term debt issued for renovations at the Ocoee Middle School.

General Fund Budgetary Highlights

The difference between the original budget expenditures and the final amended budget expenditures in the General Fund was \$2,126,423 (increase in appropriations) and can be briefly summarized as follows:

- Increases allocated to General Administration - \$169,586.
- Decreases allocated to Finance - \$5,986.
- Increases allocated to Administration of Justice - \$119,812.
- Increases allocated to Public Safety - \$885,034.
- Increases allocated to Public Health & Welfare - \$371,753.
- Increases allocated to Social, Cultural & Recreational - \$2,100.
- Increases allocated to Other Operations - \$584,124.

Of this increase, \$659,693 was to be funded out of miscellaneous increases in various charges for services, grant proceeds, and insurance recovery. The remaining \$1,466,730 was to be budgeted from available fund balances. During the year, however, revenues exceeded budgetary estimates, and expenditures were less than budgetary estimates, thus eliminating the need to draw upon existing fund balance.

The schools had an increase in allocations totaling \$3,416,425 which consisted mostly of additional state and federal dollars received totaling \$2,126,425.

Capital Asset and Debt Administration

Capital assets. The investment in capital assets includes land, buildings and system improvements, machinery and equipment, park facilities, roads, highways, and bridges. Bradley County's investment in capital assets for its governmental and business-type activities as of June 30, 2006, amounts to \$46,161,511 (net of accumulated depreciation and related debt). The Bradley County School Department's investment in capital assets for its governmental activities amounts to \$50,590,530 (net of accumulated depreciation). Related debt for schools is carried in governmental activities.

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

- Forensic equipment for Sheriff's Department of \$36,162.
- Thermal cameras for Fire and Rescue Department at \$37,500.
- Two new ambulances for EMS at \$105,064.
- Surveillance/workstation vehicle for Drug Unit at \$32,059.
- Equipment for drug investigations of \$117,934.
- Courthouse plaza renovations at \$431,628.
- Juvenile Center at \$2,548,212.
- Air systems for schools – Blue Springs, Taylor, Valley View at \$108,600.
- Asbestos abatement for schools – Oak Grove, Black Fox, Charleston at \$154,545.
- Vehicles for schools – bus and maintenance truck at \$77,200.
- Freezer for Bradley High School at \$150,400.
- Paving for Bradley High School at \$82,000.
- Intercom system for Oak Grove School at \$34,000.

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

LONG-TERM DEBT

Table 3

BRADLEY COUNTY

Issued For:	General County	County Schools	City Schools	Total Governmental Activity
Notes	\$ 815,000	\$ -	\$ -	\$ 815,000
Other Loans	15,680,847	38,071,693	15,882,460	69,635,000
Bonds	10,990,000	-	-	10,990,000
Capital Leases	83,866	-	-	83,866
	\$ 27,569,713	\$38,071,693	\$ 15,882,460	\$ 81,523,866
Compensated Absences	783,115	70,464	-	853,579
Total Long-term Debt	\$ 28,352,828	\$38,142,157	\$ 15,882,460	\$ 82,377,445

At the end of the current fiscal year, Bradley County had total long-term debt outstanding of \$82,377,445. This amount comprises debt backed by the full faith and credit of the government. In addition to the loan agreements, county long-term obligations include compensated absences and capital leases.

Bradley County's total debt decreased by \$1,231,882 during the current fiscal year.

For more detailed information on long-term debt activity, please see the relevant disclosures in the notes to the financial statements. Note IV.F. of this report provides additional information regarding capital leases and Note IV.G. provides additional information regarding general obligation bonds, notes, and other loans.

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

Economic Factors and Next Year's Budgets and Rates

The unemployment rate for the county is currently 5.1 percent, which is up from a year ago at 4.8 percent. The state's average unemployment rate is currently 5.8 percent and the national average is 4.6 percent. Inflationary trends in the region compare favorable to national indices. All of these factors were considered in preparing the county's budget for the 2006-07 fiscal year. At the end of the 2005-06 fiscal year, unreserved fund balance in the General Fund increased to \$6,963,712 (7.73 percent increase from last year). The county has budgeted \$2,706,709 of this fund balance for spending during the fiscal year 2006-07.

Request for Information

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

BASIC FINANCIAL STATEMENTS

Exhibit A

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

	Primary Government Governmental Activities	Component Units		
		Bradley County School Department	Bradley County Memorial Hospital	Bradley Healthcare and Rehabilitation Center
ASSETS				
Cash	\$ 462,848	\$ 89,568	\$ 1,672,564	\$ 961,835
Equity in Pool Cash and Investments	32,363,321	14,107,398	0	0
Investments	0	0	46,235,114	0
Accounts Receivable	5,065,625	0	1,010,665	1,257,955
Allowance for Uncollectibles	(2,209,828)	0	0	(108,768)
Due from Other Governments	1,674,226	2,911,825	0	0
Due from Primary Government	0	496	0	0
Inventories	0	85,800	0	31,864
Taxes Receivable	17,491,158	11,382,903	0	0
Allowance for Uncollectible Property Taxes	(769,510)	(464,443)	0	0
Prepaid Items	0	0	0	635
Notes Receivable - Current	1,445,000	0	0	0
Notes Receivable - Long Term	8,294,705	0	0	0
Deferred Charges - Debt Issuance Costs	125,684	0	0	0
Capital Assets:				
Assets Not Depreciated:				
Land	4,927,642	1,294,715	0	1,250
Construction in Progress	0	3,117,701	0	0
Assets Net of Accumulated Depreciation:				
Buildings and Improvements	23,028,480	45,776,123	0	2,400,243
Other Capital Assets	4,247,343	401,991	0	680,711
Infrastructure	13,958,046	0	0	0
Total Assets	\$ 110,104,740	\$ 78,704,077	\$ 48,918,343	\$ 5,225,725
LIABILITIES				
Accounts Payable	\$ 7,927	\$ 81,430	\$ 3,945,000	\$ 251,185
Accrued Payroll	170,525	4,573,677	0	453,505
Payroll Deductions Payable	0	599,189	0	0
Accrued Interest Payable	380,218	0	0	0
Contracts Payable	0	665,095	0	0
Retainage Payable	0	204,641	0	0
Cash Overdraft	1,002	10,917	0	0
Due to the State of Tennessee	0	18,604	0	0
Other Current Liabilities	0	0	0	112,577
Other Long-term Liabilities	0	0	10,000,000	114,678
Deferred Revenue - Current Property Taxes	16,150,412	10,605,355	0	0
Noncurrent Liabilities:				
Due Within One Year	4,104,928	70,464	0	0
Due In More Than One Year	78,202,053	0	0	0
Total Liabilities	\$ 99,017,065	\$ 16,829,372	\$ 13,945,000	\$ 931,945
NET ASSETS				
Invested in Capital Assets, Net of Related Debt	\$ 18,717,481	\$ 0	\$ 0	\$ 0
Invested in Capital Assets	0	50,590,530	0	3,082,204
Restricted for:				
Capital Projects	716,806	3,535,890	0	0
Debt Service	33,083,643	0	0	0
Other Purposes	1,151,100	1,563,773	0	134,574
Unrestricted	(42,581,355)	6,184,512	34,973,343	1,077,002
Total Net Assets	\$ 11,087,675	\$ 61,874,705	\$ 34,973,343	\$ 4,293,780

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

Exhibit B

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

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units		
						Bradley County School Department	Bradley County Memorial Hospital	Bradley Healthcare and Rehabilitation Center
Primary Government:								
Governmental Activities:								
General Government	\$ 2,643,474	\$ 1,288,925	\$ 76,057	\$ 5,180	\$ (1,273,312)	\$ 0	\$ 0	\$ 0
Finance	2,105,013	1,893,208	27,725	0	(184,080)	0	0	0
Administration of Justice	2,484,104	2,762,591	0	0	278,487	0	0	0
Public Safety	16,179,741	1,318,278	3,955,694	50	(10,905,719)	0	0	0
Public Health and Welfare	5,071,634	3,433,555	501,713	5,750	(1,130,616)	0	0	0
Social, Cultural, and Recreational Services	1,428,944	2,913	0	286,676	(1,139,355)	0	0	0
Agriculture & Natural Resources	412,796	0	1,000	0	(411,796)	0	0	0
Other Operations	1,599,541	0	147,982	0	(1,451,559)	0	0	0
Highways/Public Works	3,761,715	0	2,164,193	1,450,207	(147,315)	0	0	0
Education (Payment to CU)	11,346,511	0	0	0	(11,346,511)	0	0	0
Interest on Long-term Debt	3,494,212	0	473,042	0	(3,021,170)	0	0	0
Other Debt Service	174,032	0	200,769	0	26,737	0	0	0
Total Governmental Activities	\$ 50,701,717	\$ 10,699,470	\$ 7,548,175	\$ 1,747,863	\$ (30,706,209)	\$ 0	\$ 0	\$ 0
Total Primary Government	\$ 50,701,717	\$ 10,699,470	\$ 7,548,175	\$ 1,747,863	\$ (30,706,209)	\$ 0	\$ 0	\$ 0
Component Units:								
Bradley County School Department	\$ 59,455,694	\$ 9,337,575	\$ 1,789,366	\$ 4,408,270	\$ 0	\$ (43,920,483)	\$ 0	\$ 0
Bradley County Memorial Hospital	39,007,252	17,766,503	0	0	0	0	(21,240,749)	0
Bradley Healthcare and Rehabilitation Center	10,779,184	11,098,044	0	0	0	0	0	318,860
Total Component Units	\$ 109,242,130	\$ 38,202,122	\$ 1,789,366	\$ 4,408,270	\$ 0	\$ (43,920,483)	\$ (21,240,749)	\$ 318,860

(Continued)

Exhibit B

Bradley County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets			
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Component Units		
						Bradley County School Department	Bradley County Memorial Hospital	Bradley Healthcare and Rehabilitation Center
General Revenues:								
Taxes:								
Property taxes levied for general purposes					\$ 11,536,253	\$ 10,690,877	\$ 0	\$ 0
Property taxes levied for debt service					6,463,692	0	0	0
Local option sales tax					3,516,343	7,815,657	0	0
Other local taxes					2,205,635	10,698	0	0
Grants & contributions not restricted for specific programs					894,447	31,042,436	3,798	9,730
Unrestricted investment income					1,196,114	444,794	1,199,485	9,876
Sale of land/equipment					0	2,671	30,308,260	0
Miscellaneous					161,287	90,180	0	4,000
Total General Revenues					\$ 25,973,771	\$ 50,097,313	\$ 31,511,543	\$ 23,606
Change in Net Assets					\$ (4,732,438)	\$ 6,176,830	\$ 10,270,794	\$ 342,466
Net Assets, July 1, 2005					15,820,113	55,697,875	24,702,549	3,951,314
Net Assets, June 30, 2006					\$ 11,087,675	\$ 61,874,705	\$ 34,973,343	\$ 4,293,780

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

Exhibit C-1

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 462,848	\$ 462,848
Equity in Pooled Cash and Investments	5,488,859	731,392	23,105,816	3,037,254	32,363,321
Accounts Receivable	4,722,501	0	187,503	155,621	5,065,625
Allowance for Uncollectibles	(2,209,828)	0	0	0	(2,209,828)
Due from Other Governments	1,181,151	387,095	84,907	21,073	1,674,226
Due from Other Funds	125,117	0	10,375	0	135,492
Property Taxes Receivable	8,973,324	2,479,976	4,951,399	1,086,459	17,491,158
Allowance for Uncollectible Property Taxes	(366,075)	(98,368)	(235,597)	(69,470)	(769,510)
Notes Receivable - Current	0	0	1,445,000	0	1,445,000
Notes Receivable - Long-Term	0	0	8,260,000	34,705	8,294,705
Total Assets	\$ 17,915,049	\$ 3,500,095	\$ 37,809,403	\$ 4,728,490	\$ 63,953,037
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 6,181	\$ 0	\$ 0	\$ 1,746	\$ 7,927
Payroll Deductions Payable	170,525	0	0	0	170,525
Cash Overdraft	0	0	0	1,002	1,002
Due to Other Funds	0	0	0	135,492	135,492
Deferred Revenue - Current Property Taxes	8,360,509	2,317,942	4,525,428	946,533	16,150,412
Deferred Revenue - Delinquent Property Taxes	222,757	57,478	171,870	63,608	515,713
Other Deferred Revenues	2,023,411	187,496	28,462	0	2,239,369
Total Liabilities	\$ 10,783,383	\$ 2,562,916	\$ 4,725,760	\$ 1,148,381	\$ 19,220,440
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 167,954	\$ 0	\$ 0	\$ 49,239	\$ 217,193
Reserved for Alcohol and Drug Treatment	75,251	0	0	0	75,251
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	639,044	0	0	0	639,044
Reserved for Drug Court	82,758	0	0	0	82,758
Reserved for Sexual Offender Registration	5,356	0	0	0	5,356
Reserved for Computer System - Register	168,269	0	0	0	168,269
Reserved for Automation Purposes - Circuit Court	46,818	0	0	0	46,818
Reserved for Automation Purposes - Criminal Court	17,809	0	0	0	17,809
Reserved for Automation Purposes - General Sessions Court	46,868	0	0	0	46,868
Reserved for Automation Purposes - Chancery Court	3,084	0	0	0	3,084
Reserved for Automation Purposes - Other Courts	71	0	0	0	71
Reserved for Automation Purposes - Sheriff	6,686	0	0	0	6,686
Reserved for Long-Term Notes Receivable	0	0	9,705,000	34,705	9,739,705
Reserved for Other General Purposes	59,086	0	0	0	59,086
Unreserved, Reported In:					
General Fund	5,812,612	0	0	0	5,812,612
Special Revenue Funds	0	937,179	0	2,848,621	3,785,800
Debt Service Funds	0	0	23,378,643	0	23,378,643
Capital Projects Funds	0	0	0	647,544	647,544
Total Fund Balances	\$ 7,131,666	\$ 937,179	\$ 33,083,643	\$ 3,580,109	\$ 44,732,597
Total Liabilities and Fund Balances	\$ 17,915,049	\$ 3,500,095	\$ 37,809,403	\$ 4,728,490	\$ 63,953,037

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

Exhibit C-2

Bradley County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
June 30, 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)		\$ 44,732,597	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.			
Add: land	\$ 4,927,642		
Add: buildings and improvements	23,028,480		
Add: other capital assets	4,247,343		
Add: infrastructure	<u>13,958,046</u>	46,161,511	
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.			
Less: bonds payable	\$ (10,990,000)		
Less: other loans payable	(69,635,000)		
Less: notes payable	(815,000)		
Less: capital leases payable	(83,866)		
Less: interest accrued on debt	(380,218)		
Add: deferred charges - debt issuance costs	125,684		
Less: compensated absences payable	<u>(783,115)</u>	(82,561,515)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.			<u>2,755,082</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 11,087,675</u>

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

Exhibit D-1

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

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 14,021,405	\$ 2,183,211	\$ 6,527,691	\$ 1,058,935	\$ 23,791,242
Licenses and Permits	441,220	0	0	0	441,220
Fines, Forfeitures, and Penalties	454,686	0	0	526,817	981,503
Charges for Current Services	3,508,548	0	0	1,681,793	5,190,341
Other Local Revenues	478,965	143,039	1,622,300	384,212	2,628,516
Fees Received from County Officials	2,638,050	0	0	0	2,638,050
State of Tennessee	2,688,616	2,545,675	194,235	198,177	5,626,703
Federal Government	1,425,785	0	0	2,421	1,428,206
Other Governments and Citizens Groups	1,843,863	0	0	138,767	1,982,630
Total Revenues	\$ 27,501,138	\$ 4,871,925	\$ 8,344,226	\$ 3,991,122	\$ 44,708,411
<u>Expenditures</u>					
Current:					
General Government	\$ 2,324,856	\$ 0	\$ 0	\$ 258,692	\$ 2,583,548
Finance	1,110,913	0	0	978,003	2,088,916
Administration of Justice	2,303,979	0	0	191,484	2,495,463
Public Safety	13,850,301	0	0	1,665,726	15,516,027
Public Health and Welfare	4,976,180	0	0	78,043	5,054,223
Social, Cultural, and Recreational Services	726,262	0	0	591,860	1,318,122
Agricultural and Natural Resources	411,087	0	0	0	411,087
Other Operations	1,327,793	0	134,393	136,162	1,598,348
Highways	0	4,732,186	0	0	4,732,186
Debt Service:					
Principal on Debt	0	0	13,275,000	0	13,275,000
Interest on Debt	0	0	3,425,476	0	3,425,476
Other Debt Service	0	0	167,748	0	167,748
Capital Projects	0	215,309	0	1,186,055	1,401,364
Capital Projects - Donated	0	0	0	11,346,511	11,346,511
Total Expenditures	\$ 27,031,371	\$ 4,947,495	\$ 17,002,617	\$ 16,432,536	\$ 65,414,019
Excess (Deficiency) of Revenues Over Expenditures	\$ 469,767	\$ (75,570)	\$ (8,658,391)	\$ (12,441,414)	\$ (20,705,608)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 9,800,000	\$ 9,800,000
Capital Leases Issued	18,219	0	0	0	18,219
Other Loans Issued	0	0	0	2,346,511	2,346,511
Transfers In	0	0	410,291	190,110	600,401
Transfers Out	(314,416)	0	0	(285,985)	(600,401)
Total Other Financing Sources (Uses)	\$ (296,197)	\$ 0	\$ 410,291	\$ 12,050,636	\$ 12,164,730
Net Change in Fund Balances	\$ 173,570	\$ (75,570)	\$ (8,248,100)	\$ (390,778)	\$ (8,540,878)
Fund Balance, July 1, 2005	6,958,096	1,012,749	41,331,743	3,970,887	53,273,475
Fund Balance, June 30, 2006	\$ 7,131,666	\$ 937,179	\$ 33,083,643	\$ 3,580,109	\$ 44,732,597

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

Exhibit D-2

Bradley County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
For the Year Ended June 30, 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 D-1)		\$ (8,540,878)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount that capital outlays exceeded depreciation in the current period.		
Add: capital assets purchased in the current period	\$ 3,936,429	
Less: current year depreciation expense	<u>(2,393,715)</u>	1,542,714
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 1,269,948	
Less: loss on disposal of capital assets	(112,062)	
Less: proceeds received on disposal of capital assets	<u>(47,125)</u>	1,110,761
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2005	\$ (2,764,012)	
Add: deferred delinquent property taxes and other deferred June 30, 2006	<u>2,755,082</u>	(8,930)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the net effect of these differences in the treatment of long-term debt and related items.		
Less: note proceeds	\$ (9,800,000)	
Less: other loan proceeds	(2,346,511)	
Less: capital lease proceeds	(18,219)	
Less: amortization of issuance costs	(6,284)	
Add: principal payments on notes	9,965,000	
Add: principal payments on other loans	1,530,000	
Add: principal payments on capital leases	149,210	
Add: principal payments on bonds	<u>1,780,000</u>	1,253,196
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds.		
Less: change in compensated absences	\$ (20,565)	
Add: change in accrued interest on bonds	21,073	
Add: change in accrued interest on notes	1,388	
Add: change in accrued interest on capital leases	3,554	
Less: change in accrued interest on other loans	<u>(94,751)</u>	<u>(89,301)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (4,732,438)</u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 6,086,747
Equity in Pooled Cash and Investments	428,977
Due from Other Governments	2,033,432
Due from Other Funds	285
Property Taxes Receivable	7,247,770
Allowance for Uncollectible Taxes	<u>(401,961)</u>
Total Assets	<u>\$ 15,395,250</u>
<u>LIABILITIES</u>	
Cash Overdraft	\$ 111,682
Due to Other Funds	285
Due to Component Unit	496
Due to Other Taxing Units	8,696,821
Due to Litigants, Heirs, and Others	<u>6,585,966</u>
Total Liabilities	<u>\$ 15,395,250</u>

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

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

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

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

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

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

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

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

The Bradley Healthcare and Rehabilitation Center provides resident health care to the citizens of Bradley County, and the County Commission appoints its governing body. The County Commission must approve all long-term debt issues of the Bradley Healthcare and Rehabilitation Center. Bradley County

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

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

Administrative Offices:

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

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets and the statement of activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. 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. However, the primary government of Bradley County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Bradley County School Department component unit only reports governmental activities in the government-wide financial statements.

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

Bradley County issues all debt for the discretely presented Bradley County School Department. During the year ended June 30, 2006, net debt issues were contributed to the School Department (\$6,066,000) and to the Cleveland City School Department (\$5,280,511) based on average daily attendance.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the fiduciary funds financial statements, 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 Bradley County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. However, Bradley County has no proprietary funds to report. An emphasis is placed on major funds within the governmental category.

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

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

on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

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.

Bradley County reports the following major governmental funds:

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

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

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

Additionally, Bradley County reports the following fund types:

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

Agency Funds – These funds account for 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 Bradley County, the fire tax district, and the city school system’s 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 Bradley County School Department reports the following major governmental funds:

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.

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

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

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.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

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

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Bradley County School Department. Each fund's portion of this pool is displayed on the

balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to various funds based on the proration for property tax. In addition, investments are held separately by several of the county's funds. Bradley County and the Bradley County School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All ambulance service and property taxes receivable are shown with an allowance for uncollectibles. The ambulance service receivable allowance for the year was 57 percent of the outstanding balance based on the average collection rate for the past five years. The allowance for uncollectible property taxes is equal to 2.38 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.

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

3. Inventories

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

4. Capital Assets

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

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

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

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

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

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

5. Compensated Absences

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

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

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

6. Long-term Obligations

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

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

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

7. Net Assets and Fund Equity

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

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

On the government-wide statement of net assets (Exhibit A), the account Restricted for Other Purposes for the primary government consists of various restrictions totaling \$1,151,100, with the primary restrictions being for: (1) courthouse and jail maintenance (\$639,044); (2) computer systems for various offices (\$289,605); (3) alcohol and drug treatment (\$75,251); and (4) drug court (\$82,758). For the discretely presented School Department, the account balance in Restricted for Other Purposes (\$1,563,773) consists of restrictions for repairs for various heating and cooling units at county schools (\$356,317) and for various federal assistance programs, primarily the Title 1 program (\$140,575), the special education program (\$111,946), and the school lunch and breakfast program (\$820,498).

As of June 30, 2006, Bradley County had \$53,954,153 in outstanding debt for capital purposes for the discretely presented Bradley County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Cleveland School System) based on an average daily attendance proration. This debt is a liability of Bradley County, but the capital assets acquired are reported in the financial statements of the Bradley County School Department and the City of Cleveland School System. Therefore, Bradley County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

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 Bradley 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 Bradley 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 Constitutional Officers – Fees Fund (special revenue fund) which is not budgeted and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the 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. Fund Deficit

The Local Purpose Tax Fund (a nonmajor special revenue fund) had a fund deficit of \$1,002 at June 30, 2006. This deficit resulted from expenditures made in excess of revenues and available funds for the year. This fund deficit was liquidated by the collections of revenues subsequent to June 30, 2006.

C. Cash Overdrafts

The Local Purpose Tax Fund (a nonmajor special revenue fund) had a cash overdraft of \$1,002 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2006.

The City School ADA – Cleveland Fund (agency fund) had a cash overdraft of \$111,682 at June 30, 2006. This cash overdraft resulted from required adjustments to applicable property and other taxes for the current average daily attendance proration. Subsequent to June 30, 2006, this cash overdraft was liquidated from funds received from various taxes.

The School Federal Projects Fund (a nonmajor special revenue fund of the School Department) had a cash overdraft of \$10,917 at June 30, 2006. This cash overdraft resulted from issuing warrants that exceeded cash on deposit with the county trustee. The cash overdraft was liquidated subsequent to June 30, 2006.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

The county had no pooled and nonpooled investments as of June 30, 2006.

B. Notes Receivable

Notes receivable in the General Debt Service Fund resulted from Bradley County issuing bonded debt for the Bradley County Memorial Hospital. Bradley County is primarily liable for this debt. However, Bradley County and Bradley County Memorial Hospital entered into a contractual agreement for the hospital to service the debt by making the required principal and interest payments to the county's General Debt Service Fund each year. The balance of notes receivable in the General Debt Service Fund (\$9,705,000) is the balance of the outstanding principal amount of the bonded debt for the Bradley County Memorial Hospital as of June 30, 2006. The amount of the notes that is not expected to be collected within one year is \$8,260,000.

Notes receivable in the HUD Capital Projects Fund resulted from idle federal funds being used to finance various low-interest loans for housing assistance to low-income individuals. The amount of the notes that is not expected to be collected within one year is \$34,705.

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	\$ 4,927,642	\$ 0	\$ 0	\$ 4,927,642
Construction in Progress	1,632,245	0	(1,632,245)	0
Total Capital Assets Not Depreciated	\$ 6,559,887	\$ 0	\$ (1,632,245)	\$ 4,927,642
Capital Assets Depreciated:				
Buildings and Improvements	\$ 28,058,445	\$ 2,979,840	\$ 0	\$ 31,038,285
Infrastructure	17,992,242	2,719,111	(351,787)	20,359,566
Other Capital Assets	9,325,939	1,139,671	(286,030)	10,179,580
Total Capital Assets Depreciated	\$ 55,376,626	\$ 6,838,622	\$ (637,817)	\$ 61,577,431
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 7,232,085	\$ 777,720	\$ 0	\$ 8,009,805
Infrastructure	6,164,512	481,159	(244,151)	6,401,520
Other Capital Assets	5,031,880	1,134,836	(234,479)	5,932,237
Total Accumulated Depreciation	\$ 18,428,477	\$ 2,393,715	\$ (478,630)	\$ 20,343,562
Total Capital Assets Depreciated, Net	\$ 36,948,149	\$ 4,444,907	\$ (159,187)	\$ 41,233,869
Governmental Activities Capital Assets, Net	\$ 43,508,036	\$ 4,444,907	\$ (1,791,432)	\$ 46,161,511

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

Governmental Activities:

General Government	\$ 125,982
Finance	16,949
Administration of Justice	560
Public Safety	1,239,952
Public Health and Welfare	170,238
Social, Cultural, and Recreational Services	112,319
Agriculture and Natural Resources	2,079
Highways/Public Works	<u>725,636</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,393,715</u></u>

Discretely Presented Bradley County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 1,294,715	\$ 0	\$ 0	\$ 1,294,715
Construction in Progress	0	3,117,701	0	3,117,701
Total Capital Assets Not Depreciated	<u>\$ 1,294,715</u>	<u>\$ 3,117,701</u>	<u>\$ 0</u>	<u>\$ 4,412,416</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 67,848,283	\$ 356,383	\$ 0	\$ 68,204,666
Other Capital Assets	1,040,296	106,591	(176,000)	970,887
Total Capital Assets Depreciated	<u>\$ 68,888,579</u>	<u>\$ 462,974</u>	<u>\$ (176,000)</u>	<u>\$ 69,175,553</u>
Less Accumulated Depreciated For:				
Buildings and Improvements	\$ 20,621,028	\$ 1,807,515	\$ 0	\$ 22,428,543
Other Capital Assets	662,395	78,073	(171,572)	568,896
Total Accumulated Depreciation	<u>\$ 21,283,423</u>	<u>\$ 1,885,588</u>	<u>\$ (171,572)</u>	<u>\$ 22,997,439</u>
Total Capital Assets Depreciated, Net	<u>\$ 47,605,156</u>	<u>\$ (1,422,614)</u>	<u>\$ (4,428)</u>	<u>\$ 46,178,114</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 48,899,871</u></u>	<u><u>\$ 1,695,087</u></u>	<u><u>\$ (4,428)</u></u>	<u><u>\$ 50,590,530</u></u>

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

Governmental Activities:

Support Services	<u>\$ 1,885,588</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 1,885,588</u></u>

D. Construction Commitments

At June 30, 2006, the Education Capital Projects Fund had uncompleted construction contracts of \$3,059,172. Funding for these future expenditures has been received.

E. Interfund Receivables, Payables, and Transfers

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

Due to/from other funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 125,117
General Debt Service	Nonmajor governmental	10,375
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	9,568

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

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 160,750	\$ 153,666
Nonmajor governmental funds	249,541	36,444
Total	<u>\$ 410,291</u>	<u>\$ 190,110</u>

Discretely Presented Bradley County School Department

Transfers Out	Transfers In
	General Purpose School Fund
Nonmajor governmental funds	<u>\$ 27,243</u>
Total	<u>\$ 27,243</u>

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

F. Capital Leases

On August 8, 2003, Bradley County entered into a two-year lease-purchase agreement to purchase ten patrol cars. The terms of the agreement require total lease payments of \$218,360 plus interest of 3.17 percent. During the year, the General Fund made the final payment on this lease, and title to the cars transferred to Bradley County.

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

On February 13, 2006, Bradley County entered into a two-year lease-purchase agreement to purchase a van for use as a police van. The terms of the agreement require total lease payments of \$18,219 plus interest of five percent. Title to the vehicle transfers to Bradley County at the end of the lease period. The lease payments are made by the General Fund.

The future minimum lease obligations and the net present value of the minimum lease payments as of June 30, 2006, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Activities</u>
2007	\$ 80,375
2008	6,383
Total Minimum Lease Payments	\$ 86,758
Less: Amount Representing Interest	(2,892)
Present Value of Minimum Lease Payments	<u>\$ 83,866</u>

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 14 years for bonds, up to 11 years for notes, and up to 25 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and other loans included in long-term debt as of June 30, 2006, will be retired from the General Debt Service Fund. Notes will be retired from the General Debt Service Fund and the Vocational Building Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds - Refunding	4.5 to 5.125 %	\$ 3,065,000	\$ 1,285,000
General Obligation Bonds - Hospital Refunding	3 to 5.5	15,905,000	9,705,000
Other Loans - Variable Rate	Variable	45,350,000	37,635,000
Other Loans - Fixed Rate	5.68	12,000,000	12,000,000
Other Loans - Synthetic Fixed by Swap	Variable	20,000,000	20,000,000
Capital Outlay Notes	2.25 to 5	1,192,000	815,000
Capital Leases	2.69 to 5	233,878	83,866

The general obligation hospital refunding bonds of \$9,705,000 are a direct liability of the Bradley County Memorial Hospital.

Bradley County has entered into various loan agreements with the Sevier County Public Building Authority (PBA) to finance various capital projects for the county and the discretely presented Bradley County School Department. Under the loan agreements, the PBA issued revenue bonds and made the proceeds available for loan to Bradley County. In addition to repaying the loans, the county pays various other fees (trustee, debt remarketing, etc.). 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	Fee Rates as of 6-30-06
School:					
Series II-G-1	\$ 10,000,000	\$ 7,430,000	Variable	4%	0.42 %
Series III-A-2	10,000,000	7,420,000	Variable	4	0.42
Series III-D-1	10,000,000	7,860,000	Variable	4	0.42
Series IV-C-2	10,000,000	10,000,000	Synthetic Fixed by Swap	4.45	0.45
Series IV-D-2	12,000,000	12,000,000	Fixed	5.68	0
School and Justice Center:					
Series IV-G-1	10,000,000	10,000,000	Synthetic Fixed by Swap	4.52	0.45

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-06	Interest Type	Interest Rates as of 6-30-06	Fee Rates as of 6-30-06
Justice Center and Juvenile Center:					
Series B-1-D	\$ 8,050,000	\$ 7,825,000	Variable	3.80%	0.45%
School:					
Series B-4-B	7,300,000	7,100,000	Variable	3.8	0.4
		<u>\$ 69,635,000</u>			

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:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 1,855,000	\$ 482,862	\$ 110,000	\$ 30,244
2008	1,935,000	401,674	110,000	25,835
2009	2,025,000	317,005	115,000	21,211
2010	1,630,000	227,142	125,000	16,195
2011	1,125,000	157,867	130,000	10,783
2012-2015	2,420,000	165,350	225,000	16,597
Total	<u>\$ 10,990,000</u>	<u>\$ 1,751,900</u>	<u>\$ 815,000</u>	<u>\$ 120,865</u>

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2007	\$ 1,645,000	\$ 3,054,150	\$ 248,995	\$ 4,948,145
2008	1,715,000	2,989,000	242,101	4,946,101
2009	1,790,000	2,921,050	234,913	4,945,963
2010	2,315,000	2,850,100	227,410	5,392,510
2011	2,420,000	2,756,288	217,579	5,393,867
2012-2016	14,285,000	12,190,038	921,141	27,396,179
2017-2021	19,520,000	8,904,840	577,457	29,002,297
2022-2026	25,945,000	3,814,088	244,255	30,003,343
Total	<u>\$ 69,635,000</u>	<u>\$ 39,479,554</u>	<u>\$ 2,913,851</u>	<u>\$ 112,028,405</u>

There is \$23,378,643 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita amounted to \$15, based on the 2000 federal census. This per capita debt amount does not include the \$9,705,000 bonded debt of the Bradley County Memorial Hospital. Total debt per capita, including bonds (other than the \$9,705,000 bonded debt of Bradley County Memorial Hospital), notes, capital leases, and other loans, amounted to \$825, based on the 2000 federal census.

