

*Jenny Lane*  
'90

## **STATISTICAL SECTION (unaudited)**

This part of the County annual financial 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 county's overall financial health.

### **Contents**

### **Page**

#### **Financial Trends**

F - 1

These schedules contain trend information to help the reader understand how the county's financial performance and well-being have changed over time.

#### **Revenue Capacity**

F - 7

These schedules contain information to help the reader assess the factors affecting the county's ability to generate its property and sales taxes.

#### **Debt Capacity**

F - 13

These schedules present information to help the reader assess the affordability of the county's current levels of outstanding debt and the county's ability to issue additional debt in the future.

#### **Demographic and Economic Information**

F - 16

These schedules offer demographic and economic indicators to help the reader understand the environment within which the county's financial activities take place and to help make comparisons over time and with other governments.

#### **Operating Information**

F - 18

These schedules contain information about the county's operations and resources to help the reader understand how the county's financial information relates to the services the county provides and the activities it performs.

Sources: Unless otherwise noted, the information in these schedules is derived from the comprehensive annual financial reports for the relevant year. The county implemented GASB Statement 34 in 2002; schedules presenting government-wide information include information beginning in that year.

**Schedule I**  
**HAMILTON COUNTY, TENNESSEE**  
**Net Assets by Component**  
**Last Two Fiscal Years**  
**(accrual basis of accounting)**

|   | <b>Fiscal Year</b>           |                              |
|---|------------------------------|------------------------------|
|   | <u><b>2006</b></u>           | <u><b>2005</b></u>           |
| Governmental activities                         |                              |                              |
| Invested in capital assets, net of related debt | \$ 172,743,851               | \$ 196,706,802               |
| Restricted                                      | 26,796,148                   | 34,178,104                   |
| Unrestricted                                    | <u>(11,889,667)</u>          | <u>(59,663,380)</u>          |
| Total governmental activities net assets        | <u><u>\$ 187,650,332</u></u> | <u><u>\$ 171,221,526</u></u> |
| Primary government                              |                              |                              |
| Invested in capital assets, net of related debt | \$ 172,743,851               | \$ 196,706,802               |
| Restricted                                      | 26,796,148                   | 34,178,104                   |
| Unrestricted                                    | <u>(11,889,667)</u>          | <u>(59,663,380)</u>          |
| Total primary government net assets             | <u><u>\$ 187,650,332</u></u> | <u><u>\$ 171,221,526</u></u> |

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Hamilton County does not have any business-type activities.

**Schedule II**  
**HAMILTON COUNTY, TENNESSEE**  
**Changes in Net Assets, Last Five Years**  
**(accrual basis of accounting)**

|   | <b>Fiscal Year</b>   |                       |                     |                      |                      |
|---|----------------------|-----------------------|---------------------|----------------------|----------------------|
|   | <u>2006</u>          | <u>2005</u>           | <u>2004</u>         | <u>2003</u>          | <u>2002</u>          |
| <b>Expenses</b>   |                      |                       |                     |                      |                      |
| Governmental activities:                                |                      |                       |                     |                      |                      |
| General Government                                      | \$ 34,981,305        | \$ 31,552,148         | \$ 32,954,221       | \$ 34,675,500        | \$ 35,365,044        |
| Public Safety:  |                      |                       |                     |                      |                      |
| Sheriff   | 25,294,547           | 23,797,816            | 25,316,591          | 23,868,362           | 22,222,540           |
| Criminal Court  | 3,586,288            | 3,516,738             | 3,459,762           | 3,168,418            | 2,981,818            |
| Juvenile Court  | 7,638,342            | 7,214,860             | 6,975,183           | 5,339,356            | 4,759,642            |
| Ambulance Services                                      | 17,811,039           | 17,687,413            | 15,058,814          | 11,845,698           | 11,955,328           |
| Other   | 22,751,522           | 21,415,997            | 19,337,349          | 19,412,292           | 17,471,042           |
| Highways and streets                                    | 13,673,235           | 15,464,132            | 14,288,450          | 9,927,596            | 11,297,051           |
| Health  | 19,121,961           | 18,231,342            | 17,674,360          | 17,463,293           | 16,359,827           |
| Social Services   | 7,776,426            | 7,914,628             | 8,120,070           | 10,195,370           | 8,310,516            |
| Culture and recreation                                  | 10,460,777           | 7,427,337             | 7,244,976           | 10,846,970           | 10,526,583           |
| Education   | 12,792,560           | 35,440,590            | 15,308,638          | 15,260,477           | 24,893,665           |
| Interest on long-term debt                              | 6,533,192            | 7,109,395             | 6,910,473           | 7,306,784            | 8,627,128            |
| Total governmental activities expenses                  | <u>182,421,194</u>   | <u>196,772,396</u>    | <u>172,648,887</u>  | <u>169,310,116</u>   | <u>174,770,184</u>   |
| Total primary government expenses                       | <u>182,421,194</u>   | <u>196,772,396</u>    | <u>172,648,887</u>  | <u>169,310,116</u>   | <u>174,770,184</u>   |
| <b>Program Revenues</b>                                 |                      |                       |                     |                      |                      |
| Governmental activities:                                |                      |                       |                     |                      |                      |
| Charges for services                                    |                      |                       |                     |                      |                      |
| General Government                                      | 17,509,655           | 13,905,047            | 13,429,971          | 15,220,090           | 13,584,977           |
| Public Safety:  |                      |                       |                     |                      |                      |
| Sheriff   | 1,187,587            | 1,174,128             | 1,187,862           | 5,701,719            | 4,972,462            |
| Criminal Court  | 2,393,387            | 2,312,890             | 2,406,421           | 1,999,857            | 2,094,339            |
| Juvenile Court  | 752,358              | 686,231               | 708,734             | 600,676              | 533,304              |
| Ambulance Services                                      | 18,387,291           | 17,770,987            | 15,664,216          | 10,428,914           | 10,573,042           |
| Other   | 2,856,527            | 2,691,956             | 2,212,027           | 1,770,465            | 1,807,065            |
| Highways and streets                                    | 514,874              | 1,342,931             | 814,626             | 286                  | 9,194                |
| Health  | 3,006,494            | 2,841,652             | 2,689,289           | 2,624,414            | 2,224,994            |
| Social Services   | 3,762,669            | 3,427,119             | 3,398,463           | 3,330,528            | 3,093,179            |
| Culture and recreation                                  | 536,093              | 463,407               | 435,785             | 31,655               | 21,308               |
| Operating grants and contributions                      | 24,653,509           | 22,965,548            | 24,226,919          | 20,693,054           | 19,724,016           |
| Capital grants and contributions                        | 3,091,343            | 9,706,722             | 7,659,577           | 11,061,024           | 2,587,191            |
| Total governmental activities program revenues          | <u>78,651,787</u>    | <u>79,288,618</u>     | <u>74,833,890</u>   | <u>73,462,682</u>    | <u>61,225,071</u>    |
| Total primary government program revenues               | <u>78,651,787</u>    | <u>79,288,618</u>     | <u>74,833,890</u>   | <u>73,462,682</u>    | <u>61,225,071</u>    |
| Net (Expense)/Revenue                                   |                      |                       |                     |                      |                      |
| Governmental activities                                 | <u>(103,769,407)</u> | <u>(117,483,778)</u>  | <u>(97,814,997)</u> | <u>(95,847,434)</u>  | <u>(113,545,113)</u> |
| Total primary government net expense                    | <u>(103,769,407)</u> | <u>(117,483,778)</u>  | <u>(97,814,997)</u> | <u>(95,847,434)</u>  | <u>(113,545,113)</u> |
| <b>General Revenues and Other Changes in Net Assets</b> |                      |                       |                     |                      |                      |
| Governmental activities:                                |                      |                       |                     |                      |                      |
| Taxes:  |                      |                       |                     |                      |                      |
| Property taxes  | 90,818,279           | 85,451,188            | 84,841,031          | 85,242,735           | 84,676,341           |
| Sales taxes   | 15,715,561           | 12,102,963            | 11,173,363          | 10,548,285           | 10,838,415           |
| Business taxes  | 5,096,014            | 1,830,352             | 3,602,133           | 3,474,784            | 3,021,021            |
| Hotel/Motel taxes                                       | 3,960,862            | 3,748,663             | 3,447,598           | 3,332,975            | 3,334,739            |
| Other taxes   | 744,167              | 1,244,418             | 1,349,121           | 1,266,662            | 1,590,774            |
| Unrestricted grants and contributions                   | -                    | -                     | -                   | 2,368,567            | -                    |
| Investment earnings                                     | 3,863,330            | 3,024,794             | 1,864,570           | -                    | 4,289,491            |
| Miscellaneous   | -                    | -                     | -                   | -                    | 25,174,647           |
| Total governmental activities                           | <u>120,198,213</u>   | <u>107,402,378</u>    | <u>106,277,816</u>  | <u>106,234,008</u>   | <u>132,925,428</u>   |
| Total primary government                                | <u>120,198,213</u>   | <u>107,402,378</u>    | <u>106,277,816</u>  | <u>106,234,008</u>   | <u>132,925,428</u>   |
| <b>Change in Net Assets</b>                             |                      |                       |                     |                      |                      |
| Governmental activities                                 | <u>16,428,806</u>    | <u>(10,081,400)</u>   | <u>8,462,819</u>    | <u>10,386,574</u>    | <u>19,380,315</u>    |
| Total primary government                                | <u>\$ 16,428,806</u> | <u>\$(10,081,400)</u> | <u>\$ 8,462,819</u> | <u>\$ 10,386,574</u> | <u>\$ 19,380,315</u> |