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

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

Terms: Under the swap, the authority pays the counterparty a fixed payment of 4.38 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-C-2 Bonds. The bonds’ variable-rates have historically approximated the Bond Market Association Municipal Index™ (the “BMA”). The bonds and the related swap agreement mature on June 1, 2020. As of June 30, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed Payment to Counterparty	Fixed	4.38 %
Variable Payment from Counterparty	70% of LIBOR	<u>(3.84)</u>
Net Interest Rate Swap Payments		0.54 %
Variable-Rate Bond Payments		<u>3.91</u>
 Synthetic Interest Rate on Bonds		 <u>4.45 %</u>

Fair value: As of June 30, 2006, the swap had a negative fair value of (\$485,209). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the

potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2006. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk: As noted above, the swap exposes the county to basis risk should BMA increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.38 percent and the synthetic rate of 4.45 percent as of June 30, 2006. Also, as of June 30, 2006 the BMA rate was 3.91 percent whereas 70 percent of LIBOR was 3.84 percent

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

Swap payments and associated debt: As of June 30, 2006, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2007	\$ 0	\$ 390,700	\$ 54,300	\$	445,000
2008	0	390,700	54,300		445,000
2009	0	390,700	54,300		445,000
2010	425,000	390,700	54,300		870,000
2011	455,000	374,095	51,992		881,087
2012-2016	2,725,000	1,581,359	219,779		4,526,138
2017-2020	6,395,000	774,367	107,623		7,276,990
	<u>\$ 10,000,000</u>	<u>\$ 4,292,621</u>	<u>\$ 596,594</u>	<u>\$</u>	<u>14,889,215</u>

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

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

Terms: Under the swap, the authority pays the counterparty a fixed payment of 4.45 percent and receives a variable payment computed as 70 percent of the three-month London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$10 million and the associated variable-rate bond has a \$10 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-G-1 Bonds. The bonds’ variable-rates have historically approximated the Bond Market Association Municipal Index™ (the “BMA”). The bonds and the related swap agreement mature on June 1, 2026. As of June 30, 2006, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest rate swap:		
Fixed Payment to Counterparty	Fixed	4.45 %
Variable Payment from Counterparty	70% of LIBOR	<u>(3.84)</u>
Net Interest Rate Swap Payments		0.61 %
Variable-Rate Bond Payments		<u>3.91</u>
Synthetic Interest Rate on Bonds		<u><u>4.52 %</u></u>

Fair value: As of June 30, 2006, the swap had a negative fair value of (\$730,194). The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government’s variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates, and then discounts those cash flows at their present value.

Credit risk: As of June 30, 2006, the county was not exposed to credit risk because the swap had a negative fair value. However, should interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative’s fair value. The swap counterparty was unrated at the time of the swap. In order to mitigate the

potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, who was rated AAA by Standard and Poor's and Fitch and Aaa by Moody's Investor Service as of June 30, 2006. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk: As noted above, the swap exposes the county to basis risk should BMA increase to above 70 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 70 percent of LIBOR, then the synthetic rate on the bonds will decrease. The effect of this difference in basis points is indicated by the difference between the rate paid to the counterparty of 4.45 percent and the synthetic rate of 4.52 percent as of June 30, 2006. Also, as of June 30, 2006 the BMA rate was 3.91 percent whereas 70 percent of LIBOR was 3.84 percent

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

Swap payments and associated debt: As of June 30, 2006, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate Swap		Total
	Principal	Interest	Payment		
2007	\$ 0	\$ 390,700	\$ 61,300	\$	452,000
2008	0	390,700	61,300		452,000
2009	0	390,700	61,300		452,000
2010	0	390,700	61,300		452,000
2011	0	390,700	61,300		452,000
2012-2016	0	1,953,500	306,500		2,260,000
2017-2021	0	1,953,500	306,500		2,260,000
2022-2026	10,000,000	1,497,944	235,024		11,732,968
	<u>\$ 10,000,000</u>	<u>\$ 7,358,444</u>	<u>\$ 1,154,524</u>	<u>\$</u>	<u>18,512,968</u>

Changes in Long-term Liabilities

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

Governmental Activities:

	Bonds	Notes	Other Loans
Balance, July 1, 2005	\$ 12,770,000	\$ 980,000	\$ 68,818,489
Additions	0	9,800,000	2,346,511
Deductions	(1,780,000)	(9,965,000)	(1,530,000)
Balance, June 30, 2006	<u>\$ 10,990,000</u>	<u>\$ 815,000</u>	<u>\$ 69,635,000</u>
Balance Due Within One Year	<u>\$ 1,855,000</u>	<u>\$ 110,000</u>	<u>\$ 1,645,000</u>

	Capital Leases	Compensated Absences
Balance, July 1, 2005	\$ 214,857	\$ 762,550
Additions	18,219	711,471
Deductions	(149,210)	(690,906)
Balance, June 30, 2006	<u>\$ 83,866</u>	<u>\$ 783,115</u>
Balance Due Within One Year	<u>\$ 77,798</u>	<u>\$ 417,130</u>

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

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 82,306,981
Less: Balances Due Within One Year	<u>(4,104,928)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 78,202,053</u>

Discretely Presented Bradley County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Bradley County School Department for the year ended June 30, 2006, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 63,431
Additions	142,468
Deductions	<u>(135,435)</u>
Balance, June 30, 2006	<u>\$ 70,464</u>
Balance Due Within One Year	<u>\$ 70,464</u>

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

H. Short-term Debt

Bradley County issued tax anticipation notes of \$500,000 from the General Fund in advance of property tax collections and deposited the proceeds in the Inside Urban Fringe Area Fire Tax Fund (agency fund). This note was necessary because funds were not available to meet payments coming due before tax collections. This note should have been retired by June 30, 2006; however, the note remained unpaid as of the date of this report, and therefore has been reflected in the financial statements of this report as a current note receivable in the General Fund and a current note payable in the Inside Urban Fringe Area Fire Tax Fund. Short-term debt activity for the year ended June 30, 2006, was as follows:

	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
Tax Anticipation Note	\$ 0	\$ 500,000	\$ 0	\$ 500,000

V. OTHER INFORMATION

A. Risk Management

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

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

B. Accounting Changes

For the year ended June 30, 2006, Bradley County adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) and GASB Statement No. 47, Accounting for Termination Benefits. 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.

GASB Statement No. 47, Accounting for Termination Benefits, 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.

The provisions of 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 asset or upon disposal of the capital asset. 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 to GASB Statement No. 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. Bradley County had no net assets restricted by enabling legislation to disclose as of June 30, 2006. But it is reasonably expected that Bradley County will be required to disclose net assets restricted by enabling legislation in subsequent years.

C. Subsequent Events

On August 1, 2006, Bradley County issued \$500,000 in capital outlay notes for the construction of a football field at the Ocoee Middle School and wrestling equipment at the Bradley County High School. These notes were repaid on September 1, 2006.

On August 21, 2006, the Bradley County Commission approved a resolution which provides post-employment medical insurance benefits for retiring general government employees who meet the criteria set forth in the resolution.

On August 31, 2006, Anderson Miller left the Office of Trustee and was succeeded by Mike Smith; Pam Mull left the Office of Circuit and General Sessions Courts Clerk and was succeeded by Gayla Miller; and Dan Gilley left the Office of Sheriff and was succeeded by Tim Gobble.

On October 26, 2006, we were notified that the Tennessee Bureau of Investigation was investigating possible payroll fraud involving an employee of the Bradley County Sheriff's Department. The investigation is ongoing.

D. Contingent Liabilities

Bradley County is contingently liable for general obligation refunding bonds of the Bradley County Memorial Hospital. Bradley County would become liable for these bonds and the interest thereon, in the event of default by the Bradley County Memorial Hospital. The outstanding balance of these bonds was \$9,705,000 on June 30, 2006.

The county is involved in several pending lawsuits. Attorneys for the county estimate that the potential claims against the county not covered by

insurance resulting from such litigation would not materially affect the financial statements of the county.

E. Landfill Closure and Postclosure Care Cost

State and federal laws and regulations require the county to place a final cover on its landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Closure costs generally are paid near the date that the landfill stops accepting waste and postclosure care costs are paid during the 30-year period following closure. Bradley County has contracted with Santek Environmental, Inc., of Bradley County, a private company, to operate the county's landfill. This contract was amended on December 1, 1999, and again on September 23, 2005, and requires Santek to be responsible for all closure and postclosure care costs of both the old and new landfills during the term of the contract. The term of the 2005 amendment to the contract is the estimated life of the new landfill – approximately 2.5 years based on current usage – and the life of additional cells that might be opened in the future. The estimated closure costs of the new landfill and the postclosure care costs for both landfills, \$4,559,516 at June 30, 2006, were not included in the county's long-term debt due to the uncertainty of what amount, if any, will be paid by the county. Of this amount, \$1,320,060 represents expenditures relating to the old landfill, which was closed in October 1996, and \$3,239,456 relating to the use of 82 percent of the capacity of the new landfill. These amounts are based on estimates of what it would cost to perform all closure and postclosure care in 2006. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

The Bradley County Emergency Communications District (also known as the Cleveland/Bradley Communications Center) is a joint venture in which the county and the cities of Cleveland and Charleston participate. The district provides a simplified means of securing emergency services through a uniform emergency number for the residents of Bradley County. The governing body of the district includes three members appointed by the county mayor, subject to confirmation by the Bradley County Commission and the Cleveland City Council, and eight ex-officio members who are county and city of Cleveland and Charleston employees that are involved in emergency response management. Before the issuance of most debt instruments, the district must obtain the approval of the Bradley County Commission and Cleveland City Council. The center is funded through a

service charge levied on telephone services and appropriations from the cities and county. During the year ended June 30, 2006, the county appropriated an operating subsidy of \$450,000 to the district.

The Hiwassee Utilities Commission is a joint venture that is operated by Bradley and McMinn Counties. The commission is governed by a six-member

board that is appointed by the participating governments. Bradley County is contingently liable for certain revenue bond anticipation notes of the Hiwassee Utilities Commission. Bradley County would become liable for these notes, and the interest thereon, in the event of default by the Hiwassee Utilities Commission. The principal of these notes is reflected on the financial statements of the Hiwassee Utilities Commission. As of June 30, 2006, future principal and interest requirements were \$1,470,000 and \$572,750, respectively. Bradley County made no contributions to the Hiwassee Utilities Commission for the year ended June 30, 2006.

The Tenth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Tenth Judicial District and the municipalities within the district. The district is composed of Bradley, McMinn, Monroe, and Polk counties and various cities within these counties. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors that includes the district attorney general, sheriffs, and police chiefs of the participating law enforcement agencies within the judicial district. Bradley County made no contributions to the DTF for the year ended June 30, 2006.

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

Administrative Offices:

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

Hiwassee Utilities Commission
3973 Chatata Valley Road
Charleston, TN 37310

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

G. Jointly Governed Organization

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

H. Sale of Bradley County Memorial Hospital

In August 2005, the sale of the Bradley County Memorial Hospital was finalized, and the sale became effective October 1, 2005. The hospital board of trustees and three hospital administrators were left in place to oversee the distribution of the \$76.5 million in sale proceeds. By agreement, the board of trustees is to be dissolved on June 30, 2007, or when the distribution of the sale funds is completed, whichever comes first.

Of the original sale proceeds, \$20 million was estimated to be left after all distributions have been made. This amount has been placed in an escrow account bearing the names of Bradley County and the Bradley County Memorial Hospital. Additionally, an amount was placed in escrow to retire the refunding bonds issued in 1999 and 2002 that are the obligation of the hospital as identified on the county's schedule of long-term debt (Exhibit K-1).

While the final distribution of funds cannot be determined until all liabilities of the hospital have been liquidated, the county and the hospital board have agreed to a division of these funds between the county and the local chapter of the United Way. The agreement requires the funds to be used for improving healthcare, wellness, and the quality of life for the citizens of Bradley County.

At June 30, 2006, the Bradley County Memorial Hospital is still an entity with a board of trustees, employees, and assets. The hospital board has employed auditors to perform the hospital's audit for the year ending June 30, 2006. As stated in Note 1.A., the hospital is still considered a component unit of the county, and its financial statements and the reports of the other auditor have been included in this report.

I. Retirement Commitments

Plan Description

Employees of Bradley County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Bradley County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Bradley County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. Bradley County is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2006, was 11.98 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Bradley County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2006, Bradley County's annual pension cost of \$2,324,876 to TCRS was equal to Bradley County's required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Bradley County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was 11 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	\$2,324,876	100%	\$0
6-30-05	2,175,368	100	0
6-30-04	1,631,323	100	0

Required Supplementary Information

Schedule of Funding Progress for Bradley County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-05	\$35,385	\$37,728	\$2,343	93.79%	\$19,269	12.16%
6-30-03	29,649	32,253	2,604	91.93	14,887	17.49
6-30-01	25,488	28,348	2,860	89.91	13,379	21.38

SCHOOL TEACHERS

Plan Description

The Bradley County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Bradley County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2006, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Bradley County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2006, 2005, and 2004, were \$1,543,707, \$1,483,796, and \$864,413, respectively, equal to the required contributions for each year.

J. Other Post-employment Benefits

In addition to the retirement commitments described above, the discretely presented Bradley County School Department provides post-retirement health care benefits to eligible retirees. In accordance with contract provisions, all employees who retire from the School Department with at least 15 years of service are eligible to receive health insurance paid by the School Department until they become eligible for Medicare. Currently, 115 school retirees meet those eligibility requirements. The School Department pays the individual premium amount at a rate determined by the fiscal year in which the employee retires. Expenditures for post-retirement health care benefits begin at the date the employee retires. During the year, expenditures totaling \$250,848 were recognized for post-employment health care.

K. Termination Benefits

The discretely presented Bradley County School Department offers a retirement incentive to employees who retire with at least five years of service with the School Department and 28 years of service with the Tennessee Consolidated Retirement System (TCRS). In accordance with contract provisions, eligible retirees can choose either the retirement incentive or the post-employment health insurance benefits noted above. The retirement incentive consists of a one-time cash payment between \$4,000 and \$10,000 depending on the employee's creditable service with TCRS. These payments are only made when the employees choose to accept the incentive. During the year ended June 30, 2006, two School Department employees chose to accept the retirement incentive, and the total cost of the cash payments reported in the government-wide statement of net assets by function was \$16,000.

L. Purchasing Laws

Office of County Mayor

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

Office of Road Superintendent

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

Office of Director of Schools

Purchasing procedures for the discretely presented Bradley County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, Tennessee Code Annotated, which provides for the county Board of Education, through its executive committee (director of schools and the chairman of the Board of Education), to make all purchases. This statute also requires that competitive bids be solicited through newspaper advertisement on all purchases exceeding \$10,000.

VI. OTHER NOTES - COMPONENT UNITS

A. DISCRETELY PRESENTED BRADLEY COUNTY MEMORIAL HOSPITAL

1. ORGANIZATION AND OPERATIONS

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

The financial statements also include the accounts of the Bradley Healthcare Foundation which was formed in 1991 to raise funds for hospital projects. The hospital was the sole corporate member and beneficiary of the foundation which was included as a blended component unit in 2005. The foundation was dissolved during 2006 and all remaining assets were distributed to Cleveland State Community College Foundation.

During 2006, under the terms of an Asset Purchase Agreement between the hospital, the county, Ocoee Health Corporation (Ocoee), and Community Health Services (CHS), substantially all assets of the hospital were sold to Ocoee. The purchase price was \$76,500,000 plus the net working capital (current assets assumed less current liabilities assumed) of the hospital on the closing date less the amount of sick pay liability and capital leases assumed. The effective closing date was October 1, 2005. The hospital is in the process of liquidating all remaining assets and liabilities. See Note VI.A.12.

2. SIGNIFICANT ACCOUNTING POLICIES

a. Basis of Accounting

As of and for the year ended June 30, 2005, and for the period, July 1, 2005, to September 30, 2005, the hospital utilized the proprietary fund method of accounting whereby revenue and expenses were recognized on the accrual basis. As of June 30, 2006, the hospital's financial statements are presented on the liquidation basis and therefore, assets are presented at their estimated realizable value and liabilities are presented at their settlement amount. The net loss recognized in converting assets and liabilities to the liquidation basis is reported as "Estimated liquidation losses" in the Statement of Changes in Net Assets for the period October 1, 2005, to June 30, 2006. Amounts in the loss on liquidation include the estimated settlement amount of acquiring insurance coverage related to self-insured worker's compensation claims, health benefits for remaining employees and life insurance liabilities for retired employees, as well as the estimated settlement amount for operating lease commitments.

The hospital utilizes the proprietary fund method of accounting whereby revenue and expenses are recognized on the accrual basis. Pursuant to Governmental Accounting Standards Board (GASB) Statement No. 20, Accounting and Financial Reporting for Proprietary Funds and Other Governmental Entities That Use Proprietary Fund Accounting, as amended, the hospital has elected to apply the provisions of all relevant pronouncements of the Financial Accounting Standards Board, including those issued after November 30, 1989, that do not conflict with or contradict GASB pronouncements.

b. Cash and Cash Equivalents

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

c. Short-term Investments

Short-term investments are reported at fair value in accordance with Governmental Accounting Standards Board Statement No. 31, Accounting and Financing Reporting for Certain Investments and for External Investment Pools.

Interest on these investments is reported as part of nonoperating revenue.

d. Inventories

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

e. Property, Plant, and Equipment

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

f. Bond Issuance Costs

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

g. Accrual for Compensated Absences

The hospital recognized an expense and accrued a liability for compensated future employee vacation and other absences in the period in which employees' rights to such compensated absences were earned.

h. Net Patient Service Revenue and Receivables

Net patient service revenue was reported on the accrual basis in the period in which services were provided at the estimated net realizable amounts, including estimated retroactive adjustments under reimbursement agreements with third-party payors. Retroactive adjustments were accrued on an estimated basis in the period the related services were rendered and adjusted in future periods as final settlements are determined. Current operations were charged with a

provision for bad debts based upon prior experience, the age of the receivables, and any unusual circumstances which affect the collectibility of receivables.

The hospital routinely accepted assignment of, or was otherwise entitled to receive, patient benefits payable under health insurance programs, plans or policies such as those related to Medicare, TennCare, Blue Cross, health maintenance organizations, and commercial insurance carriers.

i. Charity Care

The hospital accepted patients regardless of their ability to pay. A patient was classified as a charity patient by reference to certain established policies of the hospital. Because the hospital did not pursue collection of amounts determined to qualify as charity care, charges related to charity care were not included in net patient service revenue. In addition to these charity care services, the hospital provided a number of other services to benefit the poor for which little or no payment was received.

j. Contributions

The hospital or the foundation has received contributions from individuals and private organizations. Revenue from contributions (including contributions of capital assets) was recognized when all eligibility requirements, including time requirements were met. Amounts that are unrestricted or that are restricted to a specific operating purpose are reported as nonoperating revenue. Amounts restricted to capital acquisitions were reported as other changes in net assets.

k. Net Assets

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

l. Federal Income Taxes

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

m. Use of Estimates

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

3. ASSET PURCHASE AGREEMENT

Under the terms of the Asset Purchase Agreement, substantially all assets of the hospital were sold. The purchase price was \$76,500,000 plus the net working capital (current assets assumed less current liabilities assumed) of the hospital on October 1, 2005.

Assets and liabilities included in the Asset Purchase Agreement include patient accounts receivable, inventories, prepaid expenses, capital assets (property, plant and equipment,) accounts payable, and accrued expenses. Assets and liabilities excluded include cash, investments, third-party payer settlements, claims for medical malpractice or general liabilities, liabilities for pension or retirement plans, and compensation related claims including severance and worker's compensation liabilities.

The hospital has recorded a gain as a result of the sale. The gain on the sale includes the difference between the proceeds received and the assets and liabilities transferred net of losses incurred related to transactions specifically required by the Asset Purchase Agreement as follows:

Purchase price	\$ 76,500,000
Net working capital	<u>7,592,328</u>
Total purchase price	\$ 84,092,328
Net assets sold	(47,514,103)
Lease buyout (see Note 9)	(4,558,000)
Liability insurance requirement (see Note 11)	(1,247,622)
Loss on bond escrow funding (see Note 8)	(216,676)
Fees and penalties	<u>(247,667)</u>
Net gain on sale of assets	<u>\$ 30,308,260</u>

4. NET PATIENT SERVICE REVENUE

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

	<u>Year Ended</u> <u>6-30-06</u>
Gross Patient Revenue	\$ 48,022,826
Less: Medicare contractual adjustments	(12,910,646)
TennCare contractual adjustments	(7,406,155)
Other contractual adjustments	(8,419,982)
Provision for bad debts	<u>(2,024,281)</u>
Net Patient Service Revenue	<u>\$ 17,261,762</u>

Gross charges forgone as a result of providing indigent and charity care were approximately \$800,000 for the period July 1, 2005, to September 30, 2005.

5. THIRD-PARTY PAYOR AGREEMENTS

The hospital rendered services to patients under contractual arrangements with the Medicare and Medicaid programs. The Medicaid program in Tennessee was replaced with TennCare, a managed care program designed to cover previous Medicaid eligible enrollees as well as other previously uninsured and uninsurable residents. Amounts earned under certain of these contractual arrangements are subject to audit and final determination by fiscal intermediaries and other appropriate governmental authorities or

their agents. In the opinion of management, adequate provision has been made for any adjustments which may result from such reviews.

The Medicare program paid for inpatient services on a prospective basis. Payments were based upon diagnostic related group assignments, which are determined by the patient's clinical diagnosis and medical procedures utilized. The Medicare program reimbursed for outpatient services under a prospective method utilizing an ambulatory payment classification system which classifies outpatient services based upon medical procedures and diagnosis codes. Home health services were also paid under a prospective payment system. The Medicare program reimbursed for other outpatient services and certain other costs on the basis of reasonable cost, subject to various prescribed limitations and reductions. Medicare cost reports have been settled through June 30, 2005. For the period July 1, 2005, to September 30, 2005, the hospital recognized approximately \$335,000 of net patient revenue from the settlement of a prior-year cost report.

The hospital contracted with various managed-care organizations under the TennCare program. TennCare reimbursement for both inpatient and outpatient services is based upon prospectively determined rates and per diem amounts. During 2005, the hospital received distributions from the State of Tennessee related to the TennCare Essential Access program fund totaling approximately \$400,000. This amount has been included in net patient service revenue.

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

6. DEPOSITS AND INVESTMENTS

Deposits consist of the following at June 30:

	<u>2006</u>
Insured (FDIC/NCUA)	\$ 222,513
Collateralized through State Collateral Pool	<u>27,078,575</u>
Total	<u>27,301,088</u>
Carrying amount	<u>\$ 27,283,094</u>

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

	<u>2006</u>
Money market funds	\$ 16,666
U.S. Government treasury and agency securities	<u>20,607,918</u>
Total	<u><u>\$ 20,624,584</u></u>

Interest Rate Risk: The hospital does not have a formal investment policy that limits its exposure to fair value losses. However, at June 30, 2006, all investments held by the hospital mature within one year.

Credit and Concentration Risk: At June 30, 2006, a majority of the hospital's investments are in government securities.

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

	<u>2006</u>
Cash and cash equivalents	\$ 1,672,564
Short-term investments	<u>46,235,114</u>
Total	<u><u>\$ 47,907,678</u></u>

7. PROPERTY, PLANT, AND EQUIPMENT

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

	Balance 7-1-05	Additions	Disposals	Transfers	Balance 6-30-06
Land	\$489,925	\$0	(\$489,925)	\$0	\$0
Land Improvements	1,713,382	0	(1,713,382)	0	0
Buildings and Capital Equipment	53,918,720	11,642	(54,215,114)	284,752	0
Equipment	29,674,380	176,891	(29,851,271)	0	0
Equipment under Capitalized Lease	12,444,031	0	(12,444,031)	0	0
Subtotal	\$98,240,438	\$188,533	(\$98,713,723)	\$284,752	\$0
Less: Allowance for depreciatioion and amortization	(61,957,547)	(1,246,834)	63,204,381	0	0
Subtotal	\$36,282,891	(\$1,058,301)	(\$35,509,342)	\$284,752	\$0
Construction in Progress	0	284,752	0	(284,752)	0
Total	\$36,282,891	(\$773,549)	(\$35,509,342)	\$0	\$0

8. BONDS AND NOTES PAYABLE

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

	Balance 6-30-05	Reductions	Balance 6-30-06
Hospital Revenue and Tax Refunding Bonds, Series 2002	\$2,570,000	(\$2,570,000)	\$0
Hospital Revenue and Tax Refunding Bonds, Series 1999	8,525,000	(8,525,000)	0
8.3% Note Payable	2,543,688	(2,543,688)	0
5.82% Note Payable	1,121,469	(1,121,469)	0
6.25% Line of Credit	1,452,473	(1,452,473)	0
Net Bond Premium	19,307	(19,307)	0
Total	\$16,231,937	(\$16,231,937)	\$0

On March 1, 2002, Bradley County issued \$3,925,000 in Hospital Revenue and Tax Refunding Bonds, Series 2002. The proceeds of these bonds were used to defease the remaining \$3,890,000 of the hospital's original \$6,155,000 in Hospital Revenue and Tax Refunding Bonds, Series 1993B which were subsequently redeemed at

100 percent of face value. The Series 2002 Bonds mature annually on March 1 of each year through 2010, with interest payable semi-annually on March 1 and September 1.

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

During 2006, in conjunction with the sale of the hospital, \$10,889,159 was placed in an escrow account held for the county to pay the principal and interest payments on the Series 2002 and Series 1999 Bonds when they become due or callable. Management believes the funding of the escrow account relieves the hospital of any liability to the county or the bondholders for the Series 2002 and Series 1999 Bonds. At June 30, 2006, the amount outstanding on the Series 2002 and 1999 Bonds total \$2,095,000 and \$7,610,000, respectively.

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

During 2003, the hospital borrowed \$2,000,000 under a term note payable for the purpose of upgrading the hospital's computer system.

This note was a general, unsecured obligation of the hospital which was due in monthly amounts of \$36,752 through 2009, including interest at LIBOR plus 2.5 percent. Additionally, the hospital established a \$2,000,000 unsecured line of credit which had a variable interest rate of 6.25 percent at June 30, 2005. The note and line of credit were paid in full during 2006 in conjunction with the sale of the hospital.

During 2005, the hospital borrowed \$2,630,000 under a term note payable for the purpose of settling amounts due under an operating lease agreement (see Note 9). This note was a general, unsecured obligation of the hospital which was due in monthly principal payments of \$12,000 plus interest at 8.3 percent through February 2006, at which time, all outstanding principal and accrued interest shall become due and payable. The note was paid in full during 2006 in conjunction with the sale of the hospital.

9. LEASES

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

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

Balance 6-30-05	Additions	Reductions	Balance 6-30-06
\$ 2,539,608	\$ 0	\$ (2,539,608)	\$ 0

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

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

A separate parking license agreement provided for the hospital’s use of certain property adjoining the medical office building property for a parking area. The term of the agreement was for 12 years with four options to renew for a period of five years each by either party. The initial annual license fee was approximately \$452,000 and will be increased by five percent on the fifth and the tenth anniversary and by

two percent at the first renewal and by five percent at each subsequent renewal.

Additionally, under a tenancy control license agreement the hospital had rights to use or control the use of certain aspects of the leased property for a term of 12 years and either party may renew for four periods of five years. This agreement provided for a potential payment by the hospital if the lessor's net revenue of the building is less than the license fee of \$850,000, which is adjusted annually based on a CPI factor.

The hospital has been involved in ongoing negotiations with the lessor to terminate all of the above agreements and settle lease payments in arrears. During 2005, the hospital negotiated a promissory note of \$2,630,000 for the payment of all lease payments in arrears and prepayment of lease payments through December 2005. Under the terms of the promissory note, both parties agreed to waive their respective rights to extend the tenancy license or the parking agreement beyond their scheduled termination date. During 2006, the hospital and the lessor signed a "Settlement and Mutual Release Agreement" to terminate the Lease Agreement, Tenancy Control License Agreement, and Parking License Agreement. Under the terms of this agreement, the hospital paid the lessor \$7,094,877 which represents amounts due under the promissory note and \$4,558,000 as consideration for the termination.

Rental expense for all operating leases was approximately \$1,703,251 in 2006.

10. PENSION PLAN

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

Effective October 1, 2005, the hospital elected to discontinue the accrual of benefits, terminate the plan, and distribute accrued benefits. Upon termination of the plan, all employees became fully vested in their accrued benefit as defined by the plan. An actuarial calculation of termination benefits has not yet been completed. Management estimates that the remaining liability of the hospital to

fund the plan is \$10,000,000 which has been accrued in the consolidated statement of net assets. Due to the nature of this estimate, it is at least reasonably possible that management's estimate will change in the near term.

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

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

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

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

The actuarial cost method is the Frozen Entry Age Actuarial Cost Method. The amortization method used with respect to prior service costs is the level percent open method with an amortization period of 30 years.

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

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

11. COMMITMENTS AND CONTINGENCIES

Medical malpractice liability is limited under provisions of the Tennessee Governmental Tort Liability Act (TCA 29-20-102(3), et seq.), which removed tort liability from governmental entities which, in the opinion of counsel for the hospital, includes the hospital. In addition to requiring claims to be made in conformance with this act, special provisions include, but are not limited to, special notice of requirements imposed upon the claimant, a one year statute of limitations, and a requirement that the governmental entity purchase insurance or be self-insured within certain limits. This act also prohibits a judgment or award exceeding the minimum amounts of insurance coverage set out in the act (\$250,000 for bodily injury or death of any one person and \$600,000 in the aggregate for all persons in any one accident, occurrence or act) or the amount of insurance purchased by the governmental entity. The limits related to the minimum amounts of insurance are \$130,000 for certain cases filed in prior years.

Through September 30, 2005, the hospital maintained commercial insurance on a claims-made basis for medical malpractice liabilities. Insurance coverage was \$1,000,000 per claim and \$3,000,000 in the aggregate annually, with a deductible of \$50,000 per incident. Under the terms of the Asset Purchase Agreement, the hospital was required to obtain a tail coverage insurance policy for any claims incurred but not reported as of September 30, 2005. The terms of this policy are consistent with the previous policy.

There are known incidents occurring through June 30, 2006, that have resulted in the assertion of claims, and other claims may be asserted arising from services provided to patients in the past, as well as other actions alleged to have been taken by the hospital. Such claims are for amounts material to the overall financial position of the hospital. Management of the hospital currently estimates that the liability, if any, related to these asserted claims will not have a material effect on the hospital's financial position. An accrual totaling approximately \$600,000 as of June 30, 2006, for estimated malpractice liabilities has been provided in the financial statements. It is at least reasonably possible this estimate will change in the near-term and the impact may be negative, up to governmental limits discussed above, plus costs of defending the hospital against such claims. No amounts have been accrued for potential losses related to unreported incidents or reported incidents which have not yet resulted in asserted claims, as the hospital is not able to estimate such amounts.

The hospital also maintained workers' compensation insurance with a commercial insurance carrier through a large deductible program beginning in 2004. The hospital was responsible for the first \$500,000 of each claim, up to an annual aggregate amount of \$500,000. During 2006, the hospital obtained a tail coverage insurance policy to cover future payments on all known claims related to this policy. The hospital continues to have exposure on outstanding and uninsured workers' compensation claims incurred prior to the above insurance coverage. The hospital has accrued a liability estimate totaling approximately \$1,550,000 at June 30, 2006, based on management's assessment of each claim. However, it is at least reasonably possible management's estimate may change in the near term.

The hospital is self-insured for medical and other healthcare benefits provided to its employees and their families. The hospital maintains reinsurance through a commercial excess coverage policy which covers annual individual employee claims paid in excess of \$100,000 per plan year. A provision for estimated incurred but not reported claims has been provided in the financial statements and totaled approximately \$412,000 at June 30, 2006.

12. **NET ASSETS TO BE DISTRIBUTED**

In accordance with a resolution approved by the hospital's Board of Trustees, upon final settlement of all remaining liabilities, the hospital will distribute to the county \$15,000,000 plus accrued earnings since September 30, 2005, to fund various healthcare projects in Bradley County. The remaining assets will be distributed to the United Way of Bradley County to establish a permanent endowment. The earnings on the endowment will be used to fund health care needs in Bradley County.

B. DISCRETELY PRESENTED BRADLEY HEALTHCARE AND REHABILITATION CENTER

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

a. Reporting Entity

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

b. Nature of Operations

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

c. Basis of Accounting

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

d. Use of Estimates

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

e. Income Taxes

The Internal Revenue Service has ruled that the nursing center, as a component unit of Bradley County, is an exempt organization as described in Section 501(a) of the Internal Revenue Code; therefore, no provision for income taxes is provided in the financial statements.

f. Patient Service Revenue

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

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

g. Cash Equivalents

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

h. Inventories

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

i. Property and Equipment

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

j. Compensated Absences

Accumulated paid time off is accrued when earned.

k. Net Assets

Net assets of the nursing center are classified in three components. Net assets invested in capital assets consist of property and equipment, net of accumulated depreciation, and reduced by any outstanding borrowings used to finance the purchase or construction of those assets. There was no outstanding debt for property and equipment. Restricted net assets are funds that are established on behalf of the nursing center and patients, but are unavailable for use by the nursing center. Unrestricted net assets are the remaining net assets that do not meet the definition of net assets invested in capital assets or restricted net assets.