Note: The county began to report accrual information when it implemented GASB Statement 34 in fiscal year 2002. Hamilton County does not have any business-type activities.

**Schedule III**  
**HAMILTON COUNTY, TENNESSEE**  
**Fund Balances, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

|                                    | <u>2006</u>          | <u>2005</u>          | <u>2004</u>          | <u>2003</u>          |
|------------------------------------|----------------------|----------------------|----------------------|----------------------|
| General Fund                       |                      |                      |                      |                      |
| Reserved                           | \$ 2,723,959         | \$ 2,962,829         | \$ 2,382,206         | \$ 3,300,986         |
| Unreserved                         | 52,638,869           | 46,751,479           | 51,103,451           | 50,303,712           |
| Total General Fund                 | <u>\$ 55,362,828</u> | <u>\$ 49,714,308</u> | <u>\$ 53,485,657</u> | <u>\$ 53,604,698</u> |
| All Other Governmental Funds       |                      |                      |                      |                      |
| Reserved                           | \$ 25,471,500        | \$ 21,053,176        | \$ 26,095,969        | \$ 44,895,624        |
| Unreserved, reported in:           |                      |                      |                      |                      |
| Special revenue funds              | 3,547,007            | 2,578,486            | 3,834,186            | 5,633,612            |
| Capital projects funds             | 9,245,897            | 21,133,440           | 29,905,968           | 1,307,236            |
| Debt service funds                 | -                    | -                    | -                    | -                    |
| Total all other governmental funds | <u>\$ 38,264,404</u> | <u>\$ 44,765,102</u> | <u>\$ 59,836,123</u> | <u>\$ 51,836,472</u> |

| <b>Fiscal Year</b>   |                      |                      |                      |                       |                      |
|----------------------|----------------------|----------------------|----------------------|-----------------------|----------------------|
| <b><u>2002</u></b>   | <b><u>2001</u></b>   | <b><u>2000</u></b>   | <b><u>1999</u></b>   | <b><u>1998</u></b>    | <b><u>1997</u></b>   |
| \$ 2,988,648         | \$ 3,827,168         | \$ 3,136,995         | \$ 2,252,996         | \$ 2,078,473          | \$ 1,773,827         |
| <u>52,325,865</u>    | <u>53,045,083</u>    | <u>42,801,152</u>    | <u>41,400,974</u>    | <u>21,357,029</u>     | <u>20,044,905</u>    |
| <u>\$ 55,314,513</u> | <u>\$ 56,872,251</u> | <u>\$ 45,938,147</u> | <u>\$ 43,653,970</u> | <u>\$ 23,435,502</u>  | <u>\$ 21,818,732</u> |
| <br>                 |                      |                      |                      |                       |                      |
| \$ 24,905,748        | \$ 17,984,974        | \$ 15,175,328        | \$ 32,789,721        | \$ 28,856,870         | \$ 19,542,601        |
| 5,270,253            | 6,189,113            | 11,170,644           | 2,768,942            | 3,097,486             | 5,066,464            |
| 40,709,079           | 66,313,244           | 27,072,524           | 33,602,116           | 77,083,224            | 71,726,660           |
| -                    | -                    | -                    | -                    | -                     | -                    |
| <u>\$ 70,885,080</u> | <u>\$ 90,487,331</u> | <u>\$ 53,418,496</u> | <u>\$ 69,160,779</u> | <u>\$ 109,037,580</u> | <u>\$ 96,335,725</u> |