2. CASH

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

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

Cash on the balance sheet for 2006 includes cash on hand and deposits (including demand deposits) with financial institutions as follows:

	<u>2006</u>
Demand deposits insured by FDIC	\$ 100,000
Demand deposits collateralized by the Tennessee Bank Collateral Pool	951,741
Cash on hand	<u>250</u>
Deposits per bank and cash on hand	<u>\$ 1,051,991</u>
Carrying value of deposits	\$ 961,585
Cash on hand	<u>250</u>
Total carrying value	<u>\$ 961,835</u>
Total carrying value	\$ 961,835
Less limited use assets	<u>(249,252)</u>
Cash per the balance sheet	<u>\$ 712,583</u>

3. INVENTORIES

Inventories consist of the following:

	<u>2006</u>
General stores	\$ 22,119
Foods and dietary	7,466
Enteral feeding supplies	<u>2,279</u>
	<u>\$ 31,864</u>

4. PROPERTY AND EQUIPMENT

Property and equipment consist of the following:

	<u>Balance</u> <u>7-1-05</u>	<u>Increases/ Decreases</u>	<u>Balance</u> <u>6-30-06</u>
Land	\$ 1,250	\$ 0	\$ 1,250
Land improvements	194,715	55,424	250,139
Buildings	4,851,441	151,337	5,002,778
Capital equipment	780,705	0	780,705
Major movable	1,436,421	56,710	1,493,131

	Balance 7-1-05	Increases/ Decreases	Balance 6-30-06
Computer software	\$ 40,144	\$ 0	\$ 40,144
Computer hardware	82,951	2,611	85,562
Vehicles	86,614	9,300	95,914
	<u>\$ 7,474,241</u>	<u>\$ 275,382</u>	<u>\$ 7,749,623</u>
Less: Accumulated depreciation	(4,381,828)	(285,591)	(4,667,419)
Property and equipment, net	<u>\$ 3,092,413</u>	<u>\$ (10,209)</u>	<u>\$ 3,082,204</u>

5. ASSETS WHOSE USE IS LIMITED

Assets whose use is limited are as follows:

	<u>2006</u>
Patient trust funds	\$ 114,678
Scholarship fund	14,048
Activities fund	125
Chapel fund	4,760
Bus fund	4,504
Country store fund	2,526
Endowment fund	<u>112,851</u>
Total	<u>\$ 249,252</u>

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

6. PERMANENTLY RESTRICTED NET ASSETS

Assets whose use is permanently restricted are as follows:

	<u>2006</u>
Scholarship fund	\$ 114,678
Citizen's endowment fund	<u>14,048</u>
Total	<u>\$ 249,252</u>

Scholarship Fund

The Scholarship Fund was established by a former medical director of the nursing center as a memorial to his sister. The corpus of the fund is to be held in a certificate of deposit with the earnings to be used to fund scholarships for nursing center employees who desire to pursue a career in nursing. The fund is administered by the trustees through the nursing center's management.

Citizens' Endowment Fund

On December 27, 2005, the trustees of the nursing center took over control of the Bradley Memorial Hospital Citizens' Endowment Fund. The fund was originally established at the bequest of a private citizen to provide a source of income for the Bradley Memorial Hospital. On October 14, 2005, the hospital was sold to a private entity and in accordance with the terms of the hospital's Declaration of Trust, the assets of the fund were required to be transferred to another county-owned entity. The trustees of the nursing center took over management of the fund by executing a separate Declaration of Trust dated December 27, 2005. Should the nursing center be sold to a private entity, these funds are to be transferred to the Cleveland Public Library.

Donations may be made to the fund and may be designated either restricted or unrestricted. No part of the original principal of the fund shall be expended; it should be invested and reinvested by the nursing center's trustees at a financial institution in Bradley County, Tennessee, and be fully insured by a federal agency. All income of the fund must be used for exempt purposes under federal tax laws and regulations applicable to the fund.

7. PATIENT SERVICE REVENUE

Medicare

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

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

Medicaid

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

A summary of gross and net patient revenues for the year ended June 30, 2006, follows:

	<u>2005</u>
Medicare	\$ 2,438,824
Medicaid	7,279,283
Other	<u>1,227,755</u>
Gross patient service revenues	\$ 10,945,862
Contractual adjustments and Uncollectible accounts	<u>74,930</u>
Net patient service revenue	<u><u>\$ 11,020,792</u></u>

8. ACCRUED LEAVE

The nursing center has an all-purpose paid time off (PTO) policy. Employees who work 30 hours or more per week are eligible to earn and use PTO. Vacation is accrued using a formula based on length of employment at the nursing center. Accrued but unpaid vacation benefits at June 30, 2006, were \$195,579 and are included in accrued payroll as a current liability.

9. PENSION PLAN

The nursing center sponsors a 403(b) salary deferral plan for the benefit of its employees. Under the plan, employees are allowed to defer a portion of their earnings up to certain maximum amounts. The nursing center matches the employee contributions at the amount deferred up to four percent. The employer match totaled \$68,201 at June 30, 2006. The accrued liability to the plan at June 30, 2006, was \$11,287 and is included in accrued expenses on the balance sheets.

10. COMMITMENTS AND CONTINGENCIES

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

the coverage period. The coverage period coincides with the nursing center's fiscal year. Coverages were renewed at July 2006, rendering the need for tail coverage unnecessary. Premiums are determined by a variety of factors related to the nursing center.

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

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

The following is a schedule by year of future minimum lease payments under operating leases as of June 30, 2006, that have initial or remaining terms of one year or more.

<u>Year Ending June 30</u>	<u>Minimum Lease Payments</u>
2007	\$ 13,578
2008	<u>4,599</u>
Total minimum lease payments	<u><u>\$ 18,177</u></u>

Total rental expense for all operating leases was \$25,239 for 2006 and is included in the general services expense classification.

11. RISK FINANCING AND RELATED INSURANCE ISSUES

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

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 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	\$ 14,021,405	\$ 0	\$ 0	\$ 14,021,405	\$ 13,164,766	\$ 13,644,913	\$ 376,492
Licenses and Permits	441,220	0	0	441,220	382,000	405,803	35,417
Fines, Forfeitures, and Penalties	454,686	0	0	454,686	279,500	317,257	137,429
Charges for Current Services	3,508,548	0	0	3,508,548	3,122,185	3,338,086	170,462
Other Local Revenues	478,965	0	0	478,965	276,203	521,570	(42,605)
Fees Received from County Officials	2,638,050	0	0	2,638,050	2,140,000	2,272,664	365,386
State of Tennessee	2,688,616	0	0	2,688,616	2,310,905	3,009,189	(320,573)
Federal Government	1,425,785	0	0	1,425,785	235,565	1,324,330	101,455
Other Governments and Citizens Groups	1,843,863	0	0	1,843,863	1,751,633	2,007,633	(163,770)
Total Revenues	\$ 27,501,138	\$ 0	\$ 0	\$ 27,501,138	\$ 23,662,757	\$ 26,841,445	\$ 659,693
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 305,121	\$ 0	\$ 0	\$ 305,121	\$ 427,022	\$ 325,307	\$ 20,186
Board of Equalization	0	0	0	0	4,000	4,000	4,000
Beer Board	1,970	0	0	1,970	2,500	2,500	530
Other Boards and Committees	30,951	(200)	0	30,751	30,270	30,825	74
County Mayor/Executive	224,198	(1,210)	375	223,363	228,387	227,407	4,044
Personnel Office	372,775	(6,304)	12,571	379,042	377,147	379,295	253
Election Commission	348,326	0	0	348,326	264,902	349,899	1,573
Register of Deeds	152,087	(2,407)	0	149,680	65,563	290,398	140,718
Development	156,787	(15,577)	3,800	145,010	146,332	145,010	0
Engineering	301,215	(778)	150	300,587	329,053	318,683	18,096
County Buildings	431,426	(17,553)	2,912	416,785	445,434	416,872	87
<u>Finance</u>							
Accounting and Budgeting	82,748	(1,048)	1,478	83,178	90,766	90,766	7,588
Property Assessor's Office	627,292	(956)	21,200	647,536	683,977	683,791	36,255

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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 (Cont.)</u>							
Reappraisal Program	\$ 31,575	\$ 0	\$ 0	\$ 31,575	\$ 47,300	\$ 47,300	\$ 15,725
County Trustee's Office	62,280	0	0	62,280	73,084	72,184	9,904
County Clerk's Office	177,074	(1,599)	11,098	186,573	205,397	200,742	14,169
Data Processing	129,944	0	0	129,944	138,107	137,862	7,918
<u>Administration of Justice</u>							
Circuit Court	64,777	0	0	64,777	0	64,777	0
Criminal Court	317,795	0	2,284	320,079	330,785	328,825	8,746
General Sessions Court	654,125	(2,045)	840	652,920	739,793	670,601	17,681
General Sessions Judge	350,846	(437)	847	351,256	395,666	372,945	21,689
Drug Court	57,340	(1,405)	0	55,935	19,570	108,594	52,659
Chancery Court	42,970	(160)	0	42,810	47,170	45,945	3,135
Juvenile Court	453,228	(785)	6,535	458,978	490,940	488,490	29,512
Judicial Commissioners	36,445	0	0	36,445	38,200	38,200	1,755
Other Administration of Justice	94,302	0	0	94,302	95,940	95,450	1,148
Probation Services	232,151	0	0	232,151	200,039	264,088	31,937
<u>Public Safety</u>							
Sheriff's Department	5,366,324	(28,225)	10,831	5,348,930	5,323,983	5,449,523	100,593
Special Patrols	203,904	0	0	203,904	217,699	216,474	12,570
Traffic Control	55,382	(14,000)	25,159	66,541	65,200	66,550	9
Wheel Tax Officer	297,220	0	0	297,220	0	328,032	30,812
Jail	4,887,087	(142,858)	48,606	4,792,835	5,254,654	4,937,415	144,580
Correctional Incentive Program Improvements	710,809	(2,852)	1,586	709,543	820,966	840,620	131,077
Juvenile Services	420,283	(455)	0	419,828	394,859	685,107	265,279
Work Release Program	313,050	0	0	313,050	307,056	344,845	31,795
Civil Defense	436,611	(11,746)	1,527	426,392	443,073	461,210	34,818
Rescue Squad	14,511	(2,873)	0	11,638	0	32,940	21,302

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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>							
Disaster Relief	\$ 4,354	\$ 0	\$ 0	\$ 4,354	\$ 5,382	\$ 5,382	\$ 1,028
Other Emergency Management	434,440	(209,012)	1,312	226,740	0	346,206	119,466
Inspection and Regulation	183,573	0	109	183,682	206,637	209,489	25,807
County Coroner/Medical Examiner	72,194	0	0	72,194	80,000	80,000	7,806
Public Safety Grant Programs	559	0	0	559	26,929	27,679	27,120
Other Public Safety	450,000	0	0	450,000	450,000	450,000	0
<u>Public Health and Welfare</u>							
Local Health Center	403,726	(5,595)	5,571	403,702	388,540	415,221	11,519
Rabies and Animal Control	216,054	0	0	216,054	216,054	216,054	0
Ambulance/Emergency Medical Services	3,465,422	(14,681)	6,313	3,457,054	3,379,642	3,470,906	13,852
Other Local Health Services	780,665	(840)	478	780,303	587,961	840,769	60,466
General Welfare Assistance	1,000	0	0	1,000	1,000	1,000	0
Aid to Dependent Children	1,000	0	0	1,000	1,000	1,000	0
Other Local Welfare Services	70,791	0	0	70,791	70,791	70,791	0
Waste Pickup	1,424	(550)	0	874	0	1,000	126
Recycling Center	22,429	0	0	22,429	25,251	25,251	2,822
Other Public Health and Welfare	13,669	(500)	790	13,959	20,000	20,000	6,041
<u>Social, Cultural, and Recreational Services</u>							
Adult Activities	10,000	0	0	10,000	10,000	10,000	0
Senior Citizens Assistance	86,291	0	0	86,291	86,291	86,291	0
Other Social, Cultural, and Recreational	629,971	(4,272)	1,131	626,830	624,774	626,874	44
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	244,559	0	0	244,559	248,322	248,322	3,763
Soil Conservation	46,138	0	0	46,138	48,750	48,750	2,612
Storm Water Management	120,390	(1,541)	451	119,300	113,963	119,313	13

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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>Other Operations</u>							
Tourism	\$ 164,485	\$ 0	\$ 0	\$ 164,485	\$ 147,400	\$ 179,400	\$ 14,915
Industrial Development	164,485	0	0	164,485	147,400	179,400	14,915
Public Transportation	25,991	0	0	25,991	25,991	25,991	0
Veterans' Services	72,698	(2,170)	0	70,528	72,873	73,537	3,009
Other Charges	294,548	0	0	294,548	356,457	356,457	61,909
Contributions to Other Agencies	93,460	0	0	93,460	93,710	93,710	250
Miscellaneous	512,126	0	0	512,126	0	514,110	1,984
Total Expenditures	\$ 27,031,371	\$ (494,634)	\$ 167,954	\$ 26,704,691	\$ 26,179,952	\$ 28,306,375	\$ 1,601,684
Excess (Deficiency) of Revenues Over Expenditures	\$ 469,767	\$ 494,634	\$ (167,954)	\$ 796,447	\$ (2,517,195)	\$ (1,464,930)	\$ 2,261,377
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 18,219	\$ 0	\$ 0	\$ 18,219	\$ 0	\$ 18,219	\$ 0
Transfers Out	(314,416)	0	0	(314,416)	(10,000)	(304,416)	(10,000)
Total Other Financing Sources (Uses)	\$ (296,197)	\$ 0	\$ 0	\$ (296,197)	\$ (10,000)	\$ (286,197)	\$ (10,000)
Net Change in Fund Balance	\$ 173,570	\$ 494,634	\$ (167,954)	\$ 500,250	\$ (2,527,195)	\$ (1,751,127)	\$ 2,251,377
Fund Balance, July 1, 2005	6,958,096	(494,634)	0	6,463,462	5,547,954	5,547,954	915,508
Fund Balance, June 30, 2006	\$ 7,131,666	\$ 0	\$ (167,954)	\$ 6,963,712	\$ 3,020,759	\$ 3,796,827	\$ 3,166,885

Exhibit F-2

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,183,211	\$ 2,116,136	\$ 2,098,836	\$ 84,375
Charges for Current Services	0	10	0	0
Other Local Revenues	143,039	86,010	136,850	6,189
State of Tennessee	2,545,675	2,521,800	2,781,040	(235,365)
Total Revenues	<u>\$ 4,871,925</u>	<u>\$ 4,723,956</u>	<u>\$ 5,016,726</u>	<u>\$ (144,801)</u>
<u>Expenditures</u>				
<u>Highways</u>				
Administration	\$ 402,330	\$ 437,732	\$ 424,532	\$ 22,202
Highway and Bridge Maintenance	2,368,770	2,579,742	2,494,192	125,422
Operation and Maintenance of Equipment	448,572	412,985	473,610	25,038
Quarry Operations	0	100	0	0
Litter and Trash Collection	73,663	79,246	79,246	5,583
Other Charges	141,724	143,700	144,100	2,376
Employee Benefits	582,949	579,348	591,748	8,799
Capital Outlay	714,178	628,000	788,420	74,242
<u>Capital Projects</u>				
Highway & Street Capital Projects	215,309	411,578	228,526	13,217
Total Expenditures	<u>\$ 4,947,495</u>	<u>\$ 5,272,431</u>	<u>\$ 5,224,374</u>	<u>\$ 276,879</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (75,570)</u>	<u>\$ (548,475)</u>	<u>\$ (207,648)</u>	<u>\$ 132,078</u>
Net Change in Fund Balance	\$ (75,570)	\$ (548,475)	\$ (207,648)	\$ 132,078
Fund Balance, July 1, 2005	1,012,749	823,285	823,285	189,464
Fund Balance, June 30, 2006	<u>\$ 937,179</u>	<u>\$ 274,810</u>	<u>\$ 615,637</u>	<u>\$ 321,542</u>

BRADLEY COUNTY, TENNESSEE
NOTES TO THE 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 Bradley 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, Budget and Finance Committee, County Mayor, etc.). Management may make revisions within major categories, but only the Bradley County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

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

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

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

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

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

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

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

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

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

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

Capital Projects Funds

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

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

Community Development/Industrial Park Fund – The Community Development/Industrial Park Fund is used to account for industrial park projects.

Courthouse Plaza Projects Fund – The Courthouse Plaza Projects Fund is used to account for renovation and improvement projects on the courthouse plaza.

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

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

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

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

Exhibit G-1

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

	Special Revenue Funds							
	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri- Business	Special Purpose Fire Tax	Constitu- tional Officers - Fees
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	462,848
Equity in Pooled Cash and Investments	7,684	102,019	479,899	0	823,172	51,154	835,024	0
Accounts Receivable	0	0	70,309	0	85,312	0	0	0
Due from Other Governments	0	3,767	0	0	0	0	17,306	0
Property Taxes Receivable	0	540,025	0	0	0	0	546,434	0
Allowance for Uncollectible Property Taxes	0	(20,634)	0	0	0	0	(48,836)	0
Notes Receivable - Long-Term	0	0	0	0	0	0	0	0
Total Assets	\$ 7,684	\$ 625,177	\$ 550,208	\$ 0	\$ 908,484	\$ 51,154	\$ 1,349,928	\$ 462,848
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 80	\$ 0	\$ 1,666	\$ 0
Cash Overdraft	0	0	0	1,002	0	0	0	0
Due to Other Funds	0	0	0	0	0	0	0	125,117
Deferred Revenue - Current Property Taxes	0	506,796	0	0	0	0	439,737	0
Deferred Revenue - Delinquent Property Taxes	0	11,371	0	0	0	0	52,237	0
Total Liabilities	\$ 0	\$ 518,167	\$ 0	\$ 1,002	\$ 80	\$ 0	\$ 493,640	\$ 125,117
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 0	\$ 0	\$ 14,682	\$ 0	\$ 0	\$ 0
Reserved for Long-Term Notes Receivable	0	0	0	0	0	0	0	0
Unreserved (Deficit)	7,684	107,010	550,208	(1,002)	893,722	51,154	856,288	337,731
Total Fund Balances	\$ 7,684	\$ 107,010	\$ 550,208	\$ (1,002)	\$ 908,404	\$ 51,154	\$ 856,288	\$ 337,731
Total Liabilities and Fund Balances	\$ 7,684	\$ 625,177	\$ 550,208	\$ 0	\$ 908,484	\$ 51,154	\$ 1,349,928	\$ 462,848

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)		Capital Projects Funds					Total Nonmajor Governmental Funds
	Vocational Building	Total	General Capital Projects	Community Development/ Industrial Park	HUD Grant Projects	Other Capital Projects	Total	
<u>ASSETS</u>								
Cash	\$ 0	\$ 462,848	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 462,848
Equity in Pooled Cash and Investments	56,201	2,355,153	167,018	380,308	102,565	32,210	682,101	3,037,254
Accounts Receivable	0	155,621	0	0	0	0	0	155,621
Due from Other Governments	0	21,073	0	0	0	0	0	21,073
Property Taxes Receivable	0	1,086,459	0	0	0	0	0	1,086,459
Allowance for Uncollectible Property Taxes	0	(69,470)	0	0	0	0	0	(69,470)
Notes Receivable - Long-Term	0	0	0	0	34,705	0	34,705	34,705
Total Assets	\$ 56,201	\$ 4,011,684	\$ 167,018	\$ 380,308	\$ 137,270	\$ 32,210	\$ 716,806	\$ 4,728,490
<u>LIABILITIES AND FUND BALANCES</u>								
<u>Liabilities</u>								
Accounts Payable	\$ 0	\$ 1,746	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,746
Cash Overdraft	0	1,002	0	0	0	0	0	1,002
Due to Other Funds	10,375	135,492	0	0	0	0	0	135,492
Deferred Revenue - Current Property Taxes	0	946,533	0	0	0	0	0	946,533
Deferred Revenue - Delinquent Property Taxes	0	63,608	0	0	0	0	0	63,608
Total Liabilities	\$ 10,375	\$ 1,148,381	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,148,381
<u>Fund Balances</u>								
Reserved for Encumbrances	\$ 0	\$ 14,682	\$ 34,557	\$ 0	\$ 0	\$ 0	\$ 34,557	\$ 49,239
Reserved for Long-Term Notes Receivable	0	0	0	0	34,705	0	34,705	34,705
Unreserved (Deficit)	45,826	2,848,621	132,461	380,308	102,565	32,210	647,544	3,496,165
Total Fund Balances	\$ 45,826	\$ 2,863,303	\$ 167,018	\$ 380,308	\$ 137,270	\$ 32,210	\$ 716,806	\$ 3,580,109
Total Liabilities and Fund Balances	\$ 56,201	\$ 4,011,684	\$ 167,018	\$ 380,308	\$ 137,270	\$ 32,210	\$ 716,806	\$ 4,728,490

Exhibit G-2

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

	Special Revenue Funds					
	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri- Business
Revenues						
Local Taxes	\$ 456	\$ 431,945	\$ 0	\$ 0	\$ 0	\$ 149,368
Fines, Forfeitures, and Penalties	1,190	0	0	0	525,627	0
Charges for Current Services	2,913	0	251,352	0	0	0
Other Local Revenues	0	12,314	0	280	61,988	0
State of Tennessee	0	12,883	55,895	0	0	0
Federal Government	0	0	0	2,421	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 4,559	\$ 457,142	\$ 307,247	\$ 2,701	\$ 587,615	\$ 149,368
Expenditures						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	0	0	0
Administration of Justice	0	0	0	0	0	0
Public Safety	0	0	0	4,413	776,791	0
Public Health and Welfare	0	0	63,294	0	14,749	0
Social, Cultural, and Recreational Services	3,497	460,559	0	0	0	127,804
Other Operations	56	9,889	0	2	1,259	1,472
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 3,553	\$ 470,448	\$ 63,294	\$ 4,415	\$ 792,799	\$ 129,276
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,006	\$ (13,306)	\$ 243,953	\$ (1,714)	\$ (205,184)	\$ 20,092
Other Financing Sources (Uses)						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	0
Transfers In	0	0	0	1,449	0	0
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 1,449	\$ 0	\$ 0
Net Change in Fund Balances	\$ 1,006	\$ (13,306)	\$ 243,953	\$ (265)	\$ (205,184)	\$ 20,092
Fund Balance, July 1, 2005	6,678	120,316	306,255	(737)	1,113,588	31,062
Fund Balance, June 30, 2006	\$ 7,684	\$ 107,010	\$ 550,208	\$ (1,002)	\$ 908,404	\$ 51,154

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)				Capital Projects Funds	
	Special Purpose Tax	Constitutional Officers - Fees	Vocational Building	Total	General Capital Projects	Community Development/Industrial Park
<u>Revenues</u>						
Local Taxes	\$ 477,166	\$ 0	\$ 0	\$ 1,058,935	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	526,817	0	0
Charges for Current Services	493	1,427,035	0	1,681,793	0	0
Other Local Revenues	63,676	0	85,017	223,275	0	0
State of Tennessee	20,734	0	0	89,512	0	0
Federal Government	0	0	0	2,421	0	0
Other Governments and Citizens Groups	0	0	0	0	0	0
Total Revenues	\$ 562,069	\$ 1,427,035	\$ 85,017	\$ 3,582,753	\$ 0	\$ 0
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 258,512	\$ 180	\$ 258,692	\$ 0	\$ 0
Finance	0	978,003	0	978,003	0	0
Administration of Justice	0	191,484	0	191,484	0	0
Public Safety	839,293	0	0	1,620,497	0	0
Public Health and Welfare	0	0	0	78,043	0	0
Social, Cultural, and Recreational Services	0	0	0	591,860	0	0
Other Operations	9,758	0	850	23,286	0	0
Capital Projects	0	0	0	0	1,886	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	\$ 849,051	\$ 1,427,999	\$ 1,030	\$ 3,741,865	\$ 1,886	\$ 0
Excess (Deficiency) of Revenues Over Expenditures	\$ (286,982)	\$ (964)	\$ 83,987	\$ (159,112)	\$ (1,886)	\$ 0
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Loans Issued	0	0	0	0	0	0
Transfers In	0	0	0	1,449	36,444	0
Transfers Out	(170,291)	0	(79,250)	(249,541)	0	0
Total Other Financing Sources (Uses)	\$ (170,291)	\$ 0	\$ (79,250)	\$ (248,092)	\$ 36,444	\$ 0
Net Change in Fund Balances	\$ (457,273)	\$ (964)	\$ 4,737	\$ (407,204)	\$ 34,558	\$ 0
Fund Balance, July 1, 2005	1,313,561	338,695	41,089	3,270,507	132,460	380,308
Fund Balance, June 30, 2006	\$ 856,288	\$ 337,731	\$ 45,826	\$ 2,863,303	\$ 167,018	\$ 380,308

(Continued)

Exhibit G-2

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

	Capital Projects Funds (Cont.)						Total Nonmajor Governmental Funds
	Courthouse Plaza Projects	Juvenile Center Projects	HUD Grant Projects	Education Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,058,935
Fines, Forfeitures, and Penalties	0	0	0	0	0	0	526,817
Charges for Current Services	0	0	0	0	0	0	1,681,793
Other Local Revenues	155,986	0	4,951	0	0	160,937	384,212
State of Tennessee	0	0	108,665	0	0	108,665	198,177
Federal Government	0	0	0	0	0	0	2,421
Other Governments and Citizens Groups	130,690	0	2,897	0	5,180	138,767	138,767
Total Revenues	\$ 286,676	\$ 0	\$ 116,513	\$ 0	\$ 5,180	\$ 408,369	\$ 3,991,122
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	258,692
Finance	0	0	0	0	0	0	978,003
Administration of Justice	0	0	0	0	0	0	191,484
Public Safety	0	45,229	0	0	0	45,229	1,665,726
Public Health and Welfare	0	0	0	0	0	0	78,043
Social, Cultural, and Recreational Services	0	0	0	0	0	0	591,860
Other Operations	0	17	107,669	0	5,190	112,876	136,162
Capital Projects	426,668	757,501	0	0	0	1,186,055	1,186,055
Capital Projects - Donated	0	0	0	11,346,511	0	11,346,511	11,346,511
Total Expenditures	\$ 426,668	\$ 802,747	\$ 107,669	\$ 11,346,511	\$ 5,190	\$ 12,690,671	\$ 16,432,536
Excess (Deficiency) of Revenues Over Expenditures	\$ (139,992)	\$ (802,747)	\$ 8,844	\$ (11,346,511)	\$ (10)	\$ (12,282,302)	\$ (12,441,414)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 800,000	\$ 0	\$ 9,000,000	\$ 0	\$ 9,800,000	\$ 9,800,000
Other Loans Issued	0	0	0	2,346,511	0	2,346,511	2,346,511
Transfers In	139,992	2,225	0	0	10,000	188,661	190,110
Transfers Out	0	(36,444)	0	0	0	(36,444)	(285,985)
Total Other Financing Sources (Uses)	\$ 139,992	\$ 765,781	\$ 0	\$ 11,346,511	\$ 10,000	\$ 12,298,728	\$ 12,050,636
Net Change in Fund Balances	\$ 0	\$ (36,966)	\$ 8,844	\$ 0	\$ 9,990	\$ 16,426	\$ (390,778)
Fund Balance, July 1, 2005	0	36,966	128,426	0	22,220	700,380	3,970,887
Fund Balance, June 30, 2006	\$ 0	\$ 0	\$ 137,270	\$ 0	\$ 32,210	\$ 716,806	\$ 3,580,109

Exhibit G-3

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 456	\$ 500	\$ 500	\$ (44)
Fines, Forfeitures, and Penalties	1,190	1,100	1,100	90
Charges for Current Services	2,913	2,300	2,300	613
Total Revenues	<u>\$ 4,559</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 659</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 3,497	\$ 5,500	\$ 5,500	\$ 2,003
<u>Other Operations</u>				
Other Charges	56	100	100	44
Total Expenditures	<u>\$ 3,553</u>	<u>\$ 5,600</u>	<u>\$ 5,600</u>	<u>\$ 2,047</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,006</u>	<u>\$ (1,700)</u>	<u>\$ (1,700)</u>	<u>\$ 2,706</u>
Net Change in Fund Balance	\$ 1,006	\$ (1,700)	\$ (1,700)	\$ 2,706
Fund Balance, July 1, 2005	<u>6,678</u>	<u>5,462</u>	<u>5,462</u>	<u>1,216</u>
Fund Balance, June 30, 2006	<u>\$ 7,684</u>	<u>\$ 3,762</u>	<u>\$ 3,762</u>	<u>\$ 3,922</u>

Exhibit G-4

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 431,945	\$ 415,731	\$ 484,640	\$ (52,695)
Other Local Revenues	12,314	8,900	8,900	3,414
State of Tennessee	12,883	6,500	6,500	6,383
Total Revenues	<u>\$ 457,142</u>	<u>\$ 431,131</u>	<u>\$ 500,040</u>	<u>\$ (42,898)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Libraries	\$ 460,559	\$ 460,559	\$ 460,559	\$ 0
<u>Other Operations</u>				
Other Charges	9,889	8,250	11,000	1,111
Total Expenditures	<u>\$ 470,448</u>	<u>\$ 468,809</u>	<u>\$ 471,559</u>	<u>\$ 1,111</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (13,306)</u>	<u>\$ (37,678)</u>	<u>\$ 28,481</u>	<u>\$ (41,787)</u>
Net Change in Fund Balance	\$ (13,306)	\$ (37,678)	\$ 28,481	\$ (41,787)
Fund Balance, July 1, 2005	<u>120,316</u>	<u>103,358</u>	<u>169,517</u>	<u>(49,201)</u>
Fund Balance, June 30, 2006	<u>\$ 107,010</u>	<u>\$ 65,680</u>	<u>\$ 197,998</u>	<u>\$ (90,988)</u>

Exhibit G-5

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 251,352	\$ 46,000	\$ 181,000	\$ 70,352
State of Tennessee	55,895	84,840	84,840	(28,945)
Total Revenues	<u>\$ 307,247</u>	<u>\$ 130,840</u>	<u>\$ 265,840</u>	<u>\$ 41,407</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Other Waste Collection	\$ 63,294	\$ 84,000	\$ 84,000	\$ 20,706
<u>Other Operations</u>				
Other Charges	0	840	840	840
Total Expenditures	<u>\$ 63,294</u>	<u>\$ 84,840</u>	<u>\$ 84,840</u>	<u>\$ 21,546</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 243,953</u>	<u>\$ 46,000</u>	<u>\$ 181,000</u>	<u>\$ 62,953</u>
Net Change in Fund Balance	\$ 243,953	\$ 46,000	\$ 181,000	\$ 62,953
Fund Balance, July 1, 2005	<u>306,255</u>	<u>287,237</u>	<u>422,237</u>	<u>(115,982)</u>
Fund Balance, June 30, 2006	<u>\$ 550,208</u>	<u>\$ 333,237</u>	<u>\$ 603,237</u>	<u>\$ (53,029)</u>

Exhibit G-6

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Local Purpose Tax 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	\$ 0	\$ 0	\$ 12,564	\$ (12,564)
Other Local Revenues	280	0	141	139
Federal Government	2,421	0	2,421	0
Total Revenues	<u>\$ 2,701</u>	<u>\$ 0</u>	<u>\$ 15,126</u>	<u>\$ (12,425)</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 4,413	\$ 0	\$ 8,062	\$ 3,649
Civil Defense	0	0	1,000	1,000
<u>Other Operations</u>				
Other Charges	2	0	150	148
Total Expenditures	<u>\$ 4,415</u>	<u>\$ 0</u>	<u>\$ 9,212</u>	<u>\$ 4,797</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,714)</u>	<u>\$ 0</u>	<u>\$ 5,914</u>	<u>\$ (7,628)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,449	\$ 0	\$ 0	\$ 1,449
Total Other Financing Sources (Uses)	<u>\$ 1,449</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,449</u>
Net Change in Fund Balance	\$ (265)	\$ 0	\$ 5,914	\$ (6,179)
Fund Balance, July 1, 2005	<u>(737)</u>	<u>7,486</u>	<u>7,486</u>	<u>(8,223)</u>
Fund Balance, June 30, 2006	<u>\$ (1,002)</u>	<u>\$ 7,486</u>	<u>\$ 13,400</u>	<u>\$ (14,402)</u>