**Schedule IV**  
**HAMILTON COUNTY, TENNESSEE**  
**Changes in Fund Balance, Governmental Funds**  
**Last Ten Fiscal Years**  
**(Modified accrual basis of accounting)**

|   | <u>2006</u>         | <u>2005</u>            | <u>2004</u>         | <u>2003</u>            |
|---|---------------------|------------------------|---------------------|------------------------|
| <b>Revenues</b>   |                     |                        |                     |                        |
| Taxes   | \$ 116,247,392      | \$ 103,885,905         | \$ 103,730,509      | \$ 103,201,249         |
| Licenses, fees, and permits                             | 1,118,017           | 996,136                | 740,949             | 595,693                |
| Fines and penalties                                     | 1,908,302           | 2,033,385              | 1,207,113           | 1,670,186              |
| Charges for services                                    | 42,471,528          | 40,461,142             | 38,146,870          | 31,329,385             |
| Intergovernmental                                       | 27,744,852          | 32,777,664             | 32,600,800          | 36,656,544             |
| Investment earnings                                     | 3,160,096           | 2,495,371              | 1,591,905           | 1,976,814              |
| Other revenues  | 5,409,088           | 3,592,125              | 2,852,462           | 3,819,227              |
| Total revenues  | <u>198,059,275</u>  | <u>186,241,728</u>     | <u>180,870,608</u>  | <u>179,249,098</u>     |
| <b>Expenditures</b>                                     |                     |                        |                     |                        |
| General government                                      | 35,410,918          | 34,050,720             | 33,625,625          | 33,708,497             |
| Public Safety:  | -                   | -                      | -                   | -                      |
| Sheriff   | 24,518,755          | 22,599,098             | 23,593,493          | 22,319,578             |
| Criminal Court  | 3,261,864           | 3,219,691              | 3,184,747           | 2,855,969              |
| Juvenile Court  | 7,388,345           | 7,005,899              | 6,913,363           | 5,195,263              |
| Ambulance Services                                      | 17,479,465          | 17,514,899             | 14,842,261          | 11,218,477             |
| Other   | 22,200,063          | 20,359,518             | 18,620,790          | 17,818,148             |
| Highways and streets                                    | 9,638,478           | 9,663,858              | 10,384,639          | 9,888,106              |
| Health  | 19,009,220          | 17,873,029             | 17,852,323          | 17,318,336             |
| Social Services   | 7,747,039           | 7,774,655              | 8,114,455           | 10,156,391             |
| Culture and recreation                                  | 10,245,016          | 9,331,150              | 9,891,062           | 9,656,196              |
| Capital Outlay  | -                   | -                      | -                   | -                      |
| General government                                      | 12,700,379          | 20,860,077             | 16,835,355          | 21,972,705             |
| Education   | 4,599,993           | 9,424,380              | 15,879,834          | 13,311,115             |
| Debt service  | -                   | -                      | -                   | -                      |
| Interest  | 6,800,427           | 20,716,808             | 6,549,742           | 7,807,029              |
| Principal   | 19,978,367          | 7,370,865              | 19,028,505          | 19,153,505             |
| Issuance Cost   | -                   | -                      | -                   | -                      |
| Total expenditures                                      | <u>200,978,329</u>  | <u>207,764,647</u>     | <u>205,316,194</u>  | <u>202,379,315</u>     |
| Excess of revenues over/(under) expenditures            | <u>(2,919,054)</u>  | <u>(21,522,919)</u>    | <u>(24,445,586)</u> | <u>(23,130,217)</u>    |
| <b>Other Financing Sources (Uses)</b>                   |                     |                        |                     |                        |
| Transfers in  | 57,900,713          | 55,682,262             | 51,706,028          | 50,668,288             |
| Transfers out   | (57,775,713)        | (55,557,262)           | (51,581,028)        | (50,543,288)           |
| Bond and note proceeds                                  | -                   | 934                    | 30,015,266          | 32,106,910             |
| Bond premium  | -                   | -                      | 1,278,540           | -                      |
| Payment to refunded bond escrow agent                   | -                   | -                      | -                   | (30,122,469)           |
| Sale of capital assets                                  | 1,941,876           | 2,554,615              | 907,390             | 262,353                |
| Total other financing sources (uses)                    | <u>2,066,876</u>    | <u>2,680,549</u>       | <u>32,326,196</u>   | <u>2,371,794</u>       |
| Net change in fund balances                             | <u>\$ (852,178)</u> | <u>\$ (18,842,370)</u> | <u>\$ 7,880,610</u> | <u>\$ (20,758,423)</u> |
| Debt service as a percentage of noncapital expenditures | 14.6%               | 15.8%                  | 14.8%               | 16.1%                  |

| <b>Fiscal Year</b>     |                      |                        |                        |                      |                      |
|------------------------|----------------------|------------------------|------------------------|----------------------|----------------------|
| <b><u>2002</u></b>     | <b><u>2001</u></b>   | <b><u>2000</u></b>     | <b><u>1999</u></b>     | <b><u>1998</u></b>   | <b><u>1997</u></b>   |
| \$ 102,799,560         | \$ 100,251,585       | \$ 97,159,569          | \$ 88,002,691          | \$ 85,325,360        | \$ 83,640,909        |
| 478,886                | 475,783              | 520,943                | 577,248                | 531,967              | 439,749              |
| 1,758,453              | 1,446,421            | 1,734,989              | 1,927,604              | 1,802,039            | 1,192,329            |
| 30,229,202             | 26,983,601           | 23,154,631             | 20,762,480             | 18,753,530           | 21,189,697           |
| 26,910,941             | 25,897,754           | 20,893,719             | 21,064,420             | 24,707,499           | 17,733,726           |
| 3,776,567              | 5,935,725            | 4,780,535              | 5,647,482              | 5,344,917            | 3,462,860            |
| 2,820,758              | 2,856,951            | 7,438,565              | 2,609,155              | 3,292,498            | 3,097,905            |
| <u>168,774,367</u>     | <u>163,847,820</u>   | <u>155,682,951</u>     | <u>140,591,080</u>     | <u>139,757,810</u>   | <u>130,757,175</u>   |
| 34,132,849             | 34,223,148           | 28,116,172             | 25,498,052             | 23,885,470           | 24,086,306           |
| -                      | 49,376,760           | 45,181,659             | 40,139,137             | 38,165,213           | 36,239,513           |
| 21,083,913             | -                    | -                      | -                      | -                    | -                    |
| 2,636,307              | -                    | -                      | -                      | -                    | -                    |
| 4,529,038              | -                    | -                      | -                      | -                    | -                    |
| 11,632,439             | -                    | -                      | -                      | -                    | -                    |
| 16,590,536             | -                    | -                      | -                      | -                    | -                    |
| 10,583,226             | 8,103,653            | 7,876,225              | 7,053,587              | 7,460,439            | 7,451,684            |
| 15,970,858             | 14,414,966           | 13,774,376             | 12,642,259             | 14,428,522           | 13,767,209           |
| 8,213,683              | 8,712,605            | 8,448,708              | 7,985,237              | 8,456,069            | 7,874,594            |
| 9,525,518              | 8,923,026            | 8,465,941              | 7,824,564              | 8,009,348            | 7,627,164            |
| -                      | 29,836,020           | 38,034,073             | 32,345,955             | 19,710,811           | 12,625,322           |
| 7,738,764              | -                    | -                      | -                      | -                    | -                    |
| 21,292,864             | -                    | -                      | -                      | -                    | -                    |
| 8,954,469              | 8,803,710            | 7,870,267              | 8,460,705              | 9,005,120            | 6,850,059            |
| 21,212,089             | 17,610,689           | 18,373,206             | 17,678,335             | 19,363,756           | 15,974,786           |
| -                      | -                    | -                      | -                      | 27,755               | -                    |
| <u>194,096,553</u>     | <u>180,004,577</u>   | <u>176,140,627</u>     | <u>159,627,831</u>     | <u>148,512,503</u>   | <u>132,496,637</u>   |
| <u>(25,322,186)</u>    | <u>(16,156,757)</u>  | <u>(20,457,676)</u>    | <u>(19,036,751)</u>    | <u>(8,754,693)</u>   | <u>(1,739,462)</u>   |
| 54,195,459             | 53,710,403           | 48,189,616             | 24,592,048             | 19,373,753           | 19,601,252           |
| (54,070,459)           | (53,652,621)         | (49,303,560)           | (25,754,758)           | (20,653,922)         | (21,918,722)         |
| 435,904                | 56,942,955           | 4,062,001              | 541,128                | 26,472,049           | 58,525,583           |
| -                      | -                    | -                      | -                      | -                    | -                    |
| -                      | -                    | -                      | -                      | (6,072,245)          | -                    |
| 493,465                | 625,425              | -                      | -                      | -                    | -                    |
| <u>1,054,369</u>       | <u>57,626,162</u>    | <u>2,948,057</u>       | <u>(621,582)</u>       | <u>19,119,635</u>    | <u>56,208,113</u>    |
| <u>\$ (24,267,817)</u> | <u>\$ 41,469,405</u> | <u>\$ (17,509,619)</u> | <u>\$ (19,658,333)</u> | <u>\$ 10,364,942</u> | <u>\$ 54,468,651</u> |
| 18.3%                  | 14.7%                | 14.9%                  | 16.4%                  | 19.1%                | 17.2%                |