Exhibit G-7

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 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>							
Fines, Forfeitures, and Penalties	\$ 525,627	\$ 0	\$ 0	\$ 525,627	\$ 108,000	\$ 460,574	\$ 65,053
Other Local Revenues	61,988	0	0	61,988	600	17,640	44,348
Total Revenues	\$ 587,615	\$ 0	\$ 0	\$ 587,615	\$ 108,600	\$ 478,214	\$ 109,401
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 382,081	\$ (162,299)	\$ 14,403	\$ 234,185	\$ 214,458	\$ 257,428	\$ 23,243
Special Patrols	46,536	(953)	279	45,862	49,197	49,197	3,335
Drug Enforcement	348,174	0	0	348,174	366,271	403,671	55,497
<u>Public Health and Welfare</u>							
Alcohol and Drug Programs	14,749	(1,000)	0	13,749	31,000	40,791	27,042
<u>Other Operations</u>							
Other Charges	1,259	0	0	1,259	1,000	1,259	0
Total Expenditures	\$ 792,799	\$ (164,252)	\$ 14,682	\$ 643,229	\$ 661,926	\$ 752,346	\$ 109,117
Excess (Deficiency) of Revenues Over Expenditures	\$ (205,184)	\$ 164,252	\$ (14,682)	\$ (55,614)	\$ (553,326)	\$ (274,132)	\$ 218,518
Net Change in Fund Balance	\$ (205,184)	\$ 164,252	\$ (14,682)	\$ (55,614)	\$ (553,326)	\$ (274,132)	\$ 218,518
Fund Balance, July 1, 2005	1,113,588	(164,252)	0	949,336	907,530	1,186,724	(237,388)
Fund Balance, June 30, 2006	\$ 908,404	\$ 0	\$ (14,682)	\$ 893,722	\$ 354,204	\$ 912,592	\$ (18,870)

Exhibit G-8

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Agri-Business Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 149,368	\$ 130,000	\$ 130,000	\$ 19,368
Total Revenues	<u>\$ 149,368</u>	<u>\$ 130,000</u>	<u>\$ 130,000</u>	<u>\$ 19,368</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 127,804	\$ 131,413	\$ 133,208	\$ 5,404
<u>Other Operations</u>				
Other Charges	1,472	1,300	1,472	0
Total Expenditures	<u>\$ 129,276</u>	<u>\$ 132,713</u>	<u>\$ 134,680</u>	<u>\$ 5,404</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,092</u>	<u>\$ (2,713)</u>	<u>\$ (4,680)</u>	<u>\$ 24,772</u>
Net Change in Fund Balance	\$ 20,092	\$ (2,713)	\$ (4,680)	\$ 24,772
Fund Balance, July 1, 2005	31,062	7,261	5,294	25,768
Fund Balance, June 30, 2006	<u>\$ 51,154</u>	<u>\$ 4,548</u>	<u>\$ 614</u>	<u>\$ 50,540</u>

Exhibit G-9

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Special Purpose/Fire Tax Fund
For the Year Ended June 30, 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	\$ 477,166	\$ 0	\$ 477,166	\$ 521,705	\$ 479,547	\$ (2,381)
Charges for Current Services	493	0	493	0	0	493
Other Local Revenues	63,676	0	63,676	30,000	57,750	5,926
State of Tennessee	20,734	0	20,734	0	4,868	15,866
Total Revenues	\$ 562,069	\$ 0	\$ 562,069	\$ 551,705	\$ 542,165	\$ 19,904
<u>Expenditures</u>						
<u>Public Safety</u>						
Fire Prevention and Control	\$ 839,293	\$ (29,410)	\$ 809,883	\$ 832,447	\$ 835,507	\$ 25,624
<u>Other Operations</u>						
Other Charges	9,758	0	9,758	24,600	12,000	2,242
Total Expenditures	\$ 849,051	\$ (29,410)	\$ 819,641	\$ 857,047	\$ 847,507	\$ 27,866
Excess (Deficiency) of Revenues						
Over Expenditures	\$ (286,982)	\$ 29,410	\$ (257,572)	\$ (305,342)	\$ (305,342)	\$ 47,770
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (170,291)	\$ 0	\$ (170,291)	\$ (170,292)	\$ (170,292)	\$ 1
Total Other Financing Sources (Uses)	\$ (170,291)	\$ 0	\$ (170,291)	\$ (170,292)	\$ (170,292)	\$ 1
Net Change in Fund Balance						
Fund Balance, July 1, 2005	\$ 1,313,561	(29,410)	\$ 1,284,151	\$ 993,520	\$ 993,520	\$ 290,631
Fund Balance, June 30, 2006	\$ 856,288	\$ 0	\$ 856,288	\$ 517,886	\$ 517,886	\$ 338,402

Exhibit G-10

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Vocational Building Fund
For the Year Ended June 30, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 85,017	\$ 85,017	\$ 85,017	\$ 0
Total Revenues	<u>\$ 85,017</u>	<u>\$ 85,017</u>	<u>\$ 85,017</u>	<u>\$ 0</u>
<u>Expenditures</u>				
<u>General Government</u>				
County Buildings	\$ 180	\$ 0	\$ 500	\$ 320
Other Facilities	0	3,000	2,500	2,500
<u>Other Operations</u>				
Other Charges	850	851	850	0
<u>Principal on Debt</u>				
General Government	0	60,000	0	0
<u>Interest on Debt</u>				
General Government	0	19,250	0	0
Total Expenditures	<u>\$ 1,030</u>	<u>\$ 83,101</u>	<u>\$ 3,850</u>	<u>\$ 2,820</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 83,987</u>	<u>\$ 1,916</u>	<u>\$ 81,167</u>	<u>\$ 2,820</u>
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (79,250)	\$ 0	\$ (79,250)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (79,250)</u>	<u>\$ 0</u>	<u>\$ (79,250)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 4,737	\$ 1,916	\$ 1,917	\$ 2,820
Fund Balance, July 1, 2005	41,089	46,921	46,921	(5,832)
Fund Balance, June 30, 2006	<u>\$ 45,826</u>	<u>\$ 48,837</u>	<u>\$ 48,838</u>	<u>\$ (3,012)</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 6,527,691	\$ 6,326,867	\$ 6,275,715	\$ 251,976
Other Local Revenues	1,622,300	2,276,178	1,198,178	424,122
State of Tennessee	194,235	99,572	99,572	94,663
Total Revenues	<u>\$ 8,344,226</u>	<u>\$ 8,702,617</u>	<u>\$ 7,573,465</u>	<u>\$ 770,761</u>
<u>Expenditures</u>				
<u>Other Operations</u>				
Other Charges	\$ 134,393	\$ 202,500	\$ 182,500	\$ 48,107
<u>Principal on Debt</u>				
General Government	2,820,000	3,250,000	3,250,000	430,000
Education	10,455,000	10,455,000	10,455,000	0
<u>Interest on Debt</u>				
General Government	1,216,938	1,359,124	1,359,124	142,186
Education	2,208,538	2,849,850	2,886,850	678,312
<u>Other Debt Service</u>				
General Government	36,004	38,000	38,000	1,996
Education	131,744	140,000	140,000	8,256
Total Expenditures	<u>\$ 17,002,617</u>	<u>\$ 18,294,474</u>	<u>\$ 18,311,474</u>	<u>\$ 1,308,857</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,658,391)</u>	<u>\$ (9,591,857)</u>	<u>\$ (10,738,009)</u>	<u>\$ 2,079,618</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 410,291	\$ 320,291	\$ 320,291	\$ 90,000
Total Other Financing Sources (Uses)	<u>\$ 410,291</u>	<u>\$ 320,291</u>	<u>\$ 320,291</u>	<u>\$ 90,000</u>
Net Change in Fund Balance	\$ (8,248,100)	\$ (9,271,566)	\$ (10,417,718)	\$ 2,169,618
Fund Balance, July 1, 2005	<u>41,331,743</u>	<u>42,127,726</u>	<u>42,408,574</u>	<u>(1,076,831)</u>
Fund Balance, June 30, 2006	<u>\$ 33,083,643</u>	<u>\$ 32,856,160</u>	<u>\$ 31,990,856</u>	<u>\$ 1,092,787</u>

Fiduciary Funds

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

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

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

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

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

Exhibit I-1

Bradley County, Tennessee
Combining Statement of Assets and Liabilities
All Agency Funds
June 30, 2006

	Agency Funds				Total
	Cities - Sales Tax	Inside Urban Fringe Area Fire Tax	City School ADA - Cleveland	Constitu- tional Officers - Agency	
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 6,086,747	\$ 6,086,747
Equity in Pooled Cash and Investments	125,198	292,036	11,743	0	428,977
Due from Other Governments	1,355,040	0	678,392	0	2,033,432
Due from Other Funds	0	0	285	0	285
Property Taxes Receivable	0	2,019,211	5,228,559	0	7,247,770
Allowance for Uncollectible Property Taxes	0	(188,630)	(213,331)	0	(401,961)
Total Assets	<u>\$ 1,480,238</u>	<u>\$ 2,122,617</u>	<u>\$ 5,705,648</u>	<u>\$ 6,086,747</u>	<u>\$ 15,395,250</u>
<u>LIABILITIES</u>					
Cash Overdraft	\$ 0	\$ 0	\$ 111,682	\$ 0	\$ 111,682
Due to Other Funds	0	0	0	285	285
Due to Component Unit	0	0	0	496	496
Due to Other Taxing Units	1,480,238	1,622,617	5,593,966	0	8,696,821
Due to Litigants, Heirs, and Others	0	500,000	0	6,085,966	6,585,966
Total Liabilities	<u>\$ 1,480,238</u>	<u>\$ 2,122,617</u>	<u>\$ 5,705,648</u>	<u>\$ 6,086,747</u>	<u>\$ 15,395,250</u>

Exhibit I-2

Bradley 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	\$ 0	\$ 7,708,464	\$ 7,583,266	\$ 125,198
Due from Other Governments	1,238,926	1,355,040	1,238,926	1,355,040
Total Assets	\$ 1,238,926	\$ 9,063,504	\$ 8,822,192	\$ 1,480,238
<u>Liabilities</u>				
Cash Overdraft	\$ 72,903	\$ 0	\$ 72,903	\$ 0
Due to Other Taxing Units	1,166,023	9,063,504	8,749,289	1,480,238
Total Liabilities	\$ 1,238,926	\$ 9,063,504	\$ 8,822,192	\$ 1,480,238
<u>Inside Urban Fringe Area Fire Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 10,823	\$ 2,115,313	\$ 1,834,100	\$ 292,036
Taxes Receivable	1,842,275	2,019,211	1,842,275	2,019,211
Allowance for Uncollectible Taxes	(189,377)	(188,630)	(189,377)	(188,630)
Total Assets	\$ 1,663,721	\$ 3,945,894	\$ 3,486,998	\$ 2,122,617
<u>Liabilities</u>				
Cash Overdraft	\$ 10,207	\$ 0	\$ 10,207	\$ 0
Due to Other Taxing Units	1,653,514	3,445,894	3,476,791	1,622,617
Due to Litigants, Heirs, and Others	0	500,000	0	500,000
Total Liabilities	\$ 1,663,721	\$ 3,945,894	\$ 3,486,998	\$ 2,122,617
<u>City School ADA - Cleveland Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash	\$ 26,104	\$ 9,266,712	\$ 9,281,073	\$ 11,743
Due from Other Governments	602,458	678,392	602,458	678,392
Due from Other Funds	362	285	362	285
Taxes Receivable	5,182,728	5,228,559	5,182,728	5,228,559
Allowance for Uncollectible Taxes	(224,726)	(213,331)	(224,726)	(213,331)
Total Assets	\$ 5,586,926	\$ 14,960,617	\$ 14,841,895	\$ 5,705,648
<u>Liabilities</u>				
Cash Overdraft	\$ 0	\$ 111,682	\$ 0	\$ 111,682
Due to Other Taxing Units	5,586,926	14,848,935	14,841,895	5,593,966
Total Liabilities	\$ 5,586,926	\$ 14,960,617	\$ 14,841,895	\$ 5,705,648

(Continued)

Exhibit I-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 4,755,308	\$ 21,859,567	\$ 20,528,128	\$ 6,086,747
Total Assets	\$ 4,755,308	\$ 21,859,567	\$ 20,528,128	\$ 6,086,747
<u>Liabilities</u>				
Due to Other Funds	\$ 362	\$ 285	\$ 362	\$ 285
Due to Component Unit	266	496	266	496
Due to Litigants, Heirs, and Others	4,754,680	21,858,786	20,527,500	6,085,966
Total Liabilities	\$ 4,755,308	\$ 21,859,567	\$ 20,528,128	\$ 6,086,747
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 4,755,308	\$ 21,859,567	\$ 20,528,128	\$ 6,086,747
Equity in Pooled Cash	36,927	19,090,489	18,698,439	428,977
Due from Other Governments	1,841,384	2,033,432	1,841,384	2,033,432
Due from Other Funds	362	285	362	285
Taxes Receivable	7,025,003	7,247,770	7,025,003	7,247,770
Allowance for Uncollectible Taxes	(414,103)	(401,961)	(414,103)	(401,961)
Total Assets	\$ 13,244,881	\$ 49,829,582	\$ 47,679,213	\$ 15,395,250
<u>Liabilities</u>				
Cash Overdraft	\$ 83,110	\$ 111,682	\$ 83,110	\$ 111,682
Due to Other Funds	362	285	362	285
Due to Component Unit	266	496	266	496
Due to Other Taxing Units	8,406,463	27,358,333	27,067,975	8,696,821
Due to Litigants, Heirs, and Others	4,754,680	22,358,786	20,527,500	6,585,966
Total Liabilities	\$ 13,244,881	\$ 49,829,582	\$ 47,679,213	\$ 15,395,250

Bradley County School Department

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

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

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

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

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

Exhibit J-1

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>Education Capital Projects</u>	<u>Funds Other Governmental Funds</u>	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 89,568	\$ 89,568
Equity in Pooled Cash and Investments	8,928,041	4,405,626	773,731	14,107,398
Inventories	0	0	85,800	85,800
Due from Other Governments	2,263,554	0	648,271	2,911,825
Due from Other Funds	0	0	9,568	9,568
Due from Primary Government	496	0	0	496
Property Taxes Receivable	11,382,903	0	0	11,382,903
Allowance for Uncollectible Property Taxes	(464,443)	0	0	(464,443)
Total Assets	\$ 22,110,551	\$ 4,405,626	\$ 1,606,938	\$ 28,123,115
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 38,629	\$ 0	\$ 42,801	\$ 81,430
Accrued Payroll	4,206,120	0	367,557	4,573,677
Payroll Deductions Payable	595,880	0	3,309	599,189
Cash Overdraft	0	0	10,917	10,917
Contracts Payable	0	665,095	0	665,095
Retainage Payable	0	204,641	0	204,641
Due to Other Funds	9,568	0	0	9,568
Due to State of Tennessee	18,604	0	0	18,604
Deferred Revenue - Current Property Taxes	10,605,355	0	0	10,605,355
Deferred Revenue - Delinquent Property Taxes	282,671	0	0	282,671
Other Deferred Revenues	673,622	0	0	673,622
Total Liabilities	\$ 16,430,449	\$ 869,736	\$ 424,584	\$ 17,724,769
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 356,317	\$ 3,059,172	\$ 0	\$ 3,415,489
Reserved for Inventory	0	0	85,800	85,800
Reserved for Career Ladder - Extended Contract	13,606	0	0	13,606
Reserved for Career Ladder Program	11,496	0	0	11,496
Reserved for Title I Grants to Local Education Agencies	0	0	140,575	140,575
Reserved for Special Education - Grants to States	0	0	111,946	111,946
Other Federal Reserves	0	0	23,535	23,535
Unreserved, Reported In:				
General Fund	5,298,683	0	0	5,298,683
Special Revenue Funds	0	0	820,498	820,498
Capital Projects Funds	0	476,718	0	476,718
Total Fund Balances	\$ 5,680,102	\$ 3,535,890	\$ 1,182,354	\$ 10,398,346
Total Liabilities and Fund Balances	\$ 22,110,551	\$ 4,405,626	\$ 1,606,938	\$ 28,123,115

Exhibit J-2

Bradley County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets
Discretely Presented Bradley 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)		\$ 10,398,346
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the funds.		
Add: land	\$ 1,294,715	
Add: construction in progress	3,117,701	
Add: buildings and improvements	45,776,123	
Add: other capital assets	<u>401,991</u>	50,590,530
(2) Long-term liabilities are not due in the current period and therefore are not reported in the funds.		(70,464)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the funds.		<u>956,293</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 61,874,705</u>

Exhibit J-3

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>Education</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Capital</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Governmental</u>	<u>Funds</u>
			<u>Funds</u>	
<u>Revenues</u>				
Local Taxes	\$ 18,497,087	\$ 0	\$ 0	\$ 18,497,087
Licenses and Permits	5,672	0	0	5,672
Charges for Current Services	23,712	0	2,014,195	2,037,907
Other Local Revenues	472,748	32,088	98,466	603,302
State of Tennessee	30,851,144	0	0	30,851,144
Federal Government	2,088,635	0	5,071,802	7,160,437
Other Governments and Citizens Groups	0	6,066,000	0	6,066,000
Total Revenues	<u>\$ 51,938,998</u>	<u>\$ 6,098,088</u>	<u>\$ 7,184,463</u>	<u>\$ 65,221,549</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 32,887,398	\$ 0	\$ 2,370,926	\$ 35,258,324
Support Services	16,638,625	0	924,813	17,563,438
Operation of Non-Instructional Services	607,421	0	4,023,114	4,630,535
Capital Outlay	748,389	0	0	748,389
Capital Projects	0	2,674,190	0	2,674,190
Total Expenditures	<u>\$ 50,881,833</u>	<u>\$ 2,674,190</u>	<u>\$ 7,318,853</u>	<u>\$ 60,874,876</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,057,165</u>	<u>\$ 3,423,898</u>	<u>\$ (134,390)</u>	<u>\$ 4,346,673</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 27,243	\$ 0	\$ 0	\$ 27,243
Transfers Out	0	0	(27,243)	(27,243)
Total Other Financing Sources (Uses)	<u>\$ 27,243</u>	<u>\$ 0</u>	<u>\$ (27,243)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,084,408	\$ 3,423,898	\$ (161,633)	\$ 4,346,673
Fund Balance, July 1, 2005	<u>4,595,694</u>	<u>111,992</u>	<u>1,343,987</u>	<u>6,051,673</u>
Fund Balance, June 30, 2006	<u>\$ 5,680,102</u>	<u>\$ 3,535,890</u>	<u>\$ 1,182,354</u>	<u>\$ 10,398,346</u>

Exhibit J-4

Bradley County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances
of Governmental Funds to the Statement of Activities
Discretely Presented Bradley 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)		\$ 4,346,673
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities the cost of those assets is allocated over their estimated useful lives and reported as depreciation expense. This is the amount by which capital outlays exceeded depreciation in the current assets.		
Add: capital assets purchased in the current period	\$ 3,580,675	
Less: current year depreciation expense	<u>(1,885,588)</u>	1,695,087
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		(4,428)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the fund.		
Add: deferred delinquent property taxes and other deferred June 30, 2006	\$ 956,293	
Less: deferred delinquent property taxes and other deferred June 30, 2005	<u>(809,762)</u>	146,531
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and, therefore, are not reported as expenditures in governmental funds. This is the change in compensated absences.		<u>(7,033)</u>
Change in net assets of governmental activities (Exhibit B)		<u><u>\$ 6,176,830</u></u>

Exhibit J-5

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 89,568	\$ 89,568
Equity in Pooled Cash and Investments	0	773,731	773,731
Inventories	0	85,800	85,800
Due from Other Governments	648,271	0	648,271
Due from Other Funds	9,568	0	9,568
Total Assets	<u>\$ 657,839</u>	<u>\$ 949,099</u>	<u>\$ 1,606,938</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 42,801	\$ 42,801
Accrued Payroll	367,557	0	367,557
Payroll Deductions Payable	3,309	0	3,309
Cash Overdraft	10,917	0	10,917
Total Liabilities	<u>\$ 381,783</u>	<u>\$ 42,801</u>	<u>\$ 424,584</u>
<u>Fund Balances</u>			
Reserved for Inventory	\$ 0	\$ 85,800	\$ 85,800
Reserved for Title I Grants to Local Education Agencies	140,575	0	140,575
Reserved for Special Education - Grants to States	111,946	0	111,946
Other Federal Reserves	23,535	0	23,535
Unreserved	0	820,498	820,498
Total Fund Balances	<u>\$ 276,056</u>	<u>\$ 906,298</u>	<u>\$ 1,182,354</u>
Total Liabilities and Fund Balances	<u>\$ 657,839</u>	<u>\$ 949,099</u>	<u>\$ 1,606,938</u>

Exhibit J-6

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

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 2,014,195	\$ 2,014,195
Other Local Revenues	0	98,466	98,466
Federal Government	3,119,369	1,952,433	5,071,802
Total Revenues	<u>\$ 3,119,369</u>	<u>\$ 4,065,094</u>	<u>\$ 7,184,463</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,370,926	\$ 0	\$ 2,370,926
Support Services	924,813	0	924,813
Operation of Non-Instructional Services	0	4,023,114	4,023,114
Total Expenditures	<u>\$ 3,295,739</u>	<u>\$ 4,023,114</u>	<u>\$ 7,318,853</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (176,370)</u>	<u>\$ 41,980</u>	<u>\$ (134,390)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	<u>\$ (27,243)</u>	<u>\$ 0</u>	<u>\$ (27,243)</u>
Total Other Financing Sources (Uses)	<u>\$ (27,243)</u>	<u>\$ 0</u>	<u>\$ (27,243)</u>
Net Change in Fund Balances	\$ (203,613)	\$ 41,980	\$ (161,633)
Fund Balance, July 1, 2005	479,669	864,318	1,343,987
Fund Balance, June 30, 2006	<u>\$ 276,056</u>	<u>\$ 906,298</u>	<u>\$ 1,182,354</u>

Exhibit J-7

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Bradley County School Department
General Purpose School Fund
For the Year Ended June 30, 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	\$ 18,497,087	\$ 0	\$ 0	\$ 18,497,087	\$ 17,273,335	\$ 17,273,335	\$ 1,223,752
Licenses and Permits	5,672	0	0	5,672	7,000	7,000	(1,328)
Charges for Current Services	23,712	0	0	23,712	19,000	19,000	4,712
Other Local Revenues	472,748	0	0	472,748	250,000	250,000	222,748
State of Tennessee	30,851,144	0	0	30,851,144	29,259,999	29,619,451	1,231,693
Federal Government	2,088,635	0	0	2,088,635	274,000	2,040,973	47,662
Total Revenues	\$ 51,938,998	\$ 0	\$ 0	\$ 51,938,998	\$ 47,083,334	\$ 49,209,759	\$ 2,729,239
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 28,139,407	\$ 0	\$ 0	\$ 28,139,407	\$ 27,952,020	\$ 28,239,780	\$ 100,373
Special Education Program	2,559,326	(45,470)	0	2,513,856	2,482,400	2,522,400	8,544
Vocational Education Program	2,010,014	0	0	2,010,014	2,047,300	2,047,300	37,286
Adult Education Program	178,651	0	0	178,651	180,000	180,000	1,349
<u>Support Services</u>							
Attendance	84,189	0	0	84,189	94,650	84,650	461
Health Services	208,249	0	0	208,249	210,050	210,050	1,801
Other Student Support	1,181,743	0	0	1,181,743	1,239,300	1,239,300	57,557
Regular Instruction Program	1,369,400	0	0	1,369,400	1,389,050	1,389,050	19,650
Special Education Program	565,844	0	0	565,844	617,250	577,250	11,406
Vocational Education Program	100,515	0	0	100,515	101,450	101,450	935
Other Programs	1,270,000	0	0	1,270,000	0	1,270,000	0
Board of Education	815,344	0	0	815,344	862,965	862,965	47,621
Director of Schools	294,657	0	0	294,657	328,600	328,600	33,943
Office of the Principal	2,641,192	0	0	2,641,192	2,703,150	2,703,150	61,958
Fiscal Services	243,913	0	0	243,913	246,300	246,300	2,387

(Continued)

Exhibit J-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	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>Support Services (Cont.)</u>							
Operation of Plant	\$ 3,606,201	\$ 0	\$ 0	\$ 3,606,201	\$ 3,466,850	\$ 3,616,850	\$ 10,649
Maintenance of Plant	2,113,895	0	0	2,113,895	956,250	2,115,251	1,356
Transportation	1,787,358	0	0	1,787,358	1,779,725	1,819,725	32,367
Central and Other	356,125	0	0	356,125	356,050	366,050	9,925
<u>Operation of Non-Instructional Services</u>							
Food Service	81,698	0	0	81,698	81,975	81,975	277
Community Services	312,275	0	0	312,275	0	336,613	24,338
Early Childhood Education	213,448	0	0	213,448	0	232,052	18,604
<u>Capital Outlay</u>							
Regular Capital Outlay	748,389	(415,190)	356,317	689,516	750,000	690,999	1,483
Total Expenditures	\$ 50,881,833	\$ (460,660)	\$ 356,317	\$ 50,777,490	\$ 47,845,335	\$ 51,261,760	\$ 484,270
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 1,057,165	\$ 460,660	\$ (356,317)	\$ 1,161,508	\$ (762,001)	\$ (2,052,001)	\$ 3,213,509
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 27,243	\$ 0	\$ 0	\$ 27,243	\$ 12,000	\$ 12,000	\$ 15,243
Total Other Financing Sources (Uses)	\$ 27,243	\$ 0	\$ 0	\$ 27,243	\$ 12,000	\$ 12,000	\$ 15,243
Net Change in Fund Balance	\$ 1,084,408	\$ 460,660	\$ (356,317)	\$ 1,188,751	\$ (750,001)	\$ (2,040,001)	\$ 3,228,752
Fund Balance, July 1, 2005	4,595,694	(460,660)	0	4,135,034	4,120,852	2,830,852	1,304,182
Fund Balance, June 30, 2006	\$ 5,680,102	\$ 0	\$ (356,317)	\$ 5,323,785	\$ 3,370,851	\$ 790,851	\$ 4,532,934

Exhibit J-8

Bradley County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Bradley 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>				
Federal Government	\$ 3,119,369	\$ 5,030,371	\$ 5,049,071	\$ (1,929,702)
Total Revenues	\$ 3,119,369	\$ 5,030,371	\$ 5,049,071	\$ (1,929,702)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,211,759	\$ 1,069,069	\$ 1,247,371	\$ 35,612
Special Education Program	979,934	2,453,982	2,453,982	1,474,048
Vocational Education Program	179,233	179,233	179,233	0
<u>Support Services</u>				
Other Student Support	63,241	56,000	48,870	(14,371)
Regular Instruction Program	271,260	392,626	430,982	159,722
Special Education Program	551,501	1,057,099	1,057,099	505,598
Vocational Education Program	7,288	7,288	7,288	0
Fiscal Services	10,765	10,765	10,765	0
Transportation	0	1,870	1,870	1,870
Central and Other	20,758	20,758	20,758	0
Total Expenditures	\$ 3,295,739	\$ 5,248,690	\$ 5,458,218	\$ 2,162,479
Excess (Deficiency) of Revenues Over Expenditures	\$ (176,370)	\$ (218,319)	\$ (409,147)	\$ 232,777
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (27,243)	\$ (70,523)	\$ (70,523)	\$ 43,280
Total Other Financing Sources (Uses)	\$ (27,243)	\$ (70,523)	\$ (70,523)	\$ 43,280
Net Change in Fund Balance	\$ (203,613)	\$ (288,842)	\$ (479,670)	\$ 276,057
Fund Balance, July 1, 2005	479,669	480,000	479,670	(1)
Fund Balance, June 30, 2006	\$ 276,056	\$ 191,158	\$ 0	\$ 276,056

Exhibit J-9

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

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 2,014,195	\$ 2,165,000	\$ 2,165,000	\$ (150,805)
Other Local Revenues	98,466	35,000	35,000	63,466
Federal Government	1,952,433	1,900,000	1,900,000	52,433
Total Revenues	<u>\$ 4,065,094</u>	<u>\$ 4,100,000</u>	<u>\$ 4,100,000</u>	<u>\$ (34,906)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 4,023,114	\$ 4,100,000	\$ 4,100,000	\$ 76,886
Total Expenditures	<u>\$ 4,023,114</u>	<u>\$ 4,100,000</u>	<u>\$ 4,100,000</u>	<u>\$ 76,886</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 41,980</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,980</u>
Net Change in Fund Balance	\$ 41,980	\$ 0	\$ 0	\$ 41,980
Fund Balance, July 1, 2005	<u>864,318</u>	<u>750,000</u>	<u>750,000</u>	<u>114,318</u>
Fund Balance, June 30, 2006	<u>\$ 906,298</u>	<u>\$ 750,000</u>	<u>\$ 750,000</u>	<u>\$ 156,298</u>

MISCELLANEOUS SCHEDULES

Exhibit K-1

Bradley County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 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	Outstanding 6-30-06
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Heart Monitors	\$ 65,000	3 %	11-2-04	11-5-05	\$ 65,000	\$ 0	\$ 65,000	\$ 0
Baseball Facility - BCHS	500,000	2.25 to 3.7	11-18-04	11-1-14	500,000	0	40,000	460,000
Juvenile Center Project	800,000	3	7-18-05	6-30-06	0	800,000	800,000	0
Education Renovation Project	9,000,000	3.39	1-3-06	2-28-06	0	9,000,000	9,000,000	0
Total Payable through General Debt Service					<u>\$ 565,000</u>	<u>\$ 9,800,000</u>	<u>\$ 9,905,000</u>	<u>\$ 460,000</u>
<u>Payable through Vocational Building Fund</u>								
Vocational Building	627,000	5	12-1-00	6-1-11	\$ 415,000	\$ 0	\$ 60,000	\$ 355,000
Total Notes Payable					<u>\$ 980,000</u>	<u>\$ 9,800,000</u>	<u>\$ 9,965,000</u>	<u>\$ 815,000</u>
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School - Series II-G-1	10,000,000	Variable	12-11-1997	6-1-20	\$ 7,860,000	\$ 0	\$ 430,000	\$ 7,430,000
School - Series III-A-2	10,000,000	Variable	3-19-1998	6-1-20	7,850,000	0	430,000	7,420,000
School - Series III-D-1	10,000,000	Variable	1-21-1999	6-1-20	8,255,000	0	395,000	7,860,000
School - Series IV-C-2	10,000,000	Variable	6-26-00	6-1-20	10,000,000	0	0	10,000,000
School - Series IV-D-2	12,000,000	5.68	6-22-00	6-1-25	12,000,000	0	0	12,000,000
School and Justice Center - Series IV-G-1	10,000,000	Variable	6-1-01	6-1-26	10,000,000	0	0	10,000,000
Justice Center and Juvenile Center - Series B-1-D	8,050,000	Variable	2-28-03	6-1-26	7,900,000	0	75,000	7,825,000
School - Series B-4-B	7,300,000	Variable	1-29-04	6-1-26	4,953,489	2,346,511	200,000	7,100,000
Total Other Loans Payable					<u>\$ 68,818,489</u>	<u>\$ 2,346,511</u>	<u>\$ 1,530,000</u>	<u>\$ 69,635,000</u>
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Patrol Cars	218,360	3.17	8-8-03	8-8-05	\$ 72,706	\$ 0	\$ 72,706	\$ 0
Patrol Cars	215,659	2.69	11-12-04	12-10-06	142,151	0	70,121	72,030
Van - Sheriff's Department	18,219	5	2-13-06	2-13-08	0	18,219	6,383	11,836
Total Capital Leases Payable					<u>\$ 214,857</u>	<u>\$ 18,219</u>	<u>\$ 149,210</u>	<u>\$ 83,866</u>
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Refunding Bond, Series 1999 - Hospital	11,980,000	4.7 to 5.5	2-1-1999	3-1-13	\$ 8,525,000	\$ 0	\$ 915,000	\$ 7,610,000 (1)
Refunding Bond, Series 1999	3,065,000	4.5 to 5.125	2-1-1999	5-1-09	1,675,000	0	390,000	1,285,000
Refunding Bond, Series 2002 - Hospital	3,925,000	3 to 4.75	3-1-03	3-1-10	2,570,000	0	475,000	2,095,000 (1)
Total Bonds Payable					<u>\$ 12,770,000</u>	<u>\$ 0</u>	<u>\$ 1,780,000</u>	<u>\$ 10,990,000</u>

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

Exhibit K-2

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

Year Ending June 30	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 1,855,000	\$ 482,861	\$ 2,337,861
2008	1,935,000	401,674	2,336,674
2009	2,025,000	317,005	2,342,005
2010	1,630,000	227,142	1,857,142
2011	1,125,000	157,868	1,282,868
2012	1,180,000	108,930	1,288,930
2013	1,240,000	56,420	1,296,420
Total	<u>\$ 10,990,000</u>	<u>\$ 1,751,900</u>	<u>\$ 12,741,900</u>

Exhibit K-3

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

Description	Debtor	Original Amount of Note	Date of Issue	Date of Maturity	Interest Rate	Balance 6-30-06
<u>HUD Grant Projects Fund</u>						
H.O.U.S.E. Down Payment Assistance	Hugh Wilson	\$ 4,000	12-2-1992	12-2-22	0 %	\$ 3,311
H.O.U.S.E. Down Payment Assistance	Paula Payne	5,000	5-5-1993	5-5-23	0	3,023
H.O.U.S.E. Down Payment Assistance	Timmie Varner	3,500	10-5-1993	10-5-23	0	2,052
H.O.U.S.E. Down Payment Assistance	Rebecca Young	2,200	4-27-1994	4-27-24	0	1,626
H.O.U.S.E. Down Payment Assistance	Beryl Paul Jr.	3,600	5-25-1994	5-25-24	0	2,540
H.O.U.S.E. Down Payment Assistance	Donna Yarber	1,800	10-4-1994	10-4-24	0	1,115
H.O.U.S.E. Down Payment Assistance	Robin Sharp	14,700	10-24-1994	10-24-24	0	11,638
H.O.U.S.E. Down Payment Assistance	Patricia Kendrick	2,300	1-17-1995	1-17-25	0	1,770
H.O.U.S.E. Down Payment Assistance	Angela Thornton	1,300	3-2-1995	3-2-25	0	822
H.O.U.S.E. Down Payment Assistance	Kim Swinford	5,000	5-12-1995	5-12-25	0	3,583
H.O.U.S.E. Down Payment Assistance	Yolandia Thomas	2,100	5-22-1995	5-22-25	0	1,825
H.O.U.S.E. Down Payment Assistance	Christine Scott	1,500	5-20-1995	5-20-25	0	1,400
<u>General Debt Service Fund</u>						
Refunding Bond, Series 1999 - Repayment	Bradley County Memorial Hospital	11,980,000	2-1-1999	3-1-13	4.7 to 5.5	7,610,000
Refunding Bond, Series 2002 - Repayment	Bradley County Memorial Hospital	3,925,000	3-1-02	3-1-10	3 to 4.75	<u>2,095,000</u>
Total						<u>\$ 9,739,705</u>

Exhibit K-4

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General	Other Capital Projects	To provide funds for the county's Greenway Project	\$ 10,000
General	General Debt Service	To provide funds for debt payments	160,750
General	Local Purpose	To provide funds for operations	1,449
General	Courthouse Plaza Projects	To provide funds for capital projects	139,992
General	Juvenile Center Projects	"	2,225
Juvenile Center Projects	General Capital Projects	"	36,444
Special Purpose - Fire Tax	General Debt Service	To provide funds for debt payments	170,291
Vocational Building	General Debt Service	"	<u>79,250</u>
Total Transfers Primary Government			<u><u>\$ 600,401</u></u>
<u>Discretely Presented Bradley County School Department</u>			
School Federal Projects	General Purpose School	Indirect costs	<u>\$ 27,243</u>
Total Transfers Discretely Presented Bradley County School Department			<u><u>\$ 27,243</u></u>

Exhibit K-5

Bradley County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Bradley 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>	\$ 77,877 (1)	\$ 50,000	The Cincinnati Insurance Company
Highway Superintendent	Section 8-24-102, <u>TCA</u>	71,254	100,000	"
Director of Schools	State Board of Education and Bradley County Board of Education	102,013 (2)	(3)	
Trustee	Section 8-24-102, <u>TCA</u>	64,777	1,640,500	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	64,777	10,000	Travelers Casualty and Surety Company of America
County Clerk	Section 8-24-102, <u>TCA</u>	64,777	50,000	The Cincinnati Insurance Company
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	64,777	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u>	64,777	50,000	"
Register	Section 8-24-102, <u>TCA</u>	64,777	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u>	71,254	25,000	"
Other Bonds:				
Public Employee Dishonesty			150,000	Tennessee School Boards Risk Management Trust
School Employee Dishonesty			150,000	"

(1) Includes compensation as county purchasing agent of \$3,000.

(2) Includes chief executive officer training supplement of \$1,000 and travel allowance of \$1,400 (per employment contract, the director of schools began receiving a monthly travel allowance of \$700/month in May 2006).

(3) The director of schools is covered under the school employee dishonesty bond.

Exhibit K-6

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

	Special Revenue Funds							Special Purpose Fire Tax
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri- Business	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 7,943,364	\$ 0	\$ 405,374	\$ 0	\$ 0	\$ 0	\$ 0	437,353
Trustee's Collections - Prior Year	264,136	0	13,519	0	0	0	0	10,422
Circuit/Clerk & Master Collections - Prior Years	121,948	0	6,225	0	0	0	0	24,375
Interest and Penalty	49,108	0	2,615	0	0	0	0	2,499
Payments in-Lieu-of Taxes - T.V.A.	8,450	0	401	0	0	0	0	1,841
Payments in-Lieu-of Taxes - Local Utilities	2,882	0	147	0	0	0	0	676
<u>County Local Option Taxes</u>								
Local Option Sales Tax	3,504,343	0	0	0	0	0	0	0
Hotel/Motel Tax	447,934	0	0	0	0	0	149,368	0
Local Amusement Tax	475	0	0	0	0	0	0	0
Litigation Tax - General	338,517	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	68,825	456	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	67,939	0	0	0	0	0	0	0
Business Tax	852,262	0	0	0	0	0	0	0
Other County Local Option Taxes	20	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	71,774	0	3,664	0	0	0	0	0
Wholesale Beer Tax	271,405	0	0	0	0	0	0	0
Interstate Telecommunications Tax	8,023	0	0	0	0	0	0	0
Total Local Taxes	\$ 14,021,405	\$ 456	\$ 431,945	\$ 0	\$ 0	\$ 0	\$ 149,368	\$ 477,166
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 192,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>								
Beer Permits	2,834	0	0	0	0	0	0	0
Building Permits	243,243	0	0	0	0	0	0	0
Electrical Permits	2,250	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 441,220	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri-Business	Special Purpose Fire Tax
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 14,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	12,270	0	0	0	0	373	0	0
Drug Control Fines	0	0	0	0	0	29,190	0	0
Data Entry Fee - Circuit Court	18,498	0	0	0	0	0	0	0
<u>Criminal Court</u>								
Fines	136,724	1,190	0	0	0	0	0	0
Officers Costs	70,432	0	0	0	0	0	0	0
Drug Control Fines	31,026	0	0	0	0	31,026	0	0
Jail Fees	80,085	0	0	0	0	0	0	0
DUI Treatment Fines	28,235	0	0	0	0	0	0	0
Data Entry Fee - Criminal Court	6,702	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Officers Costs	11,220	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,458	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	653	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	1,085	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	1,000	0	0	0	0	0	0	0
<u>Other Courts - In-county</u>								
Drug Court Fees	33,021	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>								
Fines	71	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	45	0	0	0	0	465,038	0	0
Total Fines, Forfeitures, and Penalties	\$ 454,686	\$ 1,190	\$ 0	\$ 0	\$ 0	\$ 525,627	\$ 0	0
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	251,352	\$ 0	\$ 0	\$ 0	0
Water Treatment Charges	30,825	0	0	0	0	0	0	0
Patient Charges	3,015,875	0	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri-Business	Special Purpose Fire Tax
<u>Charges for Current Services (Cont.)</u>								
<u>General Service Charges (Cont.)</u>								
Zoning Studies	\$ 1,210	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Work Release Charges for Board Service Charges	7,345	0	0	0	0	0	0	0
	522	0	0	0	0	0	0	0
<u>Fees</u>								
Subdivision Lot Fees	1,960	0	0	0	0	0	0	0
Engineer Review Fees	8,307	0	0	0	0	0	0	0
Copy Fees	17,708	0	0	0	0	0	0	250
Library Fees	0	2,913	0	0	0	0	0	0
Telephone Commissions	85,596	0	0	0	0	0	0	0
Vending Machine Collections	14,987	0	0	0	0	0	0	243
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	0	0
Data Processing Fee - Register	49,188	0	0	0	0	0	0	0
Probation Fees	234,755	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	1,704	0	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,796	0	0	0	0	0	0	0
<u>Education Charges</u>								
Tuition - Other	400	0	0	0	0	0	0	0
Community Service Fees - Adults	15,360	0	0	0	0	0	0	0
<u>Other Charges for Services</u>								
Other Charges for Services	19,010	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 3,508,548	\$ 2,913	\$ 0	\$ 251,352	\$ 0	\$ 0	\$ 0	493
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 243,258	\$ 0	\$ 12,314	\$ 0	\$ 0	\$ 0	\$ 0	57,926
Lease/Rentals	24,012	0	0	0	0	8,010	0	0
Sale of Materials and Supplies	2,322	0	0	0	0	0	0	0
Commissary Sales	59,086	0	0	0	0	0	0	0
Sale of Maps	3,409	0	0	0	0	0	0	0
Sale of Recycled Materials	11,646	0	0	0	0	0	0	0
Miscellaneous Refunds	19,974	0	0	0	280	5,675	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri-Business	Special Purpose Fire Tax
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items</u>								
Sale of Equipment	\$ 17,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 48,253	\$ 0	\$ 0
Sale of Property	1,526	0	0	0	0	0	0	0
Damages Recovered from Individuals	4,652	0	0	0	0	0	0	0
Contributions & Gifts	25,986	0	0	0	0	50	0	5,750
Performance Bond Forfeitures	4,668	0	0	0	0	0	0	0
<u>Other Local Revenues</u>								
Other Local Revenues	60,772	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 478,965	\$ 0	\$ 12,314	\$ 0	\$ 280	\$ 61,988	\$ 0	\$ 63,676
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 132,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	36,118	0	0	0	0	0	0	0
General Sessions Court Clerk	14,029	0	0	0	0	0	0	0
Clerk and Master	87,601	0	0	0	0	0	0	0
Register	401,832	0	0	0	0	0	0	0
Trustee	769,109	0	0	0	0	0	0	0
<u>Fees-In-Lieu of Salary</u>								
Circuit Court Clerk	351,954	0	0	0	0	0	0	0
Criminal Court Clerk	466,342	0	0	0	0	0	0	0
General Sessions Court Clerk	355,987	0	0	0	0	0	0	0
Sheriff	22,578	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 2,638,050	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 590,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	0	0	55,895	0	0	0	0
Other General Government Grants	0	0	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Safe and Drug - Free Schools and Communities	45,509	0	0	0	0	0	0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri-Business	Special Purpose Fire Tax
<u>State of Tennessee (Cont.)</u>								
<u>Public Safety Grants (Cont.)</u>								
Other Public Safety Grants	\$ 1,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Health and Welfare Grants</u>								
Health Department Programs	424,628	0	0	0	0	0	0	0
<u>Public Works Grants</u>								
Bridge Program	0	0	0	0	0	0	0	0
State Aid Program	0	0	0	0	0	0	0	0
Litter Program	0	0	0	0	0	0	0	0
<u>Other State Revenues</u>								
Income Tax	95,192	0	4,859	0	0	0	0	20,734
Beer Tax	17,212	0	0	0	0	0	0	0
Alcoholic Beverage Tax	83,029	0	0	0	0	0	0	0
Mixed Drink Tax	11,511	0	0	0	0	0	0	0
State Revenue Sharing - T.V.A.	157,189	0	8,024	0	0	0	0	0
Contracted Prisoner Boarding	788,474	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	27,725	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	368,955	0	0	0	0	0	0	0
Other State Revenues	61,063	0	0	0	0	0	0	0
Total State of Tennessee	\$ 2,688,616	\$ 0	\$ 12,883	\$ 55,895	\$ 0	\$ 0	\$ 0	20,734
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	\$ 36,344	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Disaster Relief	27,421	0	0	0	0	0	0	0
Homeland Security Grants	876,637	0	0	0	0	0	0	0
Medicaid	11,468	0	0	0	0	0	0	0
Law Enforcement Grants	105,308	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	368,607	0	0	0	2,421	0	0	0
Total Federal Government	\$ 1,425,785	\$ 0	\$ 0	\$ 0	\$ 2,421	\$ 0	\$ 0	0

(Continued)

Exhibit K-6

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

	Special Revenue Funds							Special Purpose Fire Tax
	General	Law Library	Public Library	Solid Waste / Sanitation	Local Purpose Tax	Drug Control	Agri- Business	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 1,606,441	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	0	0	0	0	0	0	0	0
Contracted Services	202,156	0	0	0	0	0	0	0
<u>Citizens Groups</u>								
Donations	8,974	0	0	0	0	0	0	0
<u>Other</u>								
Other	26,292	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,843,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total	\$ 27,501,138	\$ 4,559	\$ 457,142	\$ 307,247	\$ 2,701	\$ 587,615	\$ 149,368	\$ 562,069

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service	Courthouse Plaza Projects	HUD Grant Projects	Other Capital Projects	
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 0	\$ 2,049,606	\$ 0	\$ 6,112,640	\$ 0	\$ 0	\$ 0	\$ 16,948,337
Trustee's Collections - Prior Year	0	68,154	0	219,891	0	0	0	576,122
Circuit/Clerk & Master Collections - Prior Years	0	31,465	0	93,271	0	0	0	277,284
Interest and Penalty	0	12,672	0	37,890	0	0	0	104,784
Payments in-Lieu-of Taxes - T.V.A.	0	2,050	0	6,463	0	0	0	19,205
Payments in-Lieu-of Taxes - Local Utilities	0	744	0	2,204	0	0	0	6,653
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	0	0	0	0	0	0	3,504,343
Hotel/Motel Tax	0	0	0	0	0	0	0	597,302
Local Amusement Tax	0	0	0	0	0	0	0	475
Litigation Tax - General	0	0	0	0	0	0	0	338,517
Litigation Tax - Special Purpose	0	0	0	0	0	0	0	69,281
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	67,939
Business Tax	0	0	0	0	0	0	0	852,262
Other County Local Option Taxes	0	0	0	0	0	0	0	20
<u>Statutory Local Taxes</u>								
Bank Excise Tax	0	18,520	0	54,896	0	0	0	148,854
Wholesale Beer Tax	0	0	0	0	0	0	0	271,405
Interstate Telecommunications Tax	0	0	0	436	0	0	0	8,459
Total Local Taxes	\$ 0	\$ 2,183,211	\$ 0	\$ 6,527,691	\$ 0	\$ 0	\$ 0	\$ 23,791,242
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 192,893
<u>Permits</u>								
Beer Permits	0	0	0	0	0	0	0	2,834
Building Permits	0	0	0	0	0	0	0	243,243
Electrical Permits	0	0	0	0	0	0	0	2,250
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 441,220

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service	Courthouse Plaza Projects	HUD Grant Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,161
Officers Costs	0	0	0	0	0	0	0	12,643
Drug Control Fines	0	0	0	0	0	0	0	29,190
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0	18,498
<u>Criminal Court</u>								
Fines	0	0	0	0	0	0	0	137,914
Officers Costs	0	0	0	0	0	0	0	70,432
Drug Control Fines	0	0	0	0	0	0	0	62,052
Jail Fees	0	0	0	0	0	0	0	80,085
DUI Treatment Fines	0	0	0	0	0	0	0	28,235
Data Entry Fee - Criminal Court	0	0	0	0	0	0	0	6,702
<u>General Sessions Court</u>								
Officers Costs	0	0	0	0	0	0	0	11,220
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0	9,458
<u>Juvenile Court</u>								
Fines	0	0	0	0	0	0	0	653
<u>Chancery Court</u>								
Officers Costs	0	0	0	0	0	0	0	1,085
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	1,000
<u>Other Courts - In-county</u>								
Drug Court Fees	0	0	0	0	0	0	0	33,021
<u>Judicial District Drug Program</u>								
Fines	0	0	0	0	0	0	0	71
<u>Other Fines, Forfeitures, and Penalties</u>								
Proceeds from Confiscated Property	0	0	0	0	0	0	0	465,083
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	981,503
<u>Charges for Current Services</u>								
<u>General Service Charges</u>								
Surcharge - Host Agency	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	251,352
Water Treatment Charges	0	0	0	0	0	0	0	30,825
Patient Charges	0	0	0	0	0	0	0	3,015,875

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service	Courthouse Plaza Projects	HUD Grant Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>								
<u>General Service Charges (Cont.)</u>								
Zoning Studies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,210
Work Release Charges for Board Service Charges	0	0	0	0	0	0	0	7,345 522
<u>Fees</u>								
Subdivision Lot Fees	0	0	0	0	0	0	0	1,960
Engineer Review Fees	0	0	0	0	0	0	0	8,307
Copy Fees	0	0	0	0	0	0	0	17,958
Library Fees	0	0	0	0	0	0	0	2,913
Telephone Commissions	0	0	0	0	0	0	0	85,596
Vending Machine Collections	0	0	0	0	0	0	0	15,230
Constitutional Officers' Fees and Commissions	1,427,035	0	0	0	0	0	0	1,427,035
Data Processing Fee - Register	0	0	0	0	0	0	0	49,188
Probation Fees	0	0	0	0	0	0	0	234,755
Data Processing Fee - Sheriff	0	0	0	0	0	0	0	1,704
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	3,796
<u>Education Charges</u>								
Tuition - Other	0	0	0	0	0	0	0	400
Community Service Fees - Adults	0	0	0	0	0	0	0	15,360
<u>Other Charges for Services</u>								
Other Charges for Services	0	0	0	0	0	0	0	19,010
Total Charges for Current Services	\$ 1,427,035	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,190,341
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Investment Income	\$ 0	\$ 61,844	\$ 0	\$ 815,821	\$ 0	\$ 4,951	\$ 0	1,196,114
Lease/Rentals	0	0	85,017	0	0	0	0	117,039
Sale of Materials and Supplies	0	1,569	0	0	0	0	0	3,891
Commissary Sales	0	0	0	0	0	0	0	59,086
Sale of Maps	0	0	0	0	0	0	0	3,409
Sale of Recycled Materials	0	0	0	0	0	0	0	11,646
Miscellaneous Refunds	0	6,768	0	0	0	0	0	32,697

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service	Courthouse Plaza Projects	HUD Grant Projects	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items</u>								
Sale of Equipment	\$ 0	\$ 56,655	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 122,562
Sale of Property	0	0	0	0	0	0	0	1,526
Damages Recovered from Individuals	0	0	0	0	0	0	0	4,652
Contributions & Gifts	0	0	0	333,437	155,986	0	0	521,209
Performance Bond Forfeitures	0	0	0	0	0	0	0	4,668
<u>Other Local Revenues</u>								
Other Local Revenues	0	16,203	0	473,042	0	0	0	550,017
Total Other Local Revenues	\$ 0	\$ 143,039	\$ 85,017	\$ 1,622,300	\$ 155,986	\$ 4,951	\$ 0	\$ 2,628,516
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 132,500
Circuit Court Clerk	0	0	0	0	0	0	0	36,118
General Sessions Court Clerk	0	0	0	0	0	0	0	14,029
Clerk and Master	0	0	0	0	0	0	0	87,601
Register	0	0	0	0	0	0	0	401,832
Trustee	0	0	0	0	0	0	0	769,109
<u>Fees-In-Lieu of Salary</u>								
Circuit Court Clerk	0	0	0	0	0	0	0	351,954
Criminal Court Clerk	0	0	0	0	0	0	0	466,342
General Sessions Court Clerk	0	0	0	0	0	0	0	355,987
Sheriff	0	0	0	0	0	0	0	22,578
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,638,050
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 590,749
Solid Waste Grants	0	0	0	0	0	0	0	55,895
Other General Government Grants	0	0	0	0	0	108,665	0	108,665
<u>Public Safety Grants</u>								
Safe and Drug - Free Schools and Communities	0	0	0	0	0	0	0	45,509

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service	Courthouse Plaza Projects	HUD Grant Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>								
<u>Public Safety Grants (Cont.)</u>								
Other Public Safety Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,000
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	0	424,628
<u>Public Works Grants</u>								
Bridge Program	0	160,137	0	0	0	0	0	160,137
State Aid Program	0	148,224	0	0	0	0	0	148,224
Litter Program	0	46,347	0	0	0	0	0	46,347
<u>Other State Revenues</u>								
Income Tax	0	24,562	0	72,955	0	0	0	218,302
Beer Tax	0	0	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	0	0	83,029
Mixed Drink Tax	0	0	0	0	0	0	0	11,511
State Revenue Sharing - T.V.A.	0	40,559	0	121,280	0	0	0	327,052
Contracted Prisoner Boarding	0	0	0	0	0	0	0	788,474
Gasoline and Motor Fuel Tax	0	2,055,084	0	0	0	0	0	2,055,084
Petroleum Special Tax	0	70,762	0	0	0	0	0	70,762
Reappraisal Program Reimbursement	0	0	0	0	0	0	0	27,725
Registrar's Salary Supplement	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	0	368,955
Other State Revenues	0	0	0	0	0	0	0	61,063
Total State of Tennessee	\$ 0	\$ 2,545,675	\$ 0	\$ 194,235	\$ 0	\$ 108,665	\$ 0	\$ 5,626,703
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	36,344
Disaster Relief	0	0	0	0	0	0	0	27,421
Homeland Security Grants	0	0	0	0	0	0	0	876,637
Medicaid	0	0	0	0	0	0	0	11,468
Law Enforcement Grants	0	0	0	0	0	0	0	105,308
<u>Direct Federal Revenue</u>								
Other Direct Federal Revenue	0	0	0	0	0	0	0	371,028
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,428,206

(Continued)

Exhibit K-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds			Total
	Constitu- tional Officers - Fees	Highway / Public Works	Vocational Building	General Debt Service	Courthouse Plaza Projects	HUD Grant Projects	Other Capital Projects	
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Prisoner Board	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,606,441
Contributions	0	0	0	0	130,690	0	5,180	135,870
Contracted Services	0	0	0	0	0	0	0	202,156
<u>Citizens Groups</u>								
Donations	0	0	0	0	0	0	0	8,974
<u>Other</u>								
Other	0	0	0	0	0	2,897	0	29,189
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 130,690	\$ 2,897	\$ 5,180	\$ 1,982,630
Total	\$ 1,427,035	\$ 4,871,925	\$ 85,017	\$ 8,344,226	\$ 286,676	\$ 116,513	\$ 5,180	\$ 44,708,411

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 10,087,091	\$ 0	\$ 0	\$ 0	\$ 10,087,091
Trustee's Collections - Prior Year	331,328	0	0	0	331,328
Circuit/Clerk & Master Collections - Prior Years	155,203	0	0	0	155,203
Interest and Penalty	62,324	0	0	0	62,324
Payments in-Lieu-of Taxes - T.V.A.	14,706	0	0	0	14,706
Payments in-Lieu-of Taxes - Local Utilities	3,670	0	0	0	3,670
<u>County Local Option Taxes</u>					
Local Option Sales Tax	7,740,657	0	0	0	7,740,657
<u>Statutory Local Taxes</u>					
Bank Excise Tax	91,410	0	0	0	91,410
Interstate Telecommunications Tax	10,698	0	0	0	10,698
Total Local Taxes	\$ 18,497,087	\$ 0	\$ 0	\$ 0	\$ 18,497,087
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 5,672	\$ 0	\$ 0	\$ 0	\$ 5,672
Total Licenses and Permits	\$ 5,672	\$ 0	\$ 0	\$ 0	\$ 5,672
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 1,157,267	\$ 0	\$ 1,157,267
Lunch Payments - Adults	0	0	117,349	0	117,349
Income from Breakfast	0	0	118,246	0	118,246
A la carte Sales	0	0	619,532	0	619,532
Contract for Food Services with Other LEAs	0	0	584	0	584
TBI Criminal Background Fees	10,304	0	0	0	10,304
<u>Other Charges for Services</u>					
Other Charges for Services	13,408	0	1,217	0	14,625
Total Charges for Current Services	\$ 23,712	\$ 0	\$ 2,014,195	\$ 0	\$ 2,037,907
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 395,754	\$ 0	\$ 16,952	\$ 32,088	\$ 444,794
Miscellaneous Refunds	1,000	0	81,514	0	82,514
<u>Nonrecurring Items</u>					
Sale of Equipment	9,114	0	0	0	9,114
Contributions & Gifts	65,657	0	0	0	65,657
<u>Other Local Revenues</u>					
Other Local Revenues	1,223	0	0	0	1,223
Total Other Local Revenues	\$ 472,748	\$ 0	\$ 98,466	\$ 32,088	\$ 603,302
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 29,244,237	\$ 0	\$ 0	\$ 0	\$ 29,244,237
Early Childhood Education	213,448	0	0	0	213,448
School Food Service	51,599	0	0	0	51,599
Driver Education	23,984	0	0	0	23,984

(Continued)

Exhibit K-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
Other State Education Funds	\$ 185,647	\$ 0	\$ 0	\$ 0	\$ 185,647
Career Ladder Program	455,158	0	0	0	455,158
Career Ladder - Extended Contract	244,847	0	0	0	244,847
<u>Other State Revenues</u>					
Income Tax	141,137	0	0	0	141,137
State Revenue Sharing - T.V.A.	291,087	0	0	0	291,087
Total State of Tennessee	<u>\$ 30,851,144</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,851,144</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,488,256	\$ 0	\$ 1,488,256
Breakfast	0	0	464,177	0	464,177
Adult Education State Grant Program	147,265	0	0	0	147,265
Vocational Education - Basic Grants to States	0	192,521	0	0	192,521
Title I Grants to Local Education Agencies	0	1,106,155	0	0	1,106,155
Innovative Education Program Strategies	0	26,299	0	0	26,299
Special Education - Grants to States	48,921	1,314,518	0	0	1,363,439
Special Education Preschool Grants	0	72,046	0	0	72,046
Eisenhower Professional Development State Grants	328,734	350,594	0	0	679,328
Other Federal through State	193,375	57,236	0	0	250,611
<u>Direct Federal Revenue</u>					
Other Direct Federal Revenue	1,370,340	0	0	0	1,370,340
Total Federal Government	<u>\$ 2,088,635</u>	<u>\$ 3,119,369</u>	<u>\$ 1,952,433</u>	<u>\$ 0</u>	<u>\$ 7,160,437</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 6,066,000	\$ 6,066,000
Total Other Governments and Citizens Groups	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,066,000</u>	<u>\$ 6,066,000</u>
Total	<u>\$ 51,938,998</u>	<u>\$ 3,119,369</u>	<u>\$ 4,065,094</u>	<u>\$ 6,098,088</u>	<u>\$ 65,221,549</u>

Exhibit K-8

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

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	129,120	
Social Security		8,869	
State Retirement		12,256	
Life Insurance		306	
Medical Insurance		27,097	
Audit Services		26,617	
Dues and Memberships		1,750	
Legal Services		17,740	
Other Charges		31,366	
Building Improvements		50,000	
Total County Commission			\$ 305,121

Beer Board

Board and Committee Members Fees	\$	1,970	
Total Beer Board			1,970

Other Boards and Committees

Clerical Personnel	\$	18,457	
Social Security		1,391	
State Retirement		2,208	
Life Insurance		24	
Medical Insurance		4,983	
Communication		191	
Maintenance & Repair Services - Equipment		300	
Other Contracted Services		1,997	
Office Supplies		1,400	
Total Other Boards and Committees			30,951

County Mayor/Executive

County Official/Administrative Officer	\$	77,877	
Assistant(s)		34,283	
Clerical Personnel		42,381	
Social Security		11,093	
State Retirement		16,654	
Life Insurance		95	
Medical Insurance		19,650	
Advertising		1,569	
Communication		1,500	
Dues and Memberships		1,750	
Maintenance & Repair Services - Office Equipment		1,675	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Travel	\$	2,816	
Tuition		150	
Office Supplies		10,351	
Periodicals		235	
Vehicle and Equipment Insurance		719	
Other Charges		400	
Office Equipment		1,000	
Total County Mayor/Executive			\$ 224,198

Personnel Office

Supervisor/Director	\$	32,000	
Accountants/Bookkeepers		24,365	
Social Security		4,232	
State Retirement		6,741	
Life Insurance		24	
Medical Insurance		5,067	
Unemployment Compensation		23,190	
Advertising		1,513	
Dues and Memberships		100	
Maintenance & Repair Services - Office Equipment		2,550	
Travel		494	
Tuition		150	
Office Supplies		4,249	
Periodicals		982	
Workers' Compensation Insurance		253,979	
Other Charges		12,821	
Office Equipment		318	
Total Personnel Office			372,775

Election Commission

County Official/Administrative Officer	\$	58,121
Deputy(ies)		31,043
Clerical Personnel		33,045
Part-time Personnel		16,849
Board and Committee Members Fees		500
Election Commission		17,688
Election Workers		80,198
Social Security		12,427
State Retirement		14,558
Life Insurance		72

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Medical Insurance	\$	15,097	
Accounting Services		7,735	
Advertising		6,197	
Communication		2,364	
Legal Services		2,500	
Maintenance & Repair Services - Equipment		5,350	
Postal Charges		1,000	
Printing, Stationery, and Forms		9,199	
Travel		5,258	
Tuition		500	
Office Supplies		6,549	
Other Charges		6,832	
Data Processing Equipment		12,800	
Furniture and Fixtures		260	
Office Equipment		2,184	
Total Election Commission			\$ 348,326

Register of Deeds

Life Insurance	\$	168	
Medical Insurance		35,285	
Communication		789	
Data Processing Services		97,106	
Maintenance & Repair Services - Equipment		1,079	
Travel		832	
Office Supplies		8,770	
Office Equipment		8,058	
Total Register of Deeds			152,087

Development

Assistant(s)	\$	1,154	
Supervisor/Director		53,253	
Social Security		4,161	
State Retirement		6,369	
Life Insurance		27	
Medical Insurance		5,559	
Communication		1,505	
Data Processing Services		24,547	
Dues and Memberships		255	
Travel		1,011	
Tuition		235	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

Development (Cont.)