**Schedule V**  
**HAMILTON COUNTY, TENNESSEE**  
**Assessed Value and Estimated Actual Value of Taxable Property,**  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>June 30 | Real Property           |                        |                             | Personalty<br>Property |
|---------------------------------|-------------------------|------------------------|-----------------------------|------------------------|
|                                 | Residential<br>Property | Commercial<br>Property | Other Multi-Use<br>Property |                        |
| 1997                            | 1,708,391,018           | 1,299,755,180          | 49,368,435                  | 421,564,158            |
| 1998                            | 2,006,932,531           | 1,416,012,643          | 52,660,885                  | 435,838,444            |
| 1999                            | 2,061,983,253           | 1,449,270,814          | 55,777,315                  | 473,490,322            |
| 2000                            | 2,125,332,928           | 1,489,447,088          | 58,974,760                  | 507,208,891            |
| 2001                            | 2,179,884,250           | 1,530,466,437          | 59,930,440                  | 538,284,895            |
| 2002                            | 2,651,812,860           | 1,754,913,695          | 72,547,310                  | 567,016,262            |
| 2003                            | 2,712,679,140           | 1,806,507,185          | 72,650,505                  | 543,049,870            |
| 2004                            | 2,778,249,335           | 1,820,877,702          | 81,426,865                  | 535,345,864            |
| 2005                            | 2,855,267,780           | 1,842,598,736          | 82,034,675                  | 533,938,891            |
| 2006                            | 3,511,594,235           | 2,136,195,594          | 93,950,970                  | 527,095,881            |

Source: Hamilton County Assessor's Office

Notes: Property in Hamilton County is reassessed once every four years. The county assesses property at approximately 25% of actual value for residential property, 40% of actual value for commercial property and 30% of actual value for other multi-use property and personalty property. The public utilities assessments are made by the State of Tennessee for all counties and cities in the state. The Electric Power Board (EPB) is not included in these totals. The assessed and estimated values for the EPB for fiscal year 2006 are \$196,915,596 and \$358,028,356 respectively.

| <u>Public Utilities<br/>Property</u> | <u>Less:<br/>Tax Exempt<br/>Real Property</u> | <u>Total Taxable<br/>Assessed<br/>Value</u> | <u>Total Direct<br/>Tax Rate</u> | <u>Estimated<br/>Actual Taxable<br/>Value</u> |
|--------------------------------------|---|---|----------------------------------|---|
| 236,340,500                          | -   | 3,715,419,291                               | 2.932                            | 12,082,437,332                                |
| 245,857,717                          | -   | 4,157,302,220                               | 2.932                            | 13,643,106,859                                |
| 252,214,712                          | -   | 4,292,736,416                               | 3.519                            | 14,117,907,707                                |
| 239,512,969                          | -   | 4,420,476,636                               | 3.519                            | 14,547,706,393                                |
| 277,215,584                          | -   | 4,585,781,606                               | 3.061                            | 15,043,782,544                                |
| 308,775,833                          | -   | 5,355,065,960                               | 3.061                            | 17,687,824,855                                |
| 312,777,498                          | -   | 5,447,664,198                               | 3.061                            | 17,988,005,465                                |
| 285,476,577                          | -   | 5,501,376,343                               | 3.061                            | 18,240,149,012                                |
| 297,427,438                          | -   | 5,611,267,520                               | 2.894                            | 18,621,590,339                                |
| 333,289,963                          | -   | 6,602,126,643                               | 2.894                            | 22,063,003,846                                |

**Schedule VI**  
**HAMILTON COUNTY, TENNESSEE**  
**Direct and Overlapping Property Tax Rates,**  
**Last Ten Fiscal Years**  
**(rate per \$100 of assessed value)**

| Fiscal<br>Year Ended<br>June 30 | County Direct Rates   |                            |                  |                      | City of     |            |          |
|---------------------------------|-----------------------|----------------------------|------------------|----------------------|-------------|------------|----------|
|                                 | General<br>Government | Department of<br>Education | District<br>Road | Total Direct<br>Rate | Chattanooga | East Ridge | Red Bank |
| 1997                            | 1.5290                | 1.3860                     | 0.0170           | 2.9320               | 2.3100      | 1.2000     | 0.9420   |
| 1998                            | 1.5290                | 1.3860                     | 0.0170           | 2.9320               | 2.3100      | 1.2000     | 0.9420   |
| 1999                            | 1.6960                | 1.8060                     | 0.0170           | 3.5190               | 2.3100      | 1.2000     | 0.9420   |
| 2000                            | 1.6960                | 1.8060                     | 0.0170           | 3.5190               | 2.3100      | 1.2000     | 0.9420   |
| 2001                            | 1.4750                | 1.5710                     | 0.0150           | 3.0610               | 2.5160      | 1.0610     | 1.0500   |
| 2002                            | 1.4328                | 1.6134                     | 0.0148           | 3.0610               | 2.5160      | 1.0610     | 1.0500   |
| 2003                            | 1.4328                | 1.6134                     | 0.0148           | 3.0610               | 2.5160      | 1.2500     | 1.2200   |
| 2004                            | 1.4128                | 1.6334                     | 0.0148           | 3.0610               | 2.5160      | 1.2500     | 1.2200   |
| 2005                            | 1.3159                | 1.5655                     | 0.0126           | 2.8940               | 2.2020      | 1.0770     | 1.2600   |
| 2006                            | 1.3159                | 1.5655                     | 0.0126           | 2.8940               | 2.2020      | 1.0770     | 1.2600   |

Source: Hamilton County Trustee's Office

| Overlapping Rates   |                    |             |             |          |           |                   | Total<br>Direct &<br>Overlapping<br>Rates |
|---------------------|--------------------|-------------|-------------|----------|-----------|-------------------|---|
| Lookout<br>Mountain | Signal<br>Mountain | Collegedale | Soddy-Daisy | Lakesite | Ridgeside | Town of<br>Walden |   |
| 1.4970              | 1.3600             | 1.2190      | 0.5850      | 0.3990   | 1.9270    | 0.7100            | 15.0810                                   |
| 1.4970              | 1.3600             | 1.2190      | 0.5850      | 0.3990   | 1.9270    | 0.7100            | 15.0810                                   |
| 1.4970              | 1.3600             | 1.2190      | 0.5850      | 0.3990   | 1.9270    | 0.7100            | 15.6680                                   |
| 1.4970              | 1.3600             | 1.2190      | 0.5850      | 0.3990   | 1.9270    | 0.7100            | 15.6680                                   |
| 1.4970              | 1.6500             | 1.0786      | 0.4900      | 0.3390   | 1.9300    | 0.5800            | 15.2526                                   |
| 1.8000              | 1.6500             | 1.0786      | 0.4900      | 0.3390   | 1.9300    | 0.5800            | 15.5556                                   |
| 2.2000              | 1.6500             | 1.0786      | 0.4900      | 0.3390   | 1.9300    | 0.5800            | 16.3146                                   |
| 2.7000              | 1.6500             | 1.0500      | 0.4900      | 0.3390   | 1.9300    | 0.5800            | 16.7860                                   |
| 2.0136              | 1.4250             | 0.9520      | 0.7800      | 0.2900   | 1.5010    | 0.5000            | 14.8946                                   |
| 1.8000              | 1.7750             | 1.2000      | 0.7800      | 0.2900   | 1.5010    | 0.5000            | 15.2790                                   |

**Schedule VII**  
**HAMILTON COUNTY, TENNESSEE**  
**Principal Property Taxpayers**  
**Current Year and Nine Years Ago**

| Taxpayer                     | 2006                   |      |                               | 1997                   |      |                               |
|------------------------------|------------------------|------|-------------------------------|------------------------|------|-------------------------------|
|                              | Taxable Assessed Value | Rank | % of Total Assessed Valuation | Taxable Assessed Value | Rank | % of Total Assessed Valuation |
| Electric Power Board         | \$196,915,596          | 1    | 2.98%                         | \$124,753,832          | 1    | 3.01%                         |
| TVA                          | 111,372,760            | 2    | 1.69%                         | 105,439,396            | 2    | 2.54%                         |
| Bellsouth Telecommunications | 71,390,700             | 3    | 1.08%                         | 77,682,551             | 3    | 1.87%                         |
| Lebcon Assoc/C B L           | 71,069,294             | 4    | 1.08%                         | 29,698,094             | 8    | 0.72%                         |
| Tennessee-American Water Co. | 47,823,886             | 5    | 0.72%                         | 33,965,183             | 7    | 0.82%                         |
| Provident Life               | 44,925,362             | 6    | 0.68%                         | 37,148,679             | 5    | 0.90%                         |
| Chattanooga Gas Company      | 42,322,480             | 7    | 0.64%                         | 35,590,504             | 6    | 0.86%                         |
| McKee Baking/Foods Corp.     | 40,871,875             | 8    | 0.62%                         | -                      |      | -                             |
| E. I. Dupont                 | 25,339,364             | 9    | 0.38%                         | 64,135,387             | 4    | 1.55%                         |
| Norfolk Southern             | 19,980,631             | 10   | 0.30%                         | -                      |      | -                             |
| Tallan Holdings/Properties   | -                      |      | -                             | 12,335,610             | 9    | 0.30%                         |
| Combustion Engineering       | -                      |      | -                             | 11,821,403             | 10   | 0.29%                         |
|                              | <u>\$672,011,948</u>   |      | <u>10.18%</u>                 | <u>\$532,570,639</u>   |      | <u>12.84%</u>                 |

Source: Hamilton County Trustee

Note: This schedule serves a dual purpose of providing basic information about Hamilton County's most significant revenue payers and highlighting the degree to which we depend on a small number of payers.

**Schedule VIII**  
**HAMILTON COUNTY, TENNESSEE**  
**Property Tax Levies and Collections**  
**Last Ten Fiscal Years**

| Fiscal<br>Year Ended<br>June 30 | Taxes Levied<br>for the<br>Fiscal Year | Collected within the<br>Fiscal Year of the Levy |                       | Collections<br>in Subsequent<br>Years | Total Collections to Date |                       |
|---------------------------------|--|---|-----------------------|---------------------------------------|---------------------------|-----------------------|
|                                 |  | Amount  | Percentage<br>of Levy |                                       | Amount                    | Percentage<br>of Levy |
| 1997                            | \$ 111,017,429                         | \$ 106,067,959                                  | 95.5%                 | \$ 4,498,902                          | \$ 110,566,861            | 99.6%                 |
| 1998                            | 114,474,092                            | 109,180,664                                     | 95.4%                 | 4,939,039                             | 114,119,703               | 99.7%                 |
| 1999                            | 118,708,194                            | 113,036,704                                     | 95.2%                 | 5,276,130                             | 118,312,834               | 99.7%                 |
| 2000                            | 145,508,958                            | 137,767,700                                     | 94.7%                 | 6,939,722                             | 144,707,422               | 99.4%                 |
| 2001                            | 149,435,772                            | 141,232,237                                     | 94.7%                 | 7,705,314                             | 148,937,551               | 99.7%                 |
| 2002                            | 154,402,498                            | 145,190,063                                     | 94.0%                 | 8,975,413                             | 154,165,476               | 99.8%                 |
| 2003                            | 156,901,705                            | 149,006,804                                     | 95.0%                 | 6,910,519                             | 155,917,323               | 99.4%                 |
| 2004                            | 158,594,035                            | 150,434,347                                     | 94.9%                 | 7,006,439                             | 157,440,786               | 99.3%                 |
| 2005                            | 162,140,351                            | 153,718,818                                     | 94.8%                 | 5,461,452                             | 159,180,270               | 98.2%                 |
| 2006                            | 181,473,837                            | 173,318,379                                     | 95.5%                 | -                                     | 173,318,379               | 95.5%                 |