Other Contracted Services	\$	57,704	
Other Supplies and Materials		<u>1,007</u>	
Total Development	\$		156,787

Engineering

Assistant(s)	\$	125,865	
Supervisor/Director		52,448	
Clerical Personnel		23,520	
Social Security		14,456	
State Retirement		18,556	
Life Insurance		112	
Medical Insurance		22,520	
Communication		1,079	
Dues and Memberships		1,169	
Evaluation and Testing		18	
Legal Services		4,500	
Legal Notices, Recording, and Court Costs		2,018	
Maintenance & Repair Services - Vehicles		720	
Travel		2,000	
Tuition		3,000	
Other Contracted Services		13,500	
Gasoline		3,893	
Office Supplies		3,862	
Periodicals		506	
Vehicle and Equipment Insurance		1,446	
Other Charges		775	
Data Processing Equipment		2,000	
Office Equipment		2,756	
Other Equipment		<u>496</u>	
Total Engineering			301,215

County Buildings

Custodial Personnel	\$	41,793	
Social Security		3,197	
State Retirement		4,999	
Life Insurance		24	
Medical Insurance		4,983	
Communication		25,780	
Maintenance & Repair Services - Office Equipment		1,715	
Postal Charges		102,176	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Travel	\$	291	
Other Contracted Services		28,700	
Custodial Supplies		23,233	
Drugs and Medical Supplies		1,836	
Utilities		102,333	
Other Supplies and Materials		19,760	
Other Charges		1,482	
Building Improvements		69,124	
Total County Buildings			\$ 431,426

Finance

Accounting and Budgeting

Supervisor/Director	\$	51,366	
Part-time Personnel		4,293	
Social Security		4,208	
State Retirement		6,143	
Life Insurance		24	
Medical Insurance		5,195	
Accounting Services		1,702	
Dues and Memberships		1,137	
Maintenance & Repair Services - Office Equipment		2,952	
Tuition		410	
Office Supplies		5,318	
Total Accounting and Budgeting			82,748

Property Assessor's Office

County Official/Administrative Officer	\$	64,777	
Paraprofessionals		199,226	
Clerical Personnel		127,582	
Overtime Pay		306	
Social Security		29,626	
State Retirement		41,300	
Life Insurance		285	
Medical Insurance		54,250	
Communication		343	
Dues and Memberships		2,120	
Maintenance & Repair Services - Vehicles		1,047	
Travel		2,000	
Tuition		603	
Other Contracted Services		81,058	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Gasoline	\$	3,295	
Office Supplies		7,989	
Vehicle and Equipment Insurance		3,287	
Office Equipment		8,198	
Total Property Assessor's Office			\$ 627,292

Reappraisal Program

Data Processing Services	\$	11,548	
Postal Charges		4,981	
Other Contracted Services		15,046	
Total Reappraisal Program			31,575

County Trustee's Office

Life Insurance	\$	168	
Medical Insurance		36,095	
Communication		80	
Travel		1,357	
Tuition		782	
Other Contracted Services		17,846	
Office Supplies		4,302	
Office Equipment		1,650	
Total County Trustee's Office			62,280

County Clerk's Office

Life Insurance	\$	481	
Medical Insurance		81,888	
Communication		881	
Dues and Memberships		741	
Travel		3,457	
Office Supplies		42,634	
Office Equipment		46,992	
Total County Clerk's Office			177,074

Data Processing

Data Processing Personnel	\$	51,499	
Social Security		3,862	
State Retirement		6,159	
Life Insurance		24	
Medical Insurance		4,983	
Communication		23,713	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Travel	\$ 824	
Data Processing Equipment	38,880	
Total Data Processing	\$ 129,944	\$ 129,944

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$ 64,777	
Total Circuit Court		64,777

Criminal Court

Deputy(ies)	\$ 36,387	
Clerical Personnel	144,171	
Social Security	13,605	
State Retirement	18,506	
Life Insurance	215	
Medical Insurance	40,524	
Communication	400	
Contracts with Private Agencies	1,379	
Janitorial Services	7,500	
Travel	1,057	
Custodial Supplies	2,484	
Data Processing Supplies	4,000	
Office Supplies	13,216	
Utilities	29,700	
Data Processing Equipment	4,651	
Total Criminal Court	317,795	317,795

General Sessions Court

Assistant(s)	\$ 26,365	
Deputy(ies)	132,447	
Clerical Personnel	224,859	
Social Security	33,838	
State Retirement	53,498	
Life Insurance	456	
Medical Insurance	95,764	
Communication	2,020	
Dues and Memberships	120	
Travel	1,741	
Other Contracted Services	200	
Data Processing Supplies	10,490	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Office Supplies	\$	18,385	
Data Processing Equipment		22,154	
Office Equipment		31,788	
Total General Sessions Court			\$ 654,125

General Sessions Judge

Judge(s)	\$	230,464	
Guards		10,414	
Clerical Personnel		35,574	
Part-time Personnel		2,925	
Social Security		17,985	
State Retirement		31,295	
Life Insurance		75	
Medical Insurance		15,441	
Communication		486	
Dues and Memberships		215	
Travel		1,968	
Tuition		1,070	
Office Supplies		770	
Periodicals		296	
Data Processing Equipment		693	
Furniture and Fixtures		1,175	
Total General Sessions Judge			350,846

Drug Court

Supervisor/Director	\$	4,035	
Assessment Personnel		3,750	
Social Security		285	
Life Insurance		2	
Medical Insurance		415	
Communication		904	
Printing, Stationery, and Forms		714	
Rentals		1,837	
Other Contracted Services		44,034	
Office Supplies		1,000	
Utilities		364	
Total Drug Court			57,340

Chancery Court

Jury and Witness Fees	\$	1,416	
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(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Life Insurance	\$	118	
Medical Insurance		24,622	
Communication		763	
Dues and Memberships		120	
Maintenance & Repair Services - Office Equipment		8,571	
Travel		1,073	
Tuition		420	
Office Supplies		5,867	
Total Chancery Court			\$ 42,970

Juvenile Court

County Official/Administrative Officer	\$	43,642	
Probation Officer(s)		231,382	
Clerical Personnel		27,209	
Social Security		22,882	
State Retirement		37,027	
Life Insurance		238	
Medical Insurance		41,408	
Communication		1,429	
Maintenance & Repair Services - Office Equipment		4,018	
Maintenance & Repair Services - Vehicles		1,549	
Travel		800	
Tuition		1,892	
Other Contracted Services		10,330	
Gasoline		500	
Office Supplies		1,755	
Utilities		22,062	
Vehicle and Equipment Insurance		3,028	
Other Charges		48	
Data Processing Equipment		1,200	
Office Equipment		829	
Total Juvenile Court			453,228

Judicial Commissioners

Jury and Witness Fees	\$	35,000	
Office Supplies		693	
Other Charges		752	
Total Judicial Commissioners			36,445

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Assistant(s)	\$	23,690	
Supervisor/Director		27,810	
Clerical Personnel		11,863	
Social Security		4,826	
State Retirement		7,578	
Life Insurance		61	
Medical Insurance		12,980	
Communication		423	
Maintenance & Repair Services - Vehicles		1,500	
Office Supplies		589	
Other Supplies and Materials		1,921	
Liability Insurance		338	
Vehicle and Equipment Insurance		723	
Total Other Administration of Justice			\$ 94,302

Probation Services

Assistant(s)	\$	30,797	
Supervisor/Director		42,613	
Probation Officer(s)		48,181	
Clerical Personnel		7,934	
Social Security		9,847	
State Retirement		15,491	
Life Insurance		106	
Medical Insurance		22,230	
Communication		72	
Contracts with Government Agencies		3,600	
Contributions		20,000	
Rentals		2,400	
Travel		525	
Tuition		31	
Other Contracted Services		13,325	
Office Supplies		1,028	
Other Supplies and Materials		13,166	
Other Charges		805	
Total Probation Services			232,151

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	71,254	
Deputy(ies)		3,110,811	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Clerical Personnel	\$	134,107	
Custodial Personnel		18,481	
Part-time Personnel		2,711	
Overtime Pay		37,500	
Other Salaries & Wages		44,800	
Social Security		258,688	
State Retirement		388,729	
Life Insurance		2,243	
Medical Insurance		455,630	
Communication		41,700	
Contracts with Vehicle Owners		5,000	
Dues and Memberships		1,827	
Maintenance & Repair Services - Equipment		1,131	
Maintenance & Repair Services - Vehicles		97,348	
Tow-in Services		551	
Travel		9,031	
Tuition		11,000	
Other Contracted Services		23,043	
Gasoline		277,756	
Law Enforcement Supplies		20,858	
Office Supplies		15,216	
Uniforms		43,740	
Other Supplies and Materials		12,091	
Liability Insurance		50,208	
Vehicle and Equipment Insurance		46,960	
Principal on Capital Leases		142,827	
Interest on Capital Leases		6,412	
Data Processing Equipment		27,205	
Law Enforcement Equipment		4,952	
Maintenance Equipment		2,514	
Total Sheriff's Department			\$ 5,366,324

Special Patrols

Deputy(ies)	\$	141,313	
Overtime Pay		11,451	
Social Security		11,778	
State Retirement		18,504	
Life Insurance		112	
Medical Insurance		20,436	
Communication		310	
Total Special Patrols			203,904

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Traffic Control

Maintenance & Repair Services - Equipment	\$	51,040	
Utilities		4,342	
Total Traffic Control			\$ 55,382

Wheel Tax Officer

Medical Personnel	\$	106,963	
Part-time Personnel		20,072	
Overtime Pay		7,128	
Social Security		10,227	
State Retirement		3,772	
Life Insurance		42	
Medical Insurance		7,163	
Communication		378	
Medical and Dental Services		38,421	
Travel		250	
Tuition		450	
Other Contracted Services		33,200	
Drugs and Medical Supplies		66,756	
Office Supplies		2,398	
Total Wheel Tax Officer			297,220

Jail

Deputy(ies)	\$	2,601,894	
Mechanic(s)		59,380	
Clerical Personnel		83,112	
Maintenance Personnel		33,447	
Part-time Personnel		10,445	
Other Salaries & Wages		69	
Social Security		209,549	
State Retirement		285,657	
Life Insurance		2,243	
Medical Insurance		460,701	
Communication		18,041	
Maintenance & Repair Services - Buildings		21,396	
Maintenance & Repair Services - Equipment		2,477	
Maintenance & Repair Services - Vehicles		2,877	
Medical and Dental Services		109,302	
Transportation - Other than Students		6,541	
Travel		5,000	
Tuition		3,292	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Other Contracted Services	\$	31,037	
Custodial Supplies		41,557	
Food Supplies		389,717	
Office Supplies		22,554	
Prisoners Clothing		14,413	
Uniforms		27,945	
Utilities		300,650	
Other Supplies and Materials		102,234	
Principal on Capital Leases		6,383	
Data Processing Equipment		2,325	
Law Enforcement Equipment		14,630	
Motor Vehicles		18,219	
Total Jail			\$ 4,887,087

Correctional Incentive Program Improvements

Supervisor/Director	\$	32,792
Guards		290,053
Part-time Personnel		108,444
Overtime Pay		26,386
Social Security		35,675
State Retirement		19,710
Life Insurance		328
Medical Insurance		59,671
Communication		18,338
Maintenance & Repair Services - Buildings		3,366
Maintenance & Repair Services - Equipment		3,000
Maintenance & Repair Services - Office Equipment		1,379
Medical and Dental Services		1,681
Travel		2,369
Tuition		1,623
Custodial Supplies		12,683
Food Supplies		19,775
Gasoline		1,451
Office Supplies		2,761
Prisoners Clothing		3,000
Utilities		28,957
Other Supplies and Materials		4,500
Other Charges		2,000
Data Processing Equipment		2,000
Law Enforcement Equipment		5,000

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Correctional Incentive Program Improvements (Cont.)

Motor Vehicles	\$	19,867	
Office Equipment		4,000	
Total Correctional Incentive Program Improvements			\$ 710,809

Juvenile Services

Assistant(s)	\$	64,885	
Supervisor/Director		90,593	
Probation Officer(s)		4,069	
Teachers		46,131	
Clerical Personnel		71,993	
Part-time Personnel		20,028	
Other Salaries & Wages		11,635	
Social Security		15,735	
State Retirement		13,654	
Life Insurance		120	
Medical Insurance		23,751	
Communication		3,735	
Contracts with Government Agencies		11,700	
Contracts with Private Agencies		9,670	
Rentals		9,247	
Travel		6,607	
Tuition		4,577	
Other Contracted Services		1,104	
Food Supplies		497	
Office Supplies		3,064	
Other Supplies and Materials		4,272	
Office Equipment		358	
Other Equipment		2,858	
Total Juvenile Services			420,283

Work Release Program

Assistant(s)	\$	21,461
Supervisor/Director		41,475
Probation Officer(s)		69,828
Clerical Personnel		19,627
Longevity Pay		5,000
Social Security		11,761
State Retirement		18,824
Life Insurance		144
Medical Insurance		29,897

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Work Release Program (Cont.)

Accounting Services	\$	2,400	
Communication		4,570	
Evaluation and Testing		1,622	
Maintenance & Repair Services - Equipment		779	
Postal Charges		282	
Printing, Stationery, and Forms		400	
Rentals		18,000	
Travel		11,974	
Tuition		2,930	
Custodial Supplies		588	
Office Supplies		2,242	
Periodicals		362	
Utilities		4,000	
Other Supplies and Materials		1,603	
Liability Insurance		2,175	
Vehicle and Equipment Insurance		723	
Other Charges		16,691	
Motor Vehicles		15,697	
Office Equipment		7,995	
Total Work Release Program			\$ 313,050

Civil Defense

Supervisor/Director	\$	43,747
Accountants/Bookkeepers		33,158
Paraprofessionals		60,557
Social Security		9,992
State Retirement		14,663
Life Insurance		83
Medical Insurance		18,117
Communication		20,996
Contracts with Government Agencies		6,697
Dues and Memberships		1,581
Janitorial Services		3,373
Maintenance & Repair Services - Buildings		4,608
Maintenance & Repair Services - Equipment		7,331
Maintenance & Repair Services - Vehicles		16,570
Medical and Dental Services		3,600
Postal Charges		274
Printing, Stationery, and Forms		783
Travel		1,726

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Tuition	\$	6,740	
Maintenance and Repair Services - Records		773	
Drugs and Medical Supplies		1,187	
Food Supplies		1,305	
Gasoline		15,974	
Instructional Supplies and Materials		327	
Office Supplies		2,063	
Uniforms		4,034	
Utilities		24,882	
Chemicals		5,102	
Other Supplies and Materials		10,463	
Building and Contents Insurance		7,368	
Vehicle and Equipment Insurance		14,691	
Other Charges		13,343	
Motor Vehicles		27,000	
Other Equipment		40,641	
Other Capital Outlay		12,862	
Total Civil Defense			\$ 436,611

Rescue Squad

Other Charges	\$	14,511	
Total Rescue Squad			14,511

Disaster Relief

Other Contracted Services	\$	4,000	
Office Supplies		354	
Total Disaster Relief			4,354

Other Emergency Management

Contracts with Government Agencies	\$	434,440	
Total Other Emergency Management			434,440

Inspection and Regulation

Investigator(s)	\$	18,285	
Clerical Personnel		2,701	
Social Security		1,597	
State Retirement		2,510	
Life Insurance		24	
Medical Insurance		4,911	
Dues and Memberships		340	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Travel	\$	629	
Tuition		269	
Periodicals		311	
Building and Contents Insurance		18,369	
Liability Insurance		133,627	
Total Inspection and Regulation			\$ 183,573

County Coroner/Medical Examiner

Medical Personnel	\$	72,194	
Total County Coroner/Medical Examiner			72,194

Public Safety Grant Programs

Law Enforcement Supplies	\$	559	
Total Public Safety Grant Programs			559

Other Public Safety

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

Public Health and Welfare

Local Health Center

Paraprofessionals	\$	60,504	
Custodial Personnel		26,941	
Social Security		6,564	
State Retirement		8,363	
Life Insurance		103	
Medical Insurance		22,017	
Communication		6,000	
Maintenance & Repair Services - Buildings		25,573	
Postal Charges		5,000	
Rentals		2,085	
Travel		6,930	
Tuition		500	
Custodial Supplies		3,185	
Drugs and Medical Supplies		5,300	
Office Supplies		5,241	
Utilities		24,275	
Other Supplies and Materials		1,400	
Other Charges		193,745	
Total Local Health Center			403,726

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control

Contracts with Government Agencies	\$ 216,054	
Total Rabies and Animal Control		\$ 216,054

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 54,079	
Accountants/Bookkeepers	91,168	
Paraprofessionals	1,739,132	
Part-time Personnel	204,178	
Overtime Pay	147,404	
Social Security	167,807	
State Retirement	226,248	
Life Insurance	1,254	
Medical Insurance	246,614	
Communication	15,500	
Dues and Memberships	500	
Laundry Service	11,850	
Licenses	1,653	
Maintenance & Repair Services - Buildings	6,000	
Maintenance & Repair Services - Equipment	3,500	
Maintenance & Repair Services - Vehicles	74,115	
Medical and Dental Services	134	
Travel	1,500	
Tuition	4,242	
Custodial Supplies	3,793	
Drugs and Medical Supplies	117,748	
Gasoline	78,705	
Office Supplies	11,668	
Uniforms	11,557	
Utilities	18,138	
Other Supplies and Materials	5,006	
Vehicle and Equipment Insurance	13,000	
Data Processing Equipment	7,671	
Motor Vehicles	134,350	
Office Equipment	4,000	
Other Equipment	62,908	
Total Ambulance/Emergency Medical Services		3,465,422

Other Local Health Services

Medical Personnel	\$ 92,425
Paraprofessionals	207,543

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Clerical Personnel	\$	229,557	
Part-time Personnel		23,007	
Social Security		41,703	
State Retirement		51,248	
Life Insurance		474	
Medical Insurance		85,462	
Contracts with Government Agencies		28,938	
Travel		19,586	
Office Supplies		722	
Total Other Local Health Services	\$		780,665

General Welfare Assistance

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

Aid to Dependent Children

Contributions	\$	1,000	
Total Aid to Dependent Children			1,000

Other Local Welfare Services

Contracts with Government Agencies	\$	70,791	
Total Other Local Welfare Services			70,791

Waste Pickup

Other Supplies and Materials	\$	1,424	
Total Waste Pickup			1,424

Recycling Center

Maintenance Personnel	\$	15,000	
Social Security		1,148	
State Retirement		721	
Life Insurance		22	
Medical Insurance		4,568	
Other Supplies and Materials		970	
Total Recycling Center			22,429

Other Public Health and Welfare

Paraprofessionals	\$	10,154	
Social Security		777	
Postal Charges		201	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare (Cont.)

Travel	\$	1,537	
Office Supplies		<u>1,000</u>	
Total Other Public Health and Welfare	\$		13,669

Social, Cultural, and Recreational Services

Adult Activities

Contracts with Government Agencies	\$	<u>10,000</u>	
Total Adult Activities			10,000

Senior Citizens Assistance

Contracts with Other Public Agencies	\$	2,500	
Contributions		<u>83,791</u>	
Total Senior Citizens Assistance			86,291

Other Social, Cultural, and Recreational

Assistant(s)	\$	29,214	
Supervisor/Director		43,552	
Foremen		25,747	
Clerical Personnel		8,500	
Cafeteria Personnel		6,990	
Maintenance Personnel		76,112	
Temporary Personnel		6,131	
Overtime Pay		1,712	
Other Salaries & Wages		28,925	
Social Security		17,823	
State Retirement		20,961	
Life Insurance		168	
Medical Insurance		30,166	
Communication		3,801	
Maintenance & Repair Services - Buildings		61,305	
Travel		1,700	
Food Supplies		14,688	
Gasoline		8,250	
Office Supplies		2,280	
Uniforms		2,624	
Utilities		93,702	
Other Supplies and Materials		79,186	
Vehicle and Equipment Insurance		1,074	
Other Charges		2,288	
Other Equipment		21,078	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

Other Capital Outlay	\$ 41,994	
Total Other Social, Cultural, and Recreational		\$ 629,971

Agriculture & Natural Resources

Agriculture Extension Service

Clerical Personnel	\$ 17,701	
Part-time Personnel	14,219	
Other Salaries & Wages	150,571	
Board and Committee Members Fees	100	
Social Security	8,940	
Extension Service Medicare	796	
State Retirement	16,660	
Life Insurance	24	
Medical Insurance	21,564	
Other Fringe Benefits	2,479	
Communication	1,965	
Contracts with Government Agencies	1,586	
Maintenance & Repair Services - Buildings	1,602	
Travel	600	
Office Supplies	500	
Utilities	4,252	
Office Equipment	1,000	
Total Agriculture Extension Service		244,559

Soil Conservation

Social Security	\$ 2,260	
State Retirement	3,595	
Life Insurance	24	
Contracts with Government Agencies	30,059	
Contracts with Other Public Agencies	200	
Other Charges	10,000	
Total Soil Conservation		46,138

Storm Water Management

Assistant(s)	\$ 26,265	
Social Security	1,971	
State Retirement	3,141	
Life Insurance	24	
Medical Insurance	5,044	
Advertising	1,938	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Storm Water Management (Cont.)

Communication	\$	369	
Data Processing Services		5,560	
Dues and Memberships		163	
Evaluation and Testing		7,551	
Legal Services		2,998	
Legal Notices, Recording, and Court Costs		1,451	
Maintenance & Repair Services - Vehicles		355	
Travel		2,097	
Tuition		1,999	
Permits		2,500	
Other Contracted Services		34,687	
Gasoline		1,190	
Instructional Supplies and Materials		1,995	
Office Supplies		1,209	
Periodicals		300	
Testing		2,363	
Other Supplies and Materials		536	
Other Charges		702	
Data Processing Equipment		1,934	
Motor Vehicles		10,000	
Other Equipment		2,048	
Total Storm Water Management			\$ 120,390

Other Operations

Tourism

Contributions	\$	164,485	
Total Tourism			164,485

Industrial Development

Contributions	\$	164,485	
Total Industrial Development			164,485

Public Transportation

Matching Share	\$	25,991	
Total Public Transportation			25,991

Veterans' Services

Supervisor/Director	\$	27,792	
Clerical Personnel		21,701	
Social Security		3,736	

(Continued)

Exhibit K-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

State Retirement	\$	4,447	
Life Insurance		43	
Medical Insurance		6,329	
Communication		513	
Dues and Memberships		80	
Travel		1,072	
Other Contracted Services		582	
Office Supplies		1,283	
Other Supplies and Materials		<u>5,120</u>	
Total Veterans' Services	\$		72,698

Other Charges

Trustee's Commission	\$	<u>294,548</u>	
Total Other Charges			294,548

Contributions to Other Agencies

Contributions	\$	70,950	
Dues and Memberships		<u>22,510</u>	
Total Contributions to Other Agencies			93,460

Miscellaneous

Remittance of Revenue Collected	\$	<u>512,126</u>	
Total Miscellaneous			<u>512,126</u>

Total General Fund \$ 27,031,371

Law Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$	1,697	
Utilities		<u>1,800</u>	
Total Libraries	\$		3,497

Other Operations

Other Charges

Trustee's Commission	\$	<u>56</u>	
Total Other Charges			<u>56</u>

Total Law Library Fund 3,553

(Continued)

Exhibit K-8

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

Public Library Fund

Social, Cultural, and Recreational Services

Libraries

Library Books/Media	\$ 460,559	
Total Libraries		\$ 460,559

Other Operations

Other Charges

Trustee's Commission	\$ 9,889	
Total Other Charges		9,889

Total Public Library Fund		\$ 470,448
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Solid Waste/Sanitation Fund

Public Health and Welfare

Other Waste Collection

Other Contracted Services	\$ 63,294	
Total Other Waste Collection		\$ 63,294

Total Solid Waste/Sanitation Fund		63,294
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Local Purpose Tax Fund

Public Safety

Sheriff's Department

Confidential Drug Enforcement Payments	\$ 1,465	
Tow-in Services	774	
Other Supplies and Materials	301	
Law Enforcement Equipment	1,873	
Total Sheriff's Department		\$ 4,413

Other Operations

Other Charges

Trustee's Commission	\$ 2	
Total Other Charges		2

Total Local Purpose Tax Fund		4,415
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Drug Control Fund

Public Safety

Sheriff's Department

Maintenance & Repair Services - Vehicles	\$ 984	
Tow-in Services	862	
Travel	7,580	

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Tuition	\$	5,889	
Other Supplies and Materials		383	
Furniture and Fixtures		4,837	
Law Enforcement Equipment		202,602	
Motor Vehicles		158,944	
Total Sheriff's Department			\$ 382,081

Special Patrols

Investigator(s)	\$	33,598	
Social Security		2,564	
State Retirement		4,018	
Life Insurance		12	
Medical Insurance		3,674	
Communication		792	
Postal Charges		61	
Printing, Stationery, and Forms		953	
Travel		382	
Tuition		93	
Other Supplies and Materials		389	
Total Special Patrols			46,536

Drug Enforcement

Investigator(s)	\$	115,156	
Clerical Personnel		62,833	
Overtime Pay		8,810	
Social Security		15,946	
State Retirement		24,804	
Life Insurance		171	
Medical Insurance		37,207	
Confidential Drug Enforcement Payments		20,000	
Other Contracted Services		52,834	
Uniforms		1,908	
Other Supplies and Materials		8,505	
Total Drug Enforcement			348,174

Public Health and Welfare

Alcohol and Drug Programs

Other Supplies and Materials	\$	14,749	
Total Alcohol and Drug Programs			14,749

(Continued)

Exhibit K-8

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

Drug Control Fund (Cont.)

Other Operations

Other Charges

Trustee's Commission	\$ 1,259	
Total Other Charges		\$ 1,259

Total Drug Control Fund \$ 792,799

Agri-Business Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

County Official/Administrative Officer	\$ 41,200	
Clerical Personnel	41,815	
Part-time Personnel	13,603	
Social Security	7,347	
State Retirement	9,929	
Life Insurance	72	
Medical Insurance	10,029	
Communication	2,145	
Dues and Memberships	539	
Rentals	1,125	
Total Other Social, Cultural, and Recreational		\$ 127,804

Other Operations

Other Charges

Trustee's Commission	\$ 1,472	
Total Other Charges		1,472

Total Agri-Business Fund 129,276

Special Purpose/Fire Tax Fund

Public Safety

Fire Prevention and Control

Supervisor/Director	\$ 39,022
Investigator(s)	30,605
Lieutenant(s)	77,612
Paraprofessionals	190,242
Clerical Personnel	17,897
Overtime Pay	34,943
Social Security	29,016
State Retirement	24,747
Life Insurance	322
Medical Insurance	63,000

(Continued)

Exhibit K-8

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

Special Purpose/Fire Tax Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Communication	\$	10,591	
Contributions		42,750	
Laundry Service		5,263	
Maintenance & Repair Services - Vehicles		17,544	
Medical and Dental Services		420	
Travel		3,000	
Tuition		6,453	
Other Contracted Services		29,519	
Custodial Supplies		5,758	
Gasoline		20,081	
Office Supplies		2,378	
Uniforms		5,346	
Utilities		42,369	
Other Supplies and Materials		10,728	
Building and Contents Insurance		1,359	
Liability Insurance		3,522	
Vehicle and Equipment Insurance		20,137	
Workers' Compensation Insurance		9,081	
Building Improvements		5,249	
Law Enforcement Equipment		281	
Other Equipment		90,058	
Total Fire Prevention and Control			\$ 839,293

Other Operations

Other Charges

Trustee's Commission	\$	9,758	
Total Other Charges			9,758

Total Special Purpose/Fire Tax Fund \$ 849,051

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	258,512	
Total Register of Deeds			\$ 258,512

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	285,751	
Total County Trustee's Office			285,751

(Continued)

Exhibit K-8

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

Constitutional Officers - Fees Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Constitutional Officers' Operating Expenses	\$ 692,252	
Total County Clerk's Office		\$ 692,252

Administration of Justice

Chancery Court

Constitutional Officers' Operating Expenses	\$ 191,484	
Total Chancery Court		<u>191,484</u>

Total Constitutional Officers - Fees Fund		\$ 1,427,999
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 71,254	
Assistant(s)	45,855	
Supervisor/Director	38,145	
Accountants/Bookkeepers	36,941	
Dispatchers/Radio Operators	25,512	
Secretary(ies)	9,773	
Overtime Pay	4,102	
Other Salaries & Wages	138,123	
Accounting Services	200	
Data Processing Services	5,147	
Dues and Memberships	3,136	
Legal Notices, Recording, and Court Costs	12,603	
Maintenance & Repair Services - Office Equipment	941	
Travel	1,103	
Office Supplies	2,807	
Communication Equipment	4,500	
Office Equipment	<u>2,188</u>	
Total Administration		\$ 402,330

Highway and Bridge Maintenance

Foremen	\$ 34,574
Equipment Operators	271,404
Truck Drivers	242,116
Laborers	202,443
Overtime Pay	9,892
Rentals	1,042
Other Contracted Services	7,004

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Asphalt - Hot Mix	\$	1,458,376	
Asphalt - Liquid		23,254	
Concrete		1,773	
Crushed Stone		26,584	
Fertilizer, Lime, and Seed		371	
General Construction Materials		42,544	
Pipe - Metal		24,083	
Road Signs		16,467	
Sand		1,267	
Small Tools		2,629	
Wood Products		352	
Other Supplies and Materials		2,595	
Total Highway and Bridge Maintenance			\$ 2,368,770

Operation and Maintenance of Equipment

Foremen	\$	33,158	
Mechanic(s)		92,327	
Overtime Pay		178	
Laundry Service		10,345	
Other Contracted Services		169	
Diesel Fuel		112,913	
Equipment and Machinery Parts		127,113	
Garage Supplies		9,665	
Gasoline		36,836	
Lubricants		7,153	
Propane Gas		3,183	
Small Tools		1,240	
Tires and Tubes		13,972	
Other Supplies and Materials		320	
Total Operation and Maintenance of Equipment			448,572

Litter and Trash Collection

Truck Drivers	\$	25,993	
Guards		27,013	
Other Salaries & Wages		6,500	
Other Contracted Services		2,240	
Other Supplies and Materials		11,917	
Total Litter and Trash Collection			73,663

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges

Communication	\$	6,999	
Electricity		8,523	
Water and Sewer		763	
Liability Insurance		60,718	
Trustee's Commission		64,721	
Total Other Charges			\$ 141,724

Employee Benefits

Social Security	\$	99,815	
State Retirement		158,029	
Life Insurance		1,282	
Medical Insurance		260,587	
Unemployment Compensation		2,236	
Workers' Compensation Insurance		61,000	
Total Employee Benefits			582,949

Capital Outlay

Engineering Services	\$	12,000	
Bridge Construction		127,778	
Building Improvements		9,168	
Highway Construction		430,980	
Other Equipment		134,252	
Total Capital Outlay			714,178

Capital Projects

Highway & Street Capital Projects

Equipment Operators	\$	56,110	
Truck Drivers		47,214	
Laborers		37,819	
Overtime Pay		1,064	
Social Security		10,132	
State Retirement		8,859	
Rentals		167	
Other Contracted Services		544	
Concrete		10,206	
Crushed Stone		15,481	
Diesel Fuel		4,500	
Equipment and Machinery Parts		5,437	
General Construction Materials		1,461	
Pipe - Metal		8,300	

(Continued)

Exhibit K-8

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

Highway/Public Works Fund (Cont.)

Capital Projects (Cont.)

Highway & Street Capital Projects (Cont.)

Small Tools	\$	9	
Workers' Compensation Insurance		<u>8,006</u>	
Total Highway & Street Capital Projects			\$ <u>215,309</u>

Total Highway/Public Works Fund \$ 4,947,495

Vocational Building Fund

General Government

County Buildings

Maintenance & Repair Services - Buildings	\$	<u>180</u>	
Total County Buildings			\$ 180

Other Operations

Other Charges

Trustee's Commission	\$	<u>850</u>	
Total Other Charges			<u>850</u>

Total Vocational Building Fund 1,030

General Debt Service Fund

Other Operations

Other Charges

Trustee's Commission	\$	<u>134,393</u>	
Total Other Charges			\$ 134,393

Principal on Debt

General Government

Principal on Bonds	\$	1,780,000	
Principal on Notes		965,000	
Principal on Other Loans		<u>75,000</u>	
Total General Government			2,820,000

Education

Principal on Notes	\$	9,000,000	
Principal on Other Loans		<u>1,455,000</u>	
Total Education			10,455,000

Interest on Debt

General Government

Interest on Bonds	\$	556,074	
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(Continued)

Exhibit K-8

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

General Debt Service Fund (Cont.)

Interest on Debt (Cont.)

General Government (Cont.)