**Schedule IX**  
**HAMILTON COUNTY, TENNESSEE**  
**Ratios of Outstanding Debt by Type,**  
**Last Ten Fiscal Years**

| <b>Governmental Activities</b> |                                 |                      |                                      |                                 |                                      |                   |
|--------------------------------|---------------------------------|----------------------|--------------------------------------|---------------------------------|--------------------------------------|-------------------|
| <b>Fiscal Year</b>             | <b>General Obligation Bonds</b> | <b>Notes Payable</b> | <b>Certificates of Participation</b> | <b>Total Primary Government</b> | <b>Percentage of Personal Income</b> | <b>Per Capita</b> |
| 1997                           | \$ 166,325,000                  | \$ 6,388,791         | \$ 3,910,000                         | \$ 176,623,791                  | 2.37%                                | \$ 583            |
| 1998                           | 168,410,000                     | 7,103,081            | 3,320,000                            | 178,833,081                     | 2.31%                                | 587               |
| 1999                           | 152,365,000                     | 7,172,309            | 2,705,000                            | 162,242,309                     | 1.98%                                | 531               |
| 2000                           | 135,890,000                     | 7,454,888            | 2,065,000                            | 145,409,888                     | 1.67%                                | 474               |
| 2001                           | 173,680,000                     | 21,594,284           | 1,405,000                            | 196,679,284                     | 2.14%                                | 639               |
| 2002                           | 154,960,000                     | 19,642,195           | 715,000                              | 175,317,195                     | 1.88%                                | 568               |
| 2003                           | 139,070,000                     | 22,384,490           | -                                    | 161,454,490                     | 1.69%                                | 522               |
| 2004                           | 162,040,000                     | 20,975,624           | -                                    | 183,015,624                     | 1.85%                                | 591               |
| 2005                           | 143,380,000                     | 19,570,147           | -                                    | 162,950,147                     | 1.56%                                | 526               |
| 2006                           | 125,510,000                     | 17,322,009           | -                                    | 142,832,009                     | 1.31%                                | 459               |

**Schedule X**  
**HAMILTON COUNTY, TENNESSEE**  
**Ratios of General Bonded Debt Outstanding,**  
**Last Ten Fiscal Years**

| <b>Fiscal Year</b> | <b>General Obligation Bonds</b> | <b>Percentage of Actual Taxable Value of Property</b> | <b>Per Capita</b> |
|--------------------|---------------------------------|---|-------------------|
| 1997               | \$ 166,325,000                  | 1.38%   | \$ 549            |
| 1998               | 168,410,000                     | 1.23%   | 552               |
| 1999               | 152,365,000                     | 1.08%   | 499               |
| 2000               | 135,890,000                     | 0.93%   | 443               |
| 2001               | 173,680,000                     | 1.15%   | 564               |
| 2002               | 154,960,000                     | 0.88%   | 502               |
| 2003               | 139,070,000                     | 0.77%   | 450               |
| 2004               | 162,040,000                     | 0.89%   | 524               |
| 2005               | 143,380,000                     | 0.77%   | 463               |
| 2006               | 125,510,000                     | 0.57%   | 404               |

**Schedule XI**  
**HAMILTON COUNTY, TENNESSEE**  
**Direct and Overlapping Governmental Activities Debt**  
**As of June 30, 2006**

| <u>Governmental Unit</u>          | <u>Debt<br/>Outstanding</u> | <u>Estimated<br/>Percentage<br/>Applicable</u> | <u>Estimated<br/>Share of<br/>Direct and<br/>Overlapping<br/>Debt</u> |
|-----------------------------------|-----------------------------|--|---|
| Debt repaid with property taxes   |                             |  |   |
| City of Chattanooga               | \$ 77,122,240               | 56.052%  | \$ 43,228,558   |
| Town of East Ridge                | 4,500,232                   | 4.517%   | 203,275   |
| Town of Red Bank                  | 13,646,539                  | 2.486%   | 339,253   |
| Town of Lookout Mountain          | 1,285,000                   | 1.468%   | 18,864  |
| Town of Signal Mountain           | 735,000                     | 2.820%   | 20,727  |
| Town of Collegedale               | 800,000                     | 1.905%   | 15,240  |
| Town of Soddy Daisy               | 762,244                     | 2.769%   | 21,107  |
| Other debt                        |                             |  |   |
| City of Chattanooga               | \$ 333,128,265              | 56.052%  | \$ 186,725,055  |
| Town of East Ridge                | 2,538,657                   | 4.517%   | 114,671   |
| Town of Red Bank                  | -                           | 2.486%   | -   |
| Town of Lookout Mountain          | -                           | 1.468%   | -   |
| Town of Signal Mountain           | 254,832                     | 2.820%   | 7,186   |
| Town of Collegedale               | -                           | 1.905%   | -   |
| Town of Soddy Daisy               | -                           | 2.769%   | -   |
| Subtotal, overlapping debt        |                             |  | \$ 230,693,936  |
| Hamilton County direct debt       |                             |  | \$ 142,832,009  |
| Total direct and overlapping debt |                             |  | \$ 373,525,945  |

Sources: Debt outstanding data provided by each municipality. Assessed value data used to estimate applicable percentages provided by Hamilton County Assessor's office.

Notes: Overlapping governments are those that coincide with the geographic boundaries of Hamilton County. This schedule estimates the portion of the outstanding debt of those overlapping governments that is borne by the residents and businesses in Hamilton County. This process recognized that, when considering the county's ability to issue and repay long-term debt, the entire debt burden borne by the residents and businesses should be taken into account. However, this does not imply that every taxpayer is a resident--and therefore responsible for repaying debt--of each overlapping government.

**Schedule XII**  
**HAMILTON COUNTY, TENNESSEE**  
**Demographic and Economic Statistics**  
**Last Ten Calendar Years**

| Calendar Year | Population | Personal Income | Per Capita Income | Unemployment Rate (1) |
|---------------|------------|-----------------|-------------------|-----------------------|
| 1996          | 302,709    | \$ 7,460,150    | \$ 24,645         | 6.0%                  |
| 1997          | 304,909    | 7,756,981       | 25,440            | 4.4%                  |
| 1998          | 305,616    | 8,180,195       | 26,766            | 3.3%                  |
| 1999          | 306,915    | 8,713,778       | 28,392            | 2.9%                  |
| 2000          | 308,011    | 9,185,564       | 29,822            | 3.2%                  |
| 2001          | 308,497    | 9,312,261       | 30,186            | 4.2%                  |
| 2002          | 309,200    | 9,557,091       | 30,909            | 4.1%                  |
| 2003          | 309,482    | 9,906,314       | 32,009            | 3.5%                  |
| 2004          | 309,729    | 10,416,736      | 33,632            | 5.8%                  |
| 2005          | 310,935    | 10,911,312      | 35,092            | 5.4%                  |

Sources: Population, personal income, per capita income information provided by the Chamber of Commerce: Bureau of Economic Analysis (BEA). For 2005, personal income and per capita income were interpolated based on percentage increases reported by Metropolitan areas in the BEA. Population estimate was found at the State of Tennessee: Economic and Community Development website for 2005. Unemployment information provided by State Department of Employment Security.

**Schedule XIII**  
**HAMILTON COUNTY, TENNESSEE**  
**Principal Employers**  
**Current Year and Nine Years Ago**

| <u>Employer</u>                         | <u>2006</u>      |             |  | <u>1997</u>      |             |  |
|---|------------------|-------------|--|------------------|-------------|--|
|   | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> | <u>Employees</u> | <u>Rank</u> | <u>Percentage of Total County Employment</u> |
| Hamilton County Department of Education | 4,546            | 1           | 2.76%  | 4,771            | 1           | 2.74%  |
| Blue Cross Blue Shield of Tennessee     | 4,315            | 2           | 2.62%  | 3,429            | 4           | 1.97%  |
| Erlanger Health System                  | 3,429            | 3           | 2.08%  | 2,307            | 6           | 1.33%  |
| McKee Foods Corporation                 | 3,200            | 4           | 1.94%  | 2,736            | 5           | 1.57%  |
| Tennessee Valley Authority              | 3,067            | 5           | 1.86%  | 3,560            | 3           | 2.05%  |
| UnumProvident Corporation               | 2,918            | 6           | 1.77%  | 1,826            | 8           | 1.05%  |
| Memorial Health Care System             | 2,658            | 7           | 1.62%  |                  |             |  |
| City of Chattanooga                     | 2,364            | 8           | 1.44%  | 2,284            | 7           | 1.31%  |
| CIGNA Healthcare                        | 1,975            | 9           | 1.20%  |                  |             |  |
| Pilgrim's Pride Corporation             | 1,839            | 10          | 1.12%  |                  |             |  |
| Covenant Transport                      |                  |             |  | 3,700            | 2           | 2.13%  |
| Synthetic Industries                    |                  |             |  | 1,767            | 9           | 1.02%  |
| Roper Corporation                       |                  |             |  | 1,700            | 10          | 0.98%  |
| Total                                   | <u>30,311</u>    |             | 18.42%                                       | <u>28,080</u>    |             | <u>16.15%</u>                                |

Source: Chattanooga Area Chamber of Commerce

**Schedule XIV**  
**HAMILTON COUNTY, TENNESSEE**  
**Full-time Equivalent County Government Employees by Function Program**  
**As of June 30, 2006**

Full-time-Equivalent Employees as of June 30, 2006

**Function/Program**

|                        |                    |
|------------------------|--------------------|
| General Government     | 536                |
| Public Safety          | 365                |
| Highways and Streets   | 111                |
| Health                 | 278                |
| Social Services        | 97                 |
| Culture and Recreation | <u>89</u>          |
| Total                  | <u><u>1476</u></u> |

Source: Hamilton County Human Resources Department

Notes: Full time equivalents (FTE)  
 Full time - 1 full time equivalent - permanent employees who earn pension and leave time  
 Skimp - .63 full time equivalent - permanent employees who do not work more than 1,300 hours a year, earn leave time but do not participate in pension  
 Part time - .5 full time equivalent - permanent employees who do not work more than 1,040 hours a year and do not participate in pension nor earn leave time  
 Temporary - .5 full time equivalent - employees do not have permanent status, do not work more than 1,040 hours a year and do not participate in the pension nor earn leave time

**Schedule XV**  
**HAMILTON COUNTY, TENNESSEE**  
**Operating Indicators by Function/Program**  
**Last Four Fiscal Years**

| <u>Function/Program</u>  | <u>Fiscal Year</u> |         |         |         |
|--|--------------------|---------|---------|---------|
|  | 2006               | 2005    | 2004    | 2003    |
| <b>General Government</b>  |                    |         |         |         |
| County Clerk (DMV) - transactions processed                              | 404,066            | 393,942 | 369,790 | 392,387 |
| Register - documents recorded  | 81,687             | 89,228  | 86,165  | 83,337  |
| Recycling - tons collected   | 2,218              | 2,200   | 1,710   | 1,479   |
| Election Commission - registered voters                                  | 182,250            | 176,671 | 169,399 | 164,193 |
| Election Commission - votes cast in last election                        | 50,968             | 137,272 | 28,514  | 89,030  |
| Purchasing - bids posted   | 150                | 135     | 131     | 145     |
| <b>Public Safety</b>   |                    |         |         |         |
| Building Inspections - permits issued                                    | 1,616              | 1,609   | 1,531   | 1,419   |
| Building Inspections - inspections and investigations                    | 24,562             | 22,838  | 22,437  | 19,524  |
| Jail - average number inmates housed                                     | 583                | 561     | 607     | 669     |
| Sheriff's Dept - physical arrests  | 6,723              | 6,843   | 6,896   | 6,590   |
| Juvenile Court Judge - cases heard                                       | 7,574              | 7,699   | 7,765   | 7,558   |
| Criminal Court Judge - cases heard                                       | 4,866              | 4,396   | 4,747   | 3,907   |
| Ambulance Services - responded calls                                     | 20,536             | 20,624  | 19,608  | 18,662  |
| Police Protection (Sworn, Correctional, Civilian and Others)             | 393                | 385     | 388     | 387     |
| <b>Highways and Streets</b>  |                    |         |         |         |
| Engineering Services - projects administered                             | 69                 | 100     | 99      | 99      |
| Highways & Streets - bridges maintained                                  | 81                 | 81      | 81      | 81      |
| <b>Health</b>  |                    |         |         |         |
| Health Dept - patients seen  | 49,817             | 58,808  | 50,419  | 48,867  |
| Environmental Health - processed appl for new/existing septic system     | 828                | 1,044   | 2,554   | 2,369   |
| <b>Social Services</b>   |                    |         |         |         |
| Emergency Assistance Program of Financial Services - # households served | 350                | 331     | 338     | 387     |
| Emergency Assistance Program of Financial Services - # of services       | 420                | 386     | 421     | 382     |
| Chancery Court Judge - # cases heard                                     | 2,520              | 2,266   | 2,452   | 1,998   |
| Circuit Court Judge - #cases heard                                       | 3,088              | 3,357   | 3,431   | 3,379   |
| <b>Culture &amp; Recreation</b>  |                    |         |         |         |
| # Facilities Maintained  | 34                 | 34      | 32      | 30      |
| # Programs Offered   | 18                 | 17      | 16      | 18      |
| <b>Education</b>   |                    |         |         |         |
| Public School Enrollment   | 40,826             | 40,376  | 40,774  | 40,138  |
| Private School Enrollment  | 11,330             | 11,348  | 11,328  | 10,857  |