Interest on Notes	\$ 38,369	
Interest on Other Loans	<u>622,495</u>	
Total General Government		\$ 1,216,938

Education

Interest on Notes	\$ 25,425	
Interest on Other Loans	<u>2,183,113</u>	
Total Education		2,208,538

Other Debt Service

General Government

Other Debt Service	\$ 36,004	
Total General Government		36,004

Education

Other Debt Service	\$ 131,744	
Total Education		<u>131,744</u>

Total General Debt Service Fund \$ 17,002,617

General Capital Projects Fund

Capital Projects

Administration of Justice Projects

Other Equipment	\$ 1,886	
Total Administration of Justice Projects		<u>\$ 1,886</u>

Total General Capital Projects Fund 1,886

Courthouse Plaza Projects Fund

Capital Projects

General Administration Projects

Architects	\$ 121,682	
Building Construction	<u>304,986</u>	
Total General Administration Projects		<u>\$ 426,668</u>

Total Courthouse Plaza Projects Fund 426,668

(Continued)

Exhibit K-8

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

Juvenile Center Projects Fund

Public Safety

Jail

Furniture and Fixtures	\$ 45,229	
Total Jail		\$ 45,229

Other Operations

Other Charges

Trustee's Commission	\$ 17	
Total Other Charges		17

Capital Projects

Administration of Justice Projects

Architects	\$ 5,000	
Other Supplies and Materials	10,000	
Building Construction	728,359	
Furniture and Fixtures	14,142	
Total Administration of Justice Projects		<u>757,501</u>

Total Juvenile Center Projects Fund		\$ 802,747
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HUD Grant Projects Fund

Other Operations

Other Economic and Community Development

Evaluation and Testing	\$ 89,726	
Building Improvements	8,937	
Other Construction	8,938	
Total Other Economic and Community Development		\$ 107,601

Other Charges

Trustee's Commission	\$ 68	
Total Other Charges		<u>68</u>

Total HUD Grant Projects Fund		107,669
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Education Capital Projects Fund

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ 6,066,000	
Total Capital Projects Donated to School Department		\$ 6,066,000

Capital Projects Donated to Other Entities

Contributions	\$ 5,280,511	
Total Capital Projects Donated to Other Entities		<u>5,280,511</u>

Total Education Capital Projects Fund		11,346,511
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(Continued)

Exhibit K-8

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

<u>Other Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Other Economic and Community Development</u>			
Other Contracted Services	\$	<u>5,190</u>	
Total Other Economic and Community Development			\$ <u>5,190</u>
Total Other Capital Projects Fund			\$ <u>5,190</u>
Total Governmental Funds - Primary Government			\$ <u>65,414,019</u>

Exhibit K-9

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

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 19,557,431	
Career Ladder Program	321,625	
Career Ladder Extended Contracts	210,798	
Homebound Teachers	49,020	
Educational Assistants	736,985	
Other Salaries & Wages	92,746	
Non-certified Substitute Teachers	309,447	
Social Security	1,279,438	
State Retirement	1,193,647	
Life Insurance	32,944	
Medical Insurance	2,662,012	
Employer Medicare	299,225	
Maintenance & Repair Services - Equipment	38,175	
Travel	33,691	
Other Contracted Services	73,052	
Instructional Supplies and Materials	408,590	
Textbooks	607,471	
Other Supplies and Materials	19,227	
Other Charges	27,890	
Regular Instruction Equipment	185,993	
Total Regular Instruction Program		\$ 28,139,407

Special Education Program

Teachers	\$ 1,578,786	
Career Ladder Program	21,995	
Educational Assistants	115,882	
Other Salaries & Wages	86,633	
Non-certified Substitute Teachers	14,750	
Social Security	108,971	
State Retirement	107,353	
Life Insurance	2,171	
Medical Insurance	231,679	
Employer Medicare	25,485	
Other Contracted Services	111,727	
Instructional Supplies and Materials	31,594	
Other Supplies and Materials	41,782	
Other Charges	17,789	
Special Education Equipment	62,729	
Total Special Education Program		2,559,326

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Teachers	\$	1,519,327	
Career Ladder Program		9,975	
Non-certified Substitute Teachers		14,000	
Social Security		93,340	
State Retirement		85,512	
Life Insurance		1,637	
Medical Insurance		183,698	
Employer Medicare		21,829	
Maintenance & Repair Services - Equipment		9,596	
Travel		1,500	
Instructional Supplies and Materials		68,500	
Other Charges		1,100	
Total Vocational Education Program			\$ 2,010,014

Adult Education Program

Teachers	\$	36,181	
Other Salaries & Wages		86,134	
Social Security		7,558	
State Retirement		3,618	
Life Insurance		60	
Medical Insurance		6,362	
Employer Medicare		1,768	
Travel		4,963	
Instructional Supplies and Materials		9,515	
Other Charges		9,826	
Other Equipment		12,666	
Total Adult Education Program			178,651

Support Services

Attendance

Supervisor/Director	\$	32,992	
Career Ladder Program		1,000	
Clerical Personnel		28,205	
Social Security		3,627	
State Retirement		5,243	
Life Insurance		65	
Medical Insurance		7,529	
Employer Medicare		848	
Travel		1,994	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Other Supplies and Materials	\$ 2,686	
Total Attendance		\$ 84,189

Health Services

Medical Personnel	\$ 141,878	
Other Salaries & Wages	5,382	
Social Security	8,993	
State Retirement	17,595	
Life Insurance	233	
Medical Insurance	21,754	
Employer Medicare	2,065	
Travel	1,894	
Drugs and Medical Supplies	5,510	
Other Charges	2,945	
Total Health Services		208,249

Other Student Support

Career Ladder Program	\$ 14,875	
Guidance Personnel	936,376	
Social Security	57,543	
State Retirement	53,152	
Life Insurance	896	
Medical Insurance	95,557	
Employer Medicare	13,458	
Evaluation and Testing	9,440	
Travel	446	
Total Other Student Support		1,181,743

Regular Instruction Program

Supervisor/Director	\$ 148,642
Career Ladder Program	15,980
Librarians	673,129
Materials Supervisor	20,412
Secretary(ies)	43,178
Social Security	53,984
State Retirement	51,974
Life Insurance	825
Medical Insurance	93,634
Employer Medicare	13,336

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Maintenance & Repair Services - Equipment	\$	113	
Travel		1,348	
Library Books/Media		250,845	
In Service/Staff Development		2,000	
Total Regular Instruction Program			\$ 1,369,400

Special Education Program

Supervisor/Director	\$	70,062	
Career Ladder Program		10,945	
Psychological Personnel		132,230	
Assessment Personnel		32,849	
Secretary(ies)		28,415	
Other Salaries & Wages		120,195	
Social Security		24,223	
State Retirement		23,697	
Life Insurance		389	
Medical Insurance		31,242	
Employer Medicare		4,955	
Travel		19,236	
Other Supplies and Materials		16,860	
In Service/Staff Development		41,140	
Other Charges		3,897	
Other Equipment		5,509	
Total Special Education Program			565,844

Vocational Education Program

Supervisor/Director	\$	52,329	
Career Ladder Program		1,000	
Secretary(ies)		21,100	
Social Security		4,961	
State Retirement		5,905	
Life Insurance		86	
Medical Insurance		9,738	
Employer Medicare		1,160	
Travel		3,360	
Other Supplies and Materials		307	
Other Charges		569	
Total Vocational Education Program			100,515

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Programs

Remittance of Revenue Collected	\$ 1,270,000	
Total Other Programs		\$ 1,270,000

Board of Education

Board and Committee Members Fees	\$ 20,200	
Social Security	1,252	
State Retirement	1,866	
Unemployment Compensation	22,130	
Employer Medicare	293	
Audit Services	24,000	
Dues and Memberships	7,360	
Legal Services	16,999	
Travel	4,812	
Other Contracted Services	3,000	
Liability Insurance	80,135	
Premiums on Corporate Surety Bonds	4,109	
Trustee's Commission	387,340	
Workers' Compensation Insurance	221,570	
Criminal Investigation of Applicants - TBI	14,672	
Refund to Applicant for Criminal Investigation	5,264	
Other Charges	342	
Total Board of Education		815,344

Director of Schools

County Official/Administrative Officer	\$ 99,613
Career Ladder Program	1,000
Secretary(ies)	61,860
Other Salaries & Wages	3,758
Social Security	9,881
State Retirement	18,171
Life Insurance	400
Medical Insurance	21,243
Employer Medicare	2,427
Other Fringe Benefits	6,994
Communication	32,549
Dues and Memberships	4,239
Postal Charges	6,995
Travel	11,105
Office Supplies	4,275

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Other Charges	\$ 10,147	
Total Director of Schools		\$ 294,657

Office of the Principal

Assistant(s)	\$ 423,940	
Principals	1,090,866	
Career Ladder Program	18,500	
Secretary(ies)	541,128	
Social Security	123,711	
State Retirement	145,438	
Life Insurance	2,201	
Medical Insurance	259,385	
Employer Medicare	28,898	
Dues and Memberships	7,125	
Total Office of the Principal		2,641,192

Fiscal Services

Supervisor/Director	\$ 69,554	
Career Ladder Program	3,600	
Accountants/Bookkeepers	105,985	
Social Security	10,708	
State Retirement	20,205	
Life Insurance	173	
Medical Insurance	13,834	
Employer Medicare	2,504	
Data Processing Services	7,426	
Dues and Memberships	405	
Travel	1,630	
Data Processing Supplies	5,772	
Office Supplies	1,610	
Administration Equipment	507	
Total Fiscal Services		243,913

Operation of Plant

Supervisor/Director	\$ 62,832
Guards	8,613
Custodial Personnel	506,310
Social Security	34,537
State Retirement	63,276

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Life Insurance	\$	1,199	
Medical Insurance		131,751	
Employer Medicare		8,077	
Janitorial Services		343,570	
Rentals		1,753	
Disposal Fees		27,377	
Custodial Supplies		122,283	
Electricity		1,333,865	
Fuel Oil		113,645	
Natural Gas		392,567	
Water and Sewer		202,918	
Boiler Insurance		13,150	
Building and Contents Insurance		231,361	
Other Charges		7,117	
Total Operation of Plant			\$ 3,606,201

Maintenance of Plant

Supervisor/Director	\$	50,274	
Maintenance Personnel		380,310	
Other Salaries & Wages		13,320	
Social Security		26,638	
State Retirement		52,122	
Life Insurance		618	
Medical Insurance		60,268	
Employer Medicare		6,230	
Other Contracted Services		30,010	
Other Supplies and Materials		287,798	
Other Charges		15,445	
Maintenance Equipment		31,861	
Other Capital Outlay		1,159,001	
Total Maintenance of Plant			2,113,895

Transportation

Supervisor/Director	\$	32,992	
Clerical Personnel		26,710	
Social Security		3,367	
State Retirement		5,009	
Life Insurance		65	
Medical Insurance		7,529	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Employer Medicare	\$	788	
Contracts with Vehicle Owners		1,537,292	
Maintenance & Repair Services - Vehicles		29,924	
Medical and Dental Services		3,744	
Travel		1,226	
Gasoline		65,682	
Other Supplies and Materials		1,521	
Vehicle and Equipment Insurance		71,470	
Other Charges		39	
Total Transportation			\$ 1,787,358

Central and Other

Supervisor/Director	\$	66,499	
Data Processing Personnel		98,690	
Other Salaries & Wages		16,261	
Social Security		10,595	
State Retirement		16,372	
Life Insurance		201	
Medical Insurance		22,010	
Employer Medicare		2,478	
Travel		7,776	
Other Contracted Services		43,177	
Other Supplies and Materials		53,851	
Other Charges		2,042	
Data Processing Equipment		16,173	
Total Central and Other			356,125

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	53,780	
Social Security		3,330	
State Retirement		6,432	
Life Insurance		2,892	
Medical Insurance		5,279	
Employer Medicare		779	
Travel		3,067	
Other Contracted Services		1,000	
Other Supplies and Materials		222	
Other Charges		117	

(Continued)

Exhibit K-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Service Equipment	\$ 4,800	
Total Food Service		\$ 81,698

Community Services

Supervisor/Director	\$ 40,000	
Other Salaries & Wages	171,225	
Social Security	12,911	
State Retirement	9,910	
Life Insurance	110	
Medical Insurance	2,532	
Employer Medicare	3,020	
Travel	2,475	
Other Contracted Services	26,960	
Instructional Supplies and Materials	24,508	
In Service/Staff Development	1,484	
Other Charges	13,617	
Regular Instruction Equipment	3,523	
Total Community Services		312,275

Early Childhood Education

Contracts with Other Public Agencies	\$ 213,448	
Total Early Childhood Education		213,448

Capital Outlay

Regular Capital Outlay

Consultants	\$ 12,850	
Building Improvements	597,951	
Other Capital Outlay	137,588	
Total Regular Capital Outlay		748,389

Total General Purpose School Fund \$ 50,881,833

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 873,259
Educational Assistants	38,832
Non-certified Substitute Teachers	8,275
Social Security	54,218

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

State Retirement	\$	51,301	
Life Insurance		950	
Medical Insurance		105,084	
Employer Medicare		12,681	
Other Contracted Services		5,832	
Instructional Supplies and Materials		50,731	
In Service/Staff Development		2,809	
Regular Instruction Equipment		7,787	
Total Regular Instruction Program			\$ 1,211,759

Special Education Program

Teachers	\$	90,034	
Educational Assistants		342,660	
Other Salaries & Wages		161,226	
Social Security		34,803	
State Retirement		62,526	
Life Insurance		1,244	
Medical Insurance		150,693	
Employer Medicare		8,141	
Other Contracted Services		61,603	
Instructional Supplies and Materials		40,148	
Other Supplies and Materials		25,650	
Special Education Equipment		1,206	
Total Special Education Program			979,934

Vocational Education Program

Travel	\$	24,349	
Other Supplies and Materials		11,765	
Vocational Instruction Equipment		143,119	
Total Vocational Education Program			179,233

Support Services

Other Student Support

Instructional Supplies and Materials	\$	11,133	
In Service/Staff Development		6,000	
Other Charges		46,108	
Total Other Student Support			63,241

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program

Supervisor/Director	\$	49,731	
Secretary(ies)		14,393	
Social Security		3,639	
State Retirement		4,457	
Life Insurance		56	
Medical Insurance		6,229	
Employer Medicare		851	
Travel		12,110	
Other Supplies and Materials		26,766	
In Service/Staff Development		152,325	
Other Charges		703	
Total Regular Instruction Program			\$ 271,260

Special Education Program

Psychological Personnel	\$	38,420	
Assessment Personnel		41,875	
Secretary(ies)		75,105	
Other Salaries & Wages		233,726	
Social Security		23,480	
State Retirement		24,232	
Life Insurance		389	
Medical Insurance		52,182	
Employer Medicare		5,490	
Travel		36,128	
Other Supplies and Materials		912	
In Service/Staff Development		19,562	
Total Special Education Program			551,501

Vocational Education Program

Supervisor/Director	\$	7,288	
Total Vocational Education Program			7,288

Fiscal Services

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

(Continued)

Exhibit K-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Central and Other

Other Supplies and Materials	\$ 11,758	
In Service/Staff Development	9,000	
Total Central and Other	20,758	\$ 20,758

Total School Federal Projects Fund \$ 3,295,739

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$ 28,964	
Cafeteria Personnel	1,380,075	
In-Service Training	2,226	
Social Security	85,993	
State Retirement	119,064	
Medical Insurance	248,721	
Unemployment Compensation	1,610	
Employer Medicare	20,112	
Advertising	290	
Architects	4,921	
Bank Charges	22	
Communication	3,250	
Dues and Memberships	733	
Freight Expenses	188	
Laundry Service	376	
Maintenance & Repair Services - Buildings	7,891	
Maintenance & Repair Services - Equipment	55,556	
Pest Control	3,868	
Travel	3,113	
Permits	2,400	
Other Contracted Services	100,732	
Food Preparation Supplies	11,471	
Food Supplies	1,538,191	
Ice	39,324	
Other Supplies and Materials	122,945	
Refunds	1,113	
Criminal Investigation of Applicants - TBI	1,120	
Refund to Applicant for Criminal Investigation	56	
Other Charges	18,536	
Food Service Equipment	220,253	
Total Food Service	4,023,114	\$ 4,023,114

Total Central Cafeteria Fund 4,023,114

(Continued)

Exhibit K-9

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

<u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Building Construction	\$ 2,674,190	
Total Education Capital Projects		\$ 2,674,190
Total Education Capital Projects Fund		\$ 2,674,190
Total Governmental Funds - Bradley County School Department		\$ 60,874,876

Exhibit K-10

Bradley County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2006

	Cities - Sales Tax Fund	Inside Urban Fringe Area Fire Tax Fund	City School ADA - Cleveland Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 1,439,714	\$ 4,617,674	\$ 6,057,388
Trustee's Collections - Prior Years	0	53,040	152,134	205,174
Circuit/Clerk and Master Collections - Prior Years	0	112,189	77,978	190,167
Interest and Penalty	0	10,370	28,623	38,993
Payments in Lieu of Taxes - Local Utilities	0	0	1,686	1,686
Local Option Sales Tax	7,708,464	0	4,162,655	11,871,119
Bank Excise Tax	0	0	41,834	41,834
Interstate Telecommunications Tax	0	0	810	810
Marriage Licenses	0	0	2,914	2,914
Investment Income	0	0	124,724	124,724
Contributions and Gifts	0	500,000	0	500,000
Other Local Revenue	0	0	41	41
Income Tax	0	0	55,639	55,639
Total Cash Receipts	<u>\$ 7,708,464</u>	<u>\$ 2,115,313</u>	<u>\$ 9,266,712</u>	<u>\$ 19,090,489</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 7,509,519	\$ 1,792,760	\$ 9,293,790	\$ 18,596,069
Trustee's Commission	844	31,133	98,965	130,942
Total Cash Disbursements	<u>\$ 7,510,363</u>	<u>\$ 1,823,893</u>	<u>\$ 9,392,755</u>	<u>\$ 18,727,011</u>
Excess of Cash Receipts Over (Under)				
Cash Disbursements	\$ 198,101	\$ 291,420	\$ (126,043)	\$ 363,478
Cash Balance, July 1, 2005	(72,903)	616	26,104	(46,183)
Cash Balance, June 30, 2006	<u>\$ 125,198</u>	<u>\$ 292,036</u>	<u>\$ (99,939)</u>	<u>\$ 317,295</u>

STATISTICAL SECTION

This part of the Bradley 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.	1-5	227-234
Revenue Capacity:		
These schedules contain information to help the reader assess the government's most significant local revenue source, the property tax.	6-9	235-238
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. The tables on legal debt margin information and pledged-revenue coverage are not applicable to counties in Tennessee.	10-14	239-243
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.	15-16	244-245
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.	17-19	246-248

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year.

Table 1

Bradley County, Tennessee
Net Assets by Component
Primary Government and Discretely Presented Component Unit
Last Ten Fiscal Years (Note 1)
(accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
PRIMARY GOVERNMENT: (Note 2)										
Governmental activities										
Invested in capital assets, net of related debt	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (42,193,824)	\$ 9,475,827	\$ 13,575,147	\$ 18,717,481
Restricted							39,973,104	41,614,984	42,970,084	34,951,549
Unrestricted	-	-	-	-	-	-	10,891,277	(41,727,595)	(40,725,118)	(42,581,355)
Total governmental activities net assets	<u>\$ -</u>	<u>\$ 8,670,557</u>	<u>\$ 9,363,216</u>	<u>\$ 15,820,113</u>	<u>\$ 11,087,675</u>					
COMPONENT UNIT - Bradley County Schools (Notes 3,4)										
Governmental activities										
Invested in capital assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 44,963,624	\$ 47,542,470	\$ 48,899,871	\$ 50,590,530
Restricted							1,670,614	2,105,867	1,947,027	5,099,663
Unrestricted	-	-	-	-	-	-	4,396,465	4,348,355	4,850,978	6,184,512
Total governmental activities net assets	<u>\$ -</u>	<u>\$ 51,030,703</u>	<u>\$ 53,996,692</u>	<u>\$ 55,697,876</u>	<u>\$ 61,874,705</u>					

Notes:

- (1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2003; therefore, the presented information is unavailable for periods before 2003.
- (2) Bradley County Government does not engage in any business-type activities.
- (3) Bradley County Board of Education is not part of the Primary Government, but is reflected as a component unit. The primary government is responsible for the debt issued to finance construction/improvement of education facilities; however, the physical structures are considered assets of the component unit.
- (4) Does not include discretely presented Bradley Memorial Hospital or discretely presented Bradley Healthcare & Rehabilitation Center component units.

Table 2

Bradley County, Tennessee
Changes in Net Assets
Last Ten Fiscal Years (Note 2)
(accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EXPENSES (Note 1)										
Governmental activities:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 2,199,215	\$ 2,326,274	\$ 2,508,007	\$ 2,643,474
Finance	-	-	-	-	-	-	1,719,385	1,822,956	2,076,420	2,105,013
Administration of Justice	-	-	-	-	-	-	1,954,308	2,113,955	2,484,384	2,484,104
Public Safety	-	-	-	-	-	-	8,672,534	11,403,020	13,838,185	16,179,741
Public Health & Welfare	-	-	-	-	-	-	3,670,897	4,127,341	4,388,121	5,071,634
Social, Cultural, & Recreational Services	-	-	-	-	-	-	1,269,906	1,268,703	1,310,346	1,428,944
Agriculture & Natural Resources	-	-	-	-	-	-	273,696	332,175	391,320	412,796
Other Operations	-	-	-	-	-	-	1,620,484	3,090,443	1,432,033	1,599,541
Highways/Public Works	-	-	-	-	-	-	3,818,551	3,568,583	3,492,535	3,761,715
Education (Pymts to Comp. Unit)	-	-	-	-	-	-	344,153	4,000,000	1,411,489	11,346,511
Interest on Long-Term Debt	-	-	-	-	-	-	2,928,254	2,754,922	2,895,248	3,494,212
Other Debt Service	-	-	-	-	-	-	3,129	159,926	183,324	174,032
Total Governmental activities expenses	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 28,474,512	\$ 36,968,298	\$ 36,411,412	\$ 50,701,717
PROGRAM REVENUES										
Governmental activities:										
Charges for Services:										
General Government	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,074,572	\$ 1,115,827	\$ 1,104,050	\$ 1,288,925
Finance	-	-	-	-	-	-	1,805,508	1,968,160	1,989,391	1,893,208
Administration of Justice	-	-	-	-	-	-	1,995,752	3,563,622	2,466,699	2,762,591
Public Safety	-	-	-	-	-	-	687,703	525,568	2,351,215	1,318,278
Public Health & Welfare	-	-	-	-	-	-	2,323,178	2,748,781	3,035,866	3,433,555
Social, Cultural, & Recreational Services	-	-	-	-	-	-	-	-	-	2,913
Operating Grants and Contributions	-	-	-	-	-	-	3,522,586	3,714,851	5,222,274	7,548,175
Capital grants and Contributions	-	-	-	-	-	-	2,812,620	1,283,377	2,526,651	1,747,863
Total Governmental activities program revenues	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 14,221,919	\$ 14,920,186	\$ 18,696,146	\$ 19,995,508

(Continued)

Table 2

Bradley County, Tennessee
Changes in Net Assets (Cont.)
Last Ten Fiscal Years (Note 2)
(accrual basis of accounting)

	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Net (expense)/Revenue Governmental Activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ (14,252,593)	\$ (22,048,112)	\$ (17,715,266)	\$ (30,706,209)
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property tax levied for general purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 10,356,774	\$ 10,374,534	\$ 10,837,104	11,536,253
Property tax levied for debt services	-	-	-	-	-	-	5,754,591	5,930,474	6,171,066	6,463,692
Sales tax	-	-	-	-	-	-	3,028,941	3,276,430	3,470,426	3,516,343
Other local taxes	-	-	-	-	-	-	1,960,856	2,017,125	2,216,994	2,205,635
Unrestricted grants and contributions	-	-	-	-	-	-	984,293	716,556	480,296	894,447
Investment earnings	-	-	-	-	-	-	431,722	308,312	770,396	1,196,114
Miscellaneous	-	-	-	-	-	-	307,085	117,340	265,881	161,287
Total Governmental activities	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 22,824,262	\$ 22,740,771	\$ 24,212,163	\$ 25,973,771
Change in Net Assets	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 8,571,669	\$ 692,659	\$ 6,496,897	\$ (4,732,438)

Notes:

- (1) Bradley County Government does not engage in any business-type activities.
- (2) GASB Statement 34 was implemented for the fiscal year ended June 30, 2003; therefore, the presented information is unavailable for periods before 2003.

Table 2a

Bradley County, Tennessee
Changes in Net Assets - Bradley County Schools
Last Ten Fiscal Years (Note 2)
(accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
EXPENSES (Note 1)										
Governmental activities:										
Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 48,901,420	\$ 50,994,891	\$ 54,334,013	\$ 59,455,694
Total Governmental activities expenses	<u>\$ -</u>	<u>\$ 48,901,420</u>	<u>\$ 50,994,891</u>	<u>\$ 54,334,013</u>	<u>\$ 59,455,694</u>					
PROGRAM REVENUES										
Governmental activities:										
Charges for Services - Education	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 1,686,576	\$ 1,819,737	\$ 1,936,298	\$ 9,337,575
Operating Grants and Contributions	-	-	-	-	-	-	6,038,159	5,657,588	6,512,203	1,789,366
Capital grants and Contributions	-	-	-	-	-	-	141,892	4,058,059	1,411,489	4,408,270
Total Governmental activities program revenues	<u>\$ -</u>	<u>\$ 7,866,627</u>	<u>\$ 11,535,384</u>	<u>\$ 9,859,990</u>	<u>\$ 15,535,211</u>					
Net (expense)/Revenue Governmental Activities	<u>\$ -</u>	<u>\$ (41,034,793)</u>	<u>\$ (39,459,507)</u>	<u>\$ (44,474,023)</u>	<u>\$ (43,920,483)</u>					
General Revenues and Other Changes in Net Assets										
Governmental Activities:										
Taxes										
Property tax levied for general purposes	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 9,494,483	\$ 9,757,162	\$ 9,937,003	\$ 10,690,877
Sales tax	-	-	-	-	-	-	6,378,550	6,960,299	7,194,986	7,815,657
Other local taxes	-	-	-	-	-	-	16,434	70,647	8,862	10,698
Unrestricted grants and contributions	-	-	-	-	-	-	24,271,342	25,411,252	28,466,791	31,042,436
Investment earnings	-	-	-	-	-	-	181,478	140,437	414,341	444,794
Sale of Land/Equipment	-	-	-	-	-	-	-	-	-	2,671
Miscellaneous	-	-	-	-	-	-	248,532	85,699	153,224	90,180
Total Governmental activities	<u>\$ -</u>	<u>\$ 40,590,819</u>	<u>\$ 42,425,496</u>	<u>\$ 46,175,207</u>	<u>\$ 50,097,313</u>					
Change in Net Assets	<u>\$ -</u>	<u>\$ (443,974)</u>	<u>\$ 2,965,989</u>	<u>\$ 1,701,184</u>	<u>\$ 6,176,830</u>					

Notes:

- (1) Bradley County Schools do not engage in any business-type activities.
- (2) GASB Statement 34 was implemented for the fiscal year ended June 30, 2003; therefore, the presented information is unavailable for periods before 2003.

Table 3

Bradley County, Tennessee
Governmental Activities Tax Revenue by Source
General Government and Discretely Presented Component Unit
Last Ten Fiscal Years (1)
(accrual basis of accounting)

Fiscal Year	Property Tax for General Purposes	Property Tax for Bradley Co. Schools	Property Tax for Debt Service	Sales Tax - Primary Government	Sales Tax - Bradley Co. Schools	Other Local Tax - Primary Govt.	Other Local Tax - Bradley Co. Schools	Total
1997	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
1998	-	-	-	-	-	-	-	-
1999	-	-	-	-	-	-	-	-
2000	-	-	-	-	-	-	-	-
2001	-	-	-	-	-	-	-	-
2002	-	-	-	-	-	-	-	-
2003	10,356,774	9,494,483	5,754,591	3,028,941	6,378,550	1,960,856	16,434	36,990,629
2004	10,374,534	9,757,162	5,930,474	3,276,430	6,960,299	2,017,125	70,647	38,386,671
2005	10,837,104	9,937,003	6,171,066	3,470,426	7,194,986	2,216,994	8,862	39,836,441
2006	11,536,253	10,690,877	6,463,692	3,516,343	7,815,657	2,205,635	10,698	42,239,155

(1) GASB Statement 34 was implemented for the fiscal year ended June 30, 2003; therefore, the presented information is unavailable for periods before 2003.

Table 4

Bradley County, Tennessee
General Government Fund Balances - Primary Government and Discretely Presented Component Unit
Last Ten Fiscal Years
 (modified accrual basis of accounting)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
PRIMARY GOVERNMENT										
General Fund										
Reserved	\$ 89,864	\$ 176,006	\$ 114,269	\$ 152,991	\$ 241,241	\$ 217,245	\$ 527,261	\$ 871,562	\$ 1,432,595	\$ 1,319,054
Unreserved	4,789,703	4,914,066	4,820,888	3,569,367	3,649,850	4,019,608	5,301,308	5,128,454	5,525,501	5,812,612
Total General Fund	<u>\$ 4,879,567</u>	<u>\$ 5,090,072</u>	<u>\$ 4,935,157</u>	<u>\$ 3,722,358</u>	<u>\$ 3,891,091</u>	<u>\$ 4,236,853</u>	<u>\$ 5,828,569</u>	<u>\$ 6,000,016</u>	<u>\$ 6,958,096</u>	<u>\$ 7,131,666</u>
All other governmental funds										
Reserved	\$ 1,418,178	\$ 612,119	\$ -	\$ -	\$ 423,993	\$ 10,971,570	\$ 16,892,679	\$ 15,960,394	\$ 11,931,266	\$ 9,788,944
Unreserved, reported in:										
Special revenue funds	1,205,447	1,645,861	2,577,553	4,218,124	3,985,271	3,285,407	3,694,780	3,447,443	4,089,594	3,785,800
Debt Service	5,118,086	7,762,931	10,977,729	13,748,163	18,979,375	22,284,829	25,037,444	27,489,479	30,236,743	23,378,643
Capital projects funds	593,136	802,475	1,050,224	629,165	504,894	(11,215,567)	(1,922,250)	(1,245,961)	57,776	647,544
Total all other governmental funds	<u>\$ 8,334,847</u>	<u>\$ 10,823,386</u>	<u>\$ 14,605,506</u>	<u>\$ 18,595,452</u>	<u>\$ 23,893,533</u>	<u>\$ 25,326,239</u>	<u>\$ 43,702,653</u>	<u>\$ 45,651,355</u>	<u>\$ 46,315,379</u>	<u>\$ 37,600,931</u>
COMPONENT UNIT - Bradley County Schools										
General Purpose School Fund										
Reserved	\$ 26,672	\$ 4,411,632	\$ 1,181,767	\$ 9,800,631	\$ 2,560,482	\$ 300,680	\$ 74,174	\$ 236,048	\$ 491,047	\$ 381,419
Unreserved	3,018,069	(899,930)	3,157,459	(5,745,747)	1,176,838	3,323,309	3,464,636	3,560,605	4,104,647	5,298,683
Total General Purpose School Fund	<u>\$ 3,044,741</u>	<u>\$ 3,511,702</u>	<u>\$ 4,339,226</u>	<u>\$ 4,054,884</u>	<u>\$ 3,737,320</u>	<u>\$ 3,623,989</u>	<u>\$ 3,538,810</u>	<u>\$ 3,796,653</u>	<u>\$ 4,595,694</u>	<u>\$ 5,680,102</u>
All other school funds										
Reserved	\$ 23,101	\$ 388,871	\$ 100,643	\$ 506,025	\$ 428,406	\$ 505,385	\$ 747,657	\$ 1,756,224	\$ 617,026	\$ 3,421,028
Unreserved, reported in:										
Special revenue funds	-	-	-	-	-	-	654,683	655,781	726,961	820,498
Capital projects funds	-	-	-	-	-	-	194,100	(542,186)	111,993	476,718
Total all other governmental funds	<u>\$ 23,101</u>	<u>\$ 388,871</u>	<u>\$ 100,643</u>	<u>\$ 506,025</u>	<u>\$ 428,406</u>	<u>\$ 505,385</u>	<u>\$ 1,596,440</u>	<u>\$ 1,869,819</u>	<u>\$ 1,455,980</u>	<u>\$ 4,718,244</u>

Table 5

Bradley County, Tennessee
Changes in Fund Balances General Governmental and Discretely Presented Component Unit
Last Ten Fiscal Years

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Revenues										
Taxes	\$ 26,575,344	\$ 28,754,950	\$ 29,912,427	\$ 34,290,854	\$ 34,731,121	\$ 36,010,247	\$ 37,398,729	\$ 38,549,381	\$ 40,124,087	\$ 42,288,329
Licenses & Permits	283,117	275,248	279,607	330,330	273,383	357,549	349,992	492,751	274,184	446,892
Fines & Forfeitures	339,246	462,007	338,175	320,628	421,752	433,250	684,843	1,923,364	850,300	981,503
Charges for Service	3,520,001	3,943,919	4,434,716	5,367,948	4,557,004	5,274,325	5,801,881	6,669,710	4,162,521	7,228,248
Other Local Revenue	3,232,709	3,535,254	3,814,615	3,767,342	4,901,523	4,421,545	2,200,042	1,942,191	4,966,528	3,231,818
Fees from Co. Officials	1,069,342	1,096,969	1,114,861	1,159,625	1,190,255	1,689,308	1,686,576	1,819,737	2,356,183	2,638,050
State Revenues	23,962,806	24,992,460	26,601,523	27,112,138	27,602,532	27,891,688	29,342,005	30,885,536	33,831,809	36,477,847
Federal Revenues	3,151,968	4,270,160	3,463,850	4,377,180	4,513,579	4,713,483	7,729,067	5,134,084	7,519,916	8,588,643
Other Govt/Citizens	486,021	331,721	52,806	188,924	83,633	59,690	203,246	4,125,778	3,343,277	8,048,630
Total revenues	\$ 62,620,554	\$ 67,662,688	\$ 70,012,580	\$ 76,914,969	\$ 78,274,782	\$ 80,851,085	\$ 85,396,381	\$ 91,542,532	\$ 97,428,805	\$ 109,929,960
Expenditures										
General Government	\$ 13,807,440	\$ 14,551,404	\$ 15,551,892	\$ 16,435,463	\$ 16,568,593	\$ 17,949,421	\$ 1,901,747	\$ 1,906,354	\$ 2,157,169	\$ 2,324,856
Finance	-	-	-	-	-	-	915,926	951,626	1,133,907	1,110,913
Admin. Of Justice	-	-	-	-	-	-	1,666,688	1,921,028	2,184,430	2,303,979
Public Safety	-	-	-	-	-	-	8,660,884	10,400,622	12,937,106	13,850,301
Public Health/Welfare	-	-	-	-	-	-	3,576,501	3,960,429	4,391,716	4,976,180
Social, Cultural/Rec.	-	-	-	-	-	-	706,305	664,082	688,662	726,262
Agriculture & Natural Resource	-	-	-	-	-	-	271,944	345,364	388,227	411,087
Other Operations	-	-	-	-	-	-	1,281,011	1,179,183	731,473	1,327,793
Special Revenues	2,287,671	2,590,275	2,920,558	4,471,883	4,124,815	3,008,886	2,587,554	4,187,344	3,916,478	3,899,970
Highway & Bridge	3,556,764	3,840,997	3,510,620	3,848,176	4,666,172	4,403,118	4,568,442	4,578,910	4,842,271	4,947,495
Education	36,624,142	38,002,600	40,340,084	41,433,932	43,869,636	45,448,792	48,520,790	50,110,321	53,660,469	58,200,686
Debt Service										
Principal	2,580,000	2,740,000	2,077,500	2,270,000	2,750,000	2,570,000	2,705,000	2,905,000	2,980,000	13,275,000
Interest	1,461,048	1,368,159	1,497,319	1,689,751	2,434,283	2,838,148	2,894,084	2,745,975	2,937,025	3,425,476
Other charges	65,998	97,089	232,149	2,852,439	162,995	208,418	119,937	280,454	446,585	302,141
Capital Projects-General	1,194,776	1,114,010	890,843	157,754	877,408	3,356,965	8,707,116	7,085,812	3,086,881	12,532,566
Capital Projects-Schools	178,655	160,208	4,133,101	10,947,183	16,566,119	5,418,021	380,630	3,456,345	2,038,514	2,674,190
Total expenditures	\$ 61,756,494	\$ 64,464,742	\$ 71,154,066	\$ 84,106,581	\$ 92,020,021	\$ 85,201,769	\$ 89,464,559	\$ 96,678,849	\$ 98,520,913	\$ 126,288,895
Excess of revenues over (under) expenditures	\$ 864,060	\$ 3,197,946	\$ (1,141,486)	\$ (7,191,612)	\$ (13,745,239)	\$ (4,350,684)	\$ (4,068,178)	\$ (5,136,317)	\$ (1,092,108)	\$ (16,358,935)

(Continued)

Table 5

Bradley County, Tennessee
Changes in Fund Balances General Governmental and Discretely Presented Component Unit
Last Ten Fiscal Years (Cont.)

	Fiscal Year									
	1997	1998	1999	2000	2001	2002	2003	2004	2005	2006
Other financing sources (uses)										
Transfers in	\$ 1,798,526	\$ 1,883,922	\$ 1,906,830	\$ 2,083,808	\$ 2,104,923	\$ 2,405,607	\$ 2,575,539	\$ 210,353	\$ 433,710	\$ 627,644
Transfers out	(1,798,526)	(1,883,922)	(1,906,830)	(2,083,808)	(2,104,923)	(2,405,607)	(2,575,539)	(210,353)	(433,710)	(627,644)
Bond proceeds	-	-	-	-	-	-	-	-	-	-
Note proceeds	-	300,000	5,000,000	10,050,000	18,816,870	6,092,800	8,300,734	7,542,000	2,923,755	12,146,511
Proceeds on refunded bonds	-	-	15,045,000	-	-	-	-	-	-	-
Payments to refunded bond escrow agent	-	-	(14,904,951)	-	-	-	-	-	-	-
Proceeds Capitalized Lease	-	-	84,200	-	-	-	231,121	244,860	215,659	18,219
Transfer to component unit	-	-	-	-	-	-	-	-	-	-
Proceeds on Sale of Land	-	-	-	-	-	-	-	-	-	-
TOTAL OTHER SOURCES	\$ -	\$ 300,000	\$ 5,224,249	\$ 10,050,000	\$ 18,816,870	\$ 6,092,800	\$ 8,531,855	\$ 7,786,860	\$ 3,139,414	\$ 12,164,730
Net change in fund balances	\$ 864,060	\$ 3,497,946	\$ 4,082,763	\$ 2,858,388	\$ 5,071,631	\$ 1,742,116	\$ 4,463,677	\$ 2,650,543	\$ 2,047,306	\$ (4,194,205)
Debt Service as a percentage of noncapital expenditures	6.8%	6.7%	5.8%	9.3%	7.2%	7.3%	7.1%	6.9%	6.8%	15.3%

General Governmental and Discretely Presented Component Unit TAX Revenues by Source
Last Ten Fiscal Years

Fiscal Year	Property Tax	Sales Tax	Hotel Tax	Litigation Tax	Business Tax	Other local Tax	Bank Excise Tax	Wholesale Beer	Interstate Telecom	Total Tax Revenue
1997	\$16,975,742	\$8,005,576	\$345,051	\$306,593	\$543,436	\$0	\$179,655	\$219,291	\$0	\$26,575,344
1998	18,884,535	8,199,676	364,519	305,273	623,513	0	180,035	197,399	0	28,754,950
1999	19,482,367	8,660,734	391,554	302,353	645,760	0	203,413	226,246	0	29,912,427
2000	23,100,211	9,260,234	420,221	544,373	552,029	45,275	161,729	206,782	0	34,290,854
2001	23,599,144	9,256,686	351,039	472,874	704,837	19,598	125,371	201,572	0	34,731,121
2002	24,727,554	9,177,251	419,377	556,462	733,968	3	167,370	206,304	7,203	35,995,492
2003	25,855,277	9,496,305	421,279	506,735	688,078	2,061	173,299	232,308	23,387	37,398,729
2004	26,265,305	10,155,593	471,160	474,242	746,486	0	151,586	265,667	19,342	38,549,381
2005	27,176,962	10,659,086	550,519	441,951	848,165	498	165,338	263,886	17,682	40,124,087
2006	28,586,707	11,245,000	597,302	475,737	852,262	495	240,264	271,405	19,157	42,288,329

Includes recurring expenditures of the general, special revenue, capital projects and debt service fund types.

Table 6

Bradley County, Tennessee
Assessed and Estimated Actual Value of Property
Last Ten Fiscal Years

Fiscal Year	Ending June 30	Tax Year	Tax Rate	Real Property		Personal Property		Public Utilities		Total		Ratio of Total Assessed Value To Total Estimated Actual Value
				Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	Estimated	Assessed	
				1997	1996	\$ 2.53	\$ 2,360,086,660	\$ 677,008,300	\$ 393,438,910	\$ 102,198,438	\$ 82,227,872	
1998	1997	2.53	2,431,819,360	697,260,460	363,166,959	85,562,244	78,259,040	39,129,520	2,873,245,359	821,952,224	28.61	
1999	1998	2.18	3,290,542,900	936,425,500	378,124,516	113,437,462	106,447,032	53,223,516	3,775,114,448	1,103,086,478	29.22	
2000	1999	2.18	3,364,307,300	958,054,640	455,914,687	136,774,539	111,805,158	55,902,579	3,932,027,145	1,150,731,758	29.27	
2001	2000	2.43	3,467,925,000	987,402,505	313,117,892	106,369,703	144,942,292	72,471,146	3,925,985,184	1,166,243,354	29.71	
2002	2001	2.37	4,004,121,900	1,132,834,080	395,138,236	118,541,569	159,655,984	79,827,992	4,558,916,120	1,331,203,641	29.20	
2003	2002	2.18	4,117,433,300	1,167,628,385	599,464,775	179,839,539	157,525,324	78,762,662	4,874,423,399	1,426,230,586	29.26	
2004	2003	2.18	4,218,292,800	1,197,359,520	591,189,504	154,367,603	157,525,324	78,762,662	4,967,007,628	1,430,489,785	28.80	
2005	2004	2.02	4,813,051,600	1,367,157,130	643,760,090	193,128,027	110,030,664	55,015,332	5,566,842,354	1,615,300,489	29.02	
2006	2005	2.02	5,020,566,900	1,429,562,610	648,911,057	194,673,307	121,093,308	60,546,654	5,790,571,265	1,684,782,571	29.10	

Source: Bradley County Assessor of Property

Note: Exempt properties are not included in the assessed or estimated value because the property assessor does not currently place values on these.

Table 7

Bradley County, Tennessee
Property Tax Rates (per \$100 assessed value)
Direct and Overlapping Governments
Last Ten Fiscal Years

Fiscal Year		Bradley	Bradley	Bradley		
Ending	Tax	County	County	County	City of	City of
June 30	Year	Gen Rate	Fire O/S Fringe	Fire I/S Fringe	Cleveland	Charleston
1997	1996	\$ 2.53	\$ 0.31	\$ -	\$ 1.33	\$ 0.65
1998	1997	2.53	0.31	-	1.33	0.65
1999	1998	2.18	0.31	-	1.20	0.52
2000	1999	2.18	0.31	-	1.26	0.52
2001	2000	2.43	0.31	0.51	1.56	0.52
2002	2001	2.18	0.19	0.51	1.65	0.47
2003	2002	2.18	0.13	0.51	1.65	0.57
2004	2003	2.18	0.13	0.51	1.65	0.57
2005	2004	2.02	0.12	0.46	1.65	0.48
2006	2005	2.02	0.12	0.46	1.65	0.48

Source: Bradley County Assessor of Property

Table 8

Bradley County, Tennessee
Principal Taxpayers
For the Fiscal Year Ended June 30, 2006

Taxpayer	Type of Business	2006			Percentage of Total Taxes Levied (2)	2003 (1)			Percentage of Total Taxes Levied (2)
		Rank	Assessed Valuation	2006 Tax Liability		Rank	Assessed Valuation	2003 Tax Liability	
Maytag	Appliance Manufacturer	1	\$ 28,719,878	\$ 580,142	1.77%	1	\$ 29,233,725	\$ 637,295	2.16%
Mars-Inc.	Candies, Cookies	2	24,036,400	485,535	1.48%	3	22,629,565	493,325	1.67%
Community Health Systems	Hospitals	3	23,143,063	467,490	1.42%				
Duracell/Gillette	Battery Manufacturer	4	20,866,287	421,499	1.28%	2	25,900,565	564,632	1.91%
Life Care Centers	Nursing Homes	5	19,412,686	392,136	1.20%				
Olin Mathieson	Chemical Company	6	16,387,955	331,037	1.01%	5	16,445,112	358,503	1.21%
Bellsouth Telecom	Phones	7	16,254,141	328,334	1.00%	6	15,898,052	346,578	1.17%
Peytons/Kroger	Distribution Center	8	15,725,902	317,663	0.97%	10	6,315,643	137,681	0.47%
Volunteer Energy Corp	Utility	9	12,294,541	248,350	0.76%	8	10,918,942	238,033	0.81%
Arch Chemicals	Chemical Company	10	12,219,688	246,838	0.75%	4	16,695,447	363,961	1.23%
Schering-Plough	Foot Products				0.00%	7	12,942,857	282,154	0.96%
Crown American	Shopping Malls				0.00%	9	8,102,202	176,628	0.60%
					11.64%				12.20%

Source: Bradley County Property Assessor

(1) Due to the implementation of GASB Statement 34 in fiscal year 2003, the oldest year available is 2003.

Table 9

Bradley County, Tennessee
Property Tax Levies and Collections-By Tax Year
Last Ten Fiscal Years
As of June 30, 2006

Tax Year	Total Tax Levy	Fiscal Year Tax Collections	Percent of Fiscal Year Collected	Delinquent Tax Collections	Total Tax Collections	Ratio of Total Tax Collections to Tax Levy	Outstanding Delinquent Taxes	Ratio of Delinquent Taxes to Total Tax Levy
1996	\$ 20,005,323	\$ 15,476,896	77.36%	\$ 4,526,120	\$ 20,003,016	99.99%	\$ 2,307	0.01%
1997	20,795,391	15,727,385	75.63%	5,066,316	20,793,701	99.99%	1,690	0.01%
1998	24,047,285	17,768,380	73.89%	6,275,503	24,043,883	99.99%	3,402	0.01%
1999	25,085,952	18,330,296	73.07%	6,743,830	25,074,126	99.95%	11,826	0.05%
2000	27,898,976	21,618,046	77.49%	6,221,702	27,839,748	99.79%	59,228	0.21%
2001	27,264,450	22,200,622	81.43%	4,745,301	26,945,923	98.83%	318,527	1.17%
2002	28,959,013	23,303,297	80.47%	4,987,388	28,290,685	97.69%	668,328	2.31%
2003	29,507,508	24,011,528	81.37%	4,896,567	28,908,095	97.97%	599,413	2.03%
2004	31,643,573	25,315,685	80.00%	5,684,389	31,000,074	97.97%	643,499	2.03%
2005	32,809,566	27,035,428	82.40%	(1)	27,035,428	82.40%	(1)	0.00%

Source: Trustee tax collection records and tax rolls, clerk and master tax collection records.

(1) Taxes are current until April 1st of the following year.

Table 10

Bradley County, Tennessee
Ratio of Outstanding Debt by Type
Last Ten Fiscal Years

Fiscal Year	<u>Governmental Activities</u>		Total Government	Percentage of Personal Income	Per Capita (1)
	General Bonded Debt and Other Loans Payable	Capital Leases			
1997	\$ 17,607,067	\$ 0	\$ 17,607,067	1.01%	\$ 223
1998	14,231,419	379,420	14,610,839	0.81%	185
1999	11,230,957	251,699	11,482,656	0.62%	146
2000	29,228,347	154,558	29,382,905	1.38%	334
2001	47,693,688	146,160	47,839,848	2.24%	544
2002	57,491,770	0	57,491,770	2.70%	654
2003	63,797,734	150,928	63,948,662	3.00%	727
2004	69,774,734	227,610	70,002,344	3.28%	796
2005	70,493,489	214,857	70,708,346	3.32%	804
2006	70,920,000	83,866	71,003,866	3.33%	807

(1) Calculated using information from the U.S. Census Bureau.

Table 11

Bradley County, Tennessee
Ratio of Net General Obligation Bonded Debt and Other Loans Payable to Assessed Value
and Net General Obligation Bonded Debt and Other Loans Payable Per Capita
Last Ten Fiscal Years

Fiscal Year	General Bonded Debt and		Net Bonded Debt and Other Loans Payable	Assessed Property Value	Ratio of Net	(1) Population	Net Bonded Debt
	Other Loans Payable (2)	Less: Amounts Available in Debt Service Fund			Bonded Debt and Other Loans Payable to		and Other Loans Payable Per Capita
1997	\$ 17,607,067	\$ 5,118,086	\$ 12,488,981	\$ 820,320,674	1.52%	78,830	\$ 158
1998	14,610,839	7,762,931	6,847,908	821,952,224	0.83	78,830	87
1999	11,482,656	10,977,729	504,927	1,103,086,478	0.05	78,830	6
2000	29,382,905	13,748,163	15,634,742	1,150,731,758	1.36	87,965	178
2001	47,839,848	18,979,375	28,860,473	1,166,243,354	2.47	87,965	328
2002	57,491,770	22,284,829	35,206,941	1,331,203,641	2.64	87,965	400
2003	69,310,000	25,037,444	44,272,556	1,426,230,586	3.10	87,965	503
2004	69,774,734	27,489,479	42,285,255	1,430,489,785	2.96	87,965	481
2005	70,493,489	30,236,743	40,256,746	1,615,300,489	2.49	87,965	458
2006	70,920,000	23,378,643	47,541,357	1,624,235,927	2.93	87,965	540

(1) Information taken from U.S. Census Bureau reports.

(2) Does not include discretely presented Bradley Memorial Hospital or discretely presented Bradley Healthcare & Rehabilitation Center component units.

Table 12

Bradley County, Tennessee
Direct and Overlapping Debt
General Obligation Bonds, Notes and Other Loans
As of June 30, 2006

Direct Debt

General Bonded Debt (1)	\$ 1,285,000
Notes Payable	815,000
Public Building Authority Loan Agreements (2)	69,635,000
Less: General Debt Service Fund	<u>(23,378,643)</u>
 Total Direct Debt	 \$ 48,356,357

Overlapping Debt

City of Cleveland	<u>\$ 61,340,000</u>
 Total Overlapping Debt	 <u>61,340,000</u>

Total Direct and Overlapping Debt \$ 109,696,357

(1) Does not include \$9,705,000 Hospital Bonds which are being paid from Hospital proceeds.

(2) Amounts include primary government and discretely presented Bradley County School Department debt.

Sources: Cumberland Securities, Division of Morgan Keegan & Company, Inc.
Financial Advisor for Bradley County and the City of Cleveland

Bradley County, Tennessee
Computation of Legal Debt Margin
June 30, 2006

Not Applicable to Bradley County, Tennessee

Note: Section 9-21-103 of the laws of the State of Tennessee provide that bonds or notes may be issued without regard to any limit on indebtedness for Tennessee counties.

Bradley County, Tennessee
Pledged-Revenue Coverage
Last Ten Fiscal Years

Not Applicable to Bradley County, Tennessee

Note: The only revenue bonds issued were Revenue and Tax Refunding Bonds for Bradley Memorial Hospital, which is not included in Bradley County as part of the primary government.

Bradley County, Tennessee
Demographic Statistics
Last Ten Fiscal Years

Fiscal Year Ended June 30	(1) Population	Personal Income	(1) Per Capita Income	(1) Median Age	(1) Education Level in Years of Formal Schooling	(2) County School Enrollment	(3) Average Unemployment Rate
1997	78,830	\$ 1,740,408,740	\$ 22,078	34.2	N/A	10,791	5.5%
1998	78,830	1,794,643,780	22,766	34.2	N/A	10,735	3.8%
1999	78,830	1,863,698,860	23,642	34.2	N/A	10,925	3.6%
2000	87,965	2,132,535,495	24,243	35.5	14.4	10,752	3.4%
2001	87,965	2,132,535,495	24,243	35.5	14.4	10,793	3.8%
2002	87,965	2,132,535,495	24,243	35.5	14.4	10,865	4.9%
2003	87,965	2,132,535,495	24,243	35.5	14.4	10,860	5.5%
2004	87,965	2,132,535,495	24,243	35.5	14.4	11,014	5.1%
2005	87,965	2,132,535,495	24,243	35.5	14.4	11,171	5.3%
2006	87,965	2,132,535,495	24,243	35.5	14.4	11,663	5.8%

(1) U. S. Census Bureau

(2) Weighted Full Time Equivalent Average Daily Attendance - Bradley County Schools.

(3) Tennessee Department of Labor and Workforce Development

Table 16

Bradley County, Tennessee
Principal Employers
Current Year and Nine Years Ago

Employer	2006			1997		
	Employees	Rank	% of Total County Employment	Employees	Rank	% of Total County Employment
Whirlpool Corporation (Maytag)	2,200	1	4.69%	1,760	1	3.75%
Peyton's Southeastern Inc.	1,200	2	2.56%	960	2	2.05%
Masterfoods USA (Mars)	800	3	1.71%	775	4	1.65%
Charleston Hosiery, Inc.	590	4	1.26%	615	5	1.31%
Maytag Services	550	5	1.17%	800	3	1.71%
Cleveland Chair Company	525	6	1.12%	446	8	0.95%
Duracell	525	7	1.12%	535	6	1.14%
Shering-Plough Healthcare	500	8	1.07%	450	7	0.96%
Jackson Manufacturing Company	475	9	1.01%	428	9	0.91%
Hardwick Clothes, Inc.	400	10	0.85%	360	10	0.77%
Total	7,765		16.55%	7,129		15.19%
Total employment - average annual 2005	46,920					
Total employment - average annual 1997	45,200					

Source: Chamber of Commerce
Tennessee Department of Labor

Table 17

Bradley County, Tennessee
Full-Time Employees by Function
Last Ten Years

	Employees as of June 30,									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
Function:										
General Government	41	38	41	41	41	40	39	38	45	38
Finance	39	40	41	36	38	40	42	40	39	42
Administration of Justice	57	59	52	48	47	55	47	55	58	55
Public Safety	123	124	128	144	150	158	161	230	245	272
Health & Welfare	46	43	47	49	53	55	61	74	97	83
Social, Cultural, & Recreation	4	5	3	6	6	8	9	10	10	10
Agriculture & Natural Resources	2	2	4	3	2	3	2	3	3	2
Other	2	2	1	2	2	1	2	2	1	2
Road & Bridge	58	60	52	53	53	54	49	50	54	53
Total	372	373	369	382	392	414	412	502	552	557
COMPONENT UNIT:										
Education	798	821	837	857	867	884	884	896	912	922

Table 18

Bradley County, Tennessee
Operating Indicators by Function
June 30, 2006

FUNCTION	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	<u>2005</u>	<u>2006</u>
<u>General Government</u>										
Registered Voters	N/A	51,384	51,388	53,188						
Building Permits Issued	653	710	690	687	709	833	725	545	608	827
<u>Public Safety</u>										
Number of warrants served	N/A	3,002								
Fire Dept - Call Volume	N/A	N/A	N/A	N/A	660	640	491	622	528	-
Rescue Service - Call Volume	N/A	N/A	N/A	975	924	693	491	659	744	-
Fire/Rescue Service - Call Volume	-	-	-	-	-	-	-	-	-	1,150
<u>Public Health</u>										
Ambulance- Call Volume	12,106	12,307	13,323	13,840	14,302	14,266	15,281	16,924	17,995	18,000
Response Time -avg. minutes	N/A	N/A	N/A	6.0	N/A	6.0	N/A	6.4	6.6	6.6
<u>Road & Bridge</u>										
Street Resurfaced (miles)	N/A	61.9								

N/A= Information is not available for this period.

* Fire and Rescue combined services.

Table 19

Bradley County, Tennessee
Capital Assets by Function
June 30, 2006

FUNCTION	Fiscal Year									
	<u>1997</u>	<u>1998</u>	<u>1999</u>	<u>2000</u>	<u>2001</u>	<u>2002</u>	<u>2003</u>	<u>2004</u>	2005	<u>2006</u>
Highways and Streets										
Number of Miles	N/A	N/A	N/A	N/A	N/A	N/A	N/A	738	739	744
Traffic signals	N/A	N/A	N/A	N/A	N/A	N/A	N/A	6	6	6
Public Safety										
Number of Correctional Facilities	2	2	2	2	2	2	2	2	2	2
Number of Fire Stations	6	6	6	6	6	6	6	7	7	7
Health and Welfare										
Nursing Home	1	1	1	1	1	1	1	1	1	1
Number of Beds	213	213	213	213	213	213	213	213	213	213
Dispatch Station										
Ambulance Stations	2	2	2	2	2	2	3	3	3	3
Number of ambulance units	8	8	8	9	9	10	10	10	10	10
Health Department Facilities	1	1	1	1	1	1	1	1	1	1
<u>Facilities and Services Not Included in the Primary Government</u>										
Education:										
Form of Administration	Director of Schools, Appointed									
Number of Employees	798	821	837	857	867	884	884	896	912	922
Elementary Schools	10	10	10	10	11	11	11	11	11	11
Middle Schools	2	2	2	2	2	2	2	2	2	2
High Schools	1	1	1	1	2	0	0	2	2	2
K-12 School	1	1	1	1	0	0	0	0	0	0
Alternative School	1	1	1	1	1	1	1	1	1	1

N/A - Information is not available for this period.

SINGLE AUDIT SECTION



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

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 22, 2006

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Bradley County's basic financial statements and have issued our report thereon dated September 22, 2006. Our report on the aggregate discretely presented component units was qualified because the Bradley County Memorial Hospital's auditors were unable to obtain support for the hospital's pension plan liability. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradley County's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinions on the financial statements and not to provide an opinion on the internal control over financial reporting. However, we noted certain matters involving the internal control over financial reporting and its operation that we consider to be reportable conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial

reporting that, in our judgment, could adversely affect Bradley County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02, 06.04, and 06.05.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Bradley County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01 and 06.03.

We also noted certain matters that we reported to the management of Bradley County in separate communications.

This report is intended solely for the information and use of the Board of County Commissioners, management, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



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

September 22, 2006

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Bradley County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. Bradley County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Bradley County's management. Our responsibility is to express an opinion on Bradley County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Bradley County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination on Bradley County's compliance with those requirements.

In our opinion, Bradley County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

Internal Control Over Compliance

The management of Bradley County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Bradley County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

We noted certain matters involving the internal control over compliance 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 compliance that, in our judgment, could adversely affect the Bradley County School Department's ability to administer major federal programs in accordance with applicable requirements of laws, regulations, contracts, and grants. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.05 and 06.06.

A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that 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. Our consideration of the internal control over compliance 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 considered to be material weaknesses. However, we believe none of the reportable conditions described above is a material weakness.

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Bradley County, Tennessee, as of and for the year ended June 30, 2006, and have issued our report thereon dated September 22, 2006. Our report on the aggregate discretely presented component units was qualified because the Bradley County Memorial Hospital's auditors were unable to obtain support for the hospital's pension plan liability. 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,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

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 Bradley County Memorial Hospital

To the Board of Trustees of
Bradley County Memorial Hospital:

We have audited the consolidated financial statements of Bradley County Memorial Hospital as of and for the year ended June 30, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradley County Memorial Hospital's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide an opinion on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance and Other Matters

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

This report is intended for the information of the Board of Trustees, management of Bradley County Memorial Hospital and the State of Tennessee, Comptroller of the Treasury, Department of Audit and it is not intended to be, and should not be used by anyone other than these specified parties.

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 Bradley Healthcare & Rehabilitation Center

To the Board of Trustees of
Bradley Healthcare & Rehabilitation Center

We have audited the financial statements of Bradley Healthcare & Rehabilitation Center as of and for the year ended June 30, 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.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Bradley Healthcare & Rehabilitation Center's internal control over financial reporting in order to determine our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control over financial reporting. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal controls over financial reporting that might be material weaknesses. A material weakness is a condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. We noted no matters involving the internal control over financial reporting and its operation that we consider to be material weaknesses.

Compliance

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

However, we noted other insignificant matters involving the internal control over financial reporting, which we have reported to the management of Bradley Healthcare & Rehabilitation in a separate letter.

This report is intended solely for the information and use of the Board of Trustees, management, the Bradley County Government, and the State of Tennessee and is not intended to be and should not be used by anyone other than these specified parties.

Bradley County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2006

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 264,444
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	464,177
National School Lunch Program	10.555	N/A	1,488,256
Total U.S. Department of Agriculture			<u>\$ 2,216,877</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM0308	\$ 107,601
Total U.S. Department of Housing and Urban Development			<u>\$ 107,601</u>
U.S. Department of Justice:			
Direct Programs:			
Byrne Formula Grant Program	16.579	N/A	\$ 5,225
Public Safety Partnership and Community Policing Grants	16.710	2001SHWZO528	216,417
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	(3)	149,493
Enforcing Underage Drinking Laws Programs	16.727	(4)	27,683
Total U.S. Department of Justice			<u>\$ 398,818</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(2)	\$ 105,309
Total U.S. Department of Transportation			<u>\$ 105,309</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,132,262
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,625,854
Special Education - Preschool Grants	84.173	N/A	70,831
Vocational Education - Basic Grants to States	84.048	N/A	192,521
Safe and Drug-Free Schools and Communities - National Programs	84.184	Q184L050439	78,986
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	48,696
Twenty-First Century Community Learning Centers	84.287	192-06-2-004	184,875
State Grants for Innovative Programs	84.298	N/A	26,299
Education Technology State Grants	84.318	(5)	328,733
English Language Acquisition Grants	84.365	(2)	24,868
Improving Teacher Quality State Grants	84.367	N/A	355,074
Passed-through State Department of Labor and Workforce Development:			
Adult Education-State Grant Program	84.002	Z-06-022751-00	147,265
Total U.S. Department of Education			<u>\$ 4,216,264</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Programs	97.004	(6)	\$ 790,218
Emergency Management Performance Grant	97.042	Z-05-025363-00	27,421
Homeland Security Grant	97.067	Z-05-025135	86,419
Total U.S. Department of Homeland Security			<u>\$ 904,058</u>
Total Expenditures of Federal Awards			<u>\$ 7,948,927</u>

(Continued)

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

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Safe Schools Act - State Department of Education	N/A	(2)	\$ 45,238
Lottery Education After School Programs - State Lottery Commission	N/A	019-06-1-025	127,400
Voluntary Pre-K for Tennessee - State Lottery Commission	N/A	(2)	213,448
State Reappraisal Program - Comptroller of the Treasury	N/A	(2)	27,725
Litter Program - State Department of Transportation	N/A	Z-06-027936-00	46,347
Juvenile Services Program - State Children's Services Commission	N/A	Z-06-002572-00	29,597
Family Friends - State Children's Services Commission	N/A	GG-06-11945	68,178
Community Prevention Initiative Program - State Department of Health	N/A	Z-05-0207-98	237,429
Youth Violence and Drug Use Prevention - State Department of Education	N/A	(2)	4,626
Child Visitation Program - State Department of Finance	N/A	(2)	28,174
Community Corrections Program - State Board of Probation and Parole	N/A	(2)	368,954
Tire Recycling Grant - State Department of Environment and Conservation	N/A	Z-03-011360-01	63,294
Youth Environment Services	N/A	(2)	44,468
Students Against Violence Everywhere	N/A	(2)	1,000
Stream Clean-Up - Tennessee Wildlife Resources Agency	N/A	Z-03-014715	1,000
Total State Grants			\$ 1,306,878

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) GG-05-11424-00: \$9,632; GG-05-11395-00: \$83,287; GG-06-12100-00: \$56,574
- (4) GG-05-11263-00: \$7,740; GG-06-12011-00: \$19,944
- (5) CACTS: \$37,158; Z-04-020709: \$104,999; Z-04-020847-00: \$68,580; Z-03-015000-00: \$117,994
- (6) Z-04-022420-00: \$397,289; Z-04-022420-01: \$300,000; Z-03-17727-01: \$11,530; Z-04-020072-01: \$41,239; Z-04-020072-02: \$40,116

Bradley 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 are findings from the Comprehensive Annual Financial Report for Bradley County, Tennessee, for the year ended June 30, 2005, which have not been corrected.

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.04	259	The school department did not maintain inventory records for non-depreciable assets

OTHER FINDINGS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.05	260	A central system of accounting, budgeting, and purchasing had not been adopted
05.06	260	Duties were not segregated adequately in the Offices of Road Superintendent, Trustee, Clerk and Master, and Register

BRADLEY COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Bradley County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance which was material to the financial statements of Bradley County.
4. The audit disclosed one reportable condition in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies Program (CFDA No. 84.010), the Special Education Cluster: the Special Education – Grants to States Program and the Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), the Education Technology State Grants Program (CFDA No. 84.318), the Improving Teacher Quality State Grants Program (CFDA No. 84.367), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$300,000 was used to distinguish between Type A and Type B federal programs.
9. Bradley County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses by the county mayor and the director of schools are quoted in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF COUNTY MAYOR

**FINDING 06.01 A TAX ANTICIPATION NOTE WAS NOT ISSUED AND
RETIRED IN COMPLIANCE WITH STATE STATUTES
(Material Noncompliance Under Government Auditing Standards)**

During the year, the Inside Urban Fringe Area Fire Tax Fund borrowed \$500,000 from the General Fund to provide cash for operations in anticipation of tax collections. This note was not approved by the state director of Local Finance and was not retired by June 30, 2006. Section 9-21-801, Tennessee Code Annotated, allows the County Commission to issue tax anticipation notes with the approval of the state director of Local Finance provided the notes are retired by the end of the current fiscal year. This note has been reflected in the financial statements of this report as an accounts receivable in the General Fund and a current payable in the Inside Urban Fringe Area Fire Tax Fund.

RECOMMENDATION

Tax anticipation notes should be approved by the state director of Local Finance and retired prior to the end of the fiscal year issued as required by state statute.

MANAGEMENT'S RESPONSE – COUNTY MAYOR (DIRECT QUOTE)

An operating transfer was made from the General Fund to the Urban Fire Fringe Fund to cover the contract payments to the City of Cleveland until the property tax was collected. Due to the fact that we had over projected our collected revenues for 2005-06, we were unable to return the funds to the General Fund as of June 30, 2006. As soon as property tax revenue comes in for 2006-07, these funds will be returned.

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 06.02 THE SCHOOL DEPARTMENT DID NOT MAINTAIN
INVENTORY RECORDS FOR NONDEPRECIABLE ASSETS
(Internal Control – Reportable Condition Under Government
Auditing Standards)**

The School Department did not maintain inventory records for its nondepreciable assets. Generally accepted accounting principles require accountability for all department-owned assets, such as equipment, furniture, and vehicles. Without inventory records, the department cannot adequately control its assets.

RECOMMENDATION

The School Department should maintain inventory records for all department-owned assets, including nondepreciable assets, as required by generally accepted accounting principles. Furthermore, personnel independent of maintaining the inventory should periodically verify the inventory records.

FINDING 06.03 **SALARY EXPENDITURES EXCEEDED APPROPRIATIONS IN SEVERAL LINE ITEMS OF THE GENERAL PURPOSE SCHOOL FUND**
(Noncompliance Under Government Auditing Standards)

General Purpose School Fund salary expenditures exceeded appropriations approved by the County Commission in 19 line items by \$141,340. The budget resolution approved by the County Commission states that “the salary, wages, or remuneration of each officer, employee, or agent of the County, shall not be in excess of the amounts authorized by existing law or as set forth in the estimate of expenditures which accompanies this resolution.”

RECOMMENDATION

Salary expenditures should be held within line-item appropriations as required by the budget resolution.

OTHER FINDINGS AND RECOMMENDATIONS

FINDING 06.04 **A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING HAD NOT BEEN ADOPTED**
(Internal Control – Reportable Condition Under Government Auditing Standards)

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

RECOMMENDATION

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

FINDING 06.05

DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF ROAD SUPERINTENDENT, DIRECTOR OF SCHOOLS, TRUSTEE, CLERK AND MASTER, REGISTER, AND SHERIFF

(Internal Control – Reportable Condition Under Government Auditing Standards and OMB Circular A-133)

Duties were not segregated adequately among the officials and employees in the Offices of Road Superintendent, Director of Schools, Trustee, Clerk and Master, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader's attention in this report.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS (DIRECT QUOTE)

Due to limited resources and personnel, we are unable to correct this finding at this time; however, we will continue to seek ways to address this finding in the future.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS
For the Year Ended June 30, 2006**

Federal/Pass-through Agencies	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program School Lunch Program	06.06		Circular A-133, Section 500 (c)(3)	Reportable Condition in Internal Control See Finding 06.05 - Duties were not adequately segregated in the Office of Director of Schools	\$ 0
		10.553			
		10.555			
U.S. Department of Education: Passed-through State Department of Education: Title 1 Grant to Local Educational Agencies Special Education Cluster: Special Education - Grants to States Special Education - Preschool Grants Education Technology State Grants Improving Teacher Quality State Grants					
		84.010			
		84.027			
		84.173			
		84.318			
		84.367			

BRADLEY COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2006

There are two audit findings relative to federal awards presented in the current year audit's Schedule of Findings and Questioned Costs and no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Corrective Action Plan for Current Year Findings

FINDINGS 06.05 and 06.06

Contact Person(s):	Robert Taylor, Director of Schools Rick Smith, School Business Manager
Corrective Action Planned:	Due to limited resources and personnel, management is not able to properly segregate duties among employees.
Anticipated completion date:	None