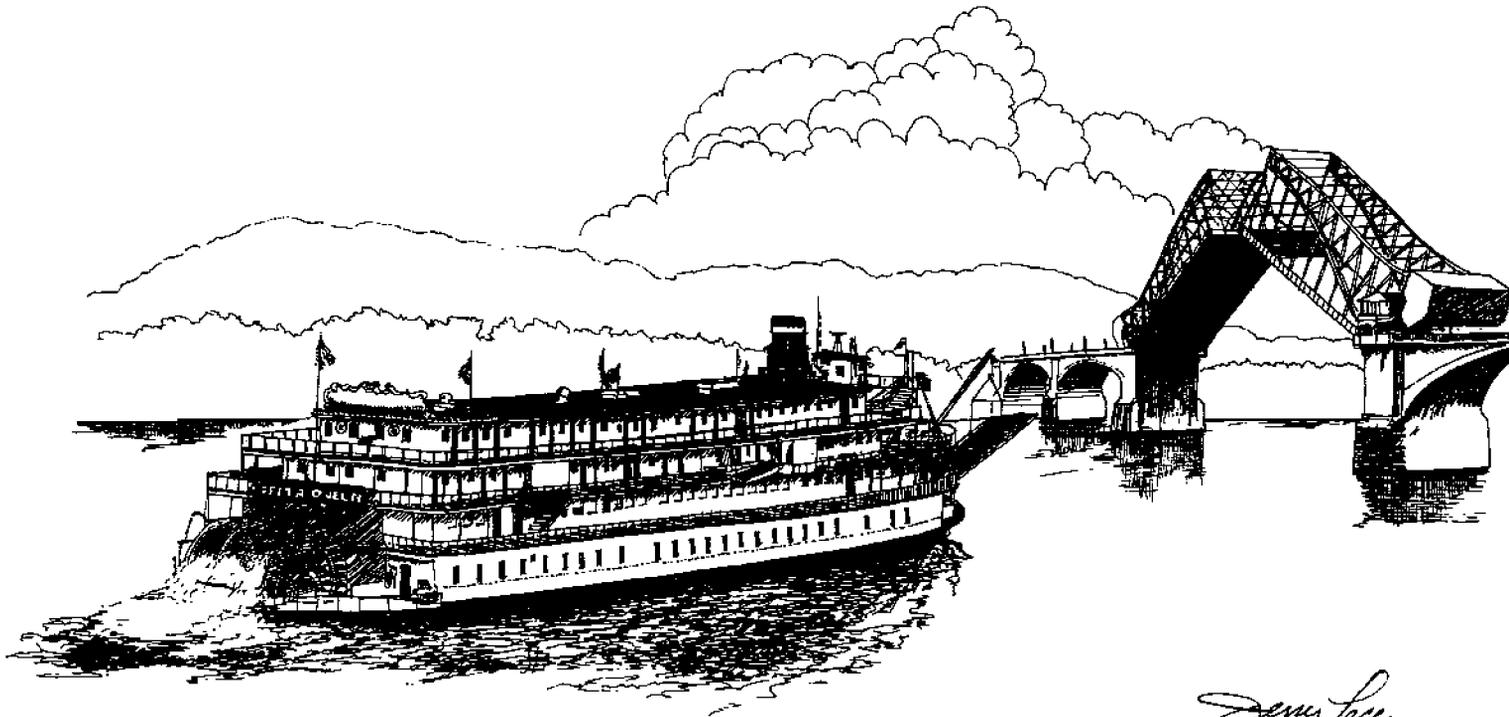
**Sources:** CABR from prior years, CAFR from prior years and various department personnel

\*\*\*\*Note on EAP - The number of households served and services rendered by the Emergency Assistance Program have both decreased on average about 35% over the last decade due to inflation, decreased funding and program policy revision.

**Schedule XVI**  
**HAMILTON COUNTY, TENNESSEE**  
**Capital Asset Statistics by Function/Program**  
**Last Five Fiscal Years**

| <u>Function/Program</u>                | <b>Fiscal Year</b> |      |      |      |      |
|--|--------------------|------|------|------|------|
|  | 2006               | 2005 | 2004 | 2003 | 2002 |
| General Government                     |                    |      |      |      |      |
| Libraries                              | 9                  | 9    | 9    | 9    | 9    |
| Recycling Stations                     | 5                  | 5    | 5    | 5    | 4    |
| Telecommunications locations supported | 202                | 202  | 202  | 202  | 202  |
| Election Commission ballot boxes       | 122                | 122  | 122  | 122  | 122  |
| Public Safety                          |                    |      |      |      |      |
| Volunteer Fire Stations                | 17                 | 17   | 17   | 17   | 16   |
| Ambulance Stations                     | 15                 | 15   | 15   | 15   | 15   |
| Sheriff patrol cars                    | 224                | 207  | 201  | 214  | 225  |
| Highways and Streets                   |                    |      |      |      |      |
| Miles of paved streets                 | 2435               | 2380 | 2379 | 2379 | 2379 |
| Miles of unpaved streets               | 0                  | 0    | 0    | 0    | 0    |
| Health                                 |                    |      |      |      |      |
| Healthcare Facilities                  | 5                  | 5    | 5    | 5    | 5    |
| Culture & Recreation                   |                    |      |      |      |      |
| Number of Parks                        | 97                 | 92   | 119  | 119  | 112  |
| Golf Courses                           | 21                 | 21   | 16   | 16   | 17   |
| Recreation Centers                     | 17                 | 17   | 15   | 15   | 16   |
| Ball Fields                            | 161                | 132  | 122  | 122  | 122  |
| Public Tennis Courts                   | 165                | 161  | 191  | 200  | 200  |
| Swimming Pools                         | 32                 | 28   | 55   | 55   | 55   |
| Theaters                               | 14                 | 14   | 17   | 17   | 15   |
| Bowling Alleys                         | 3                  | 3    | 3    | 3    | 3    |

**Sources:** Prior year CAFRs and various department personnel



*Jenny Lane*  
'90

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**Year ended June 30, 2006**

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures     |
|---|---------------------------|-------------------------------------|------------------|
| <b>U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT</b>                                       |                           |                                     |                  |
| Passed through Tennessee Department of Economic and Community Development:                    |                           |                                     |                  |
| Community Development Block Grants  | 14.228                    | 04-01-05092-00                      | \$ 71,233        |
|   | 14.228                    | GG-04-11006-00                      | <u>212,198</u>   |
| Total Community Development Block Grants  |                           |                                     | <u>283,431</u>   |
| Community Development Block Grants/Brownfields Economic Dev. Initiative                       | 14.246                    | SBAHQ-02-1-0038                     | 280,702          |
|   | 14.246                    | B-02-SP-TN-0686                     | <u>140,351</u>   |
| Total Community Development Block Economic Dev. Initiative Grants                             |                           |                                     | <u>421,053</u>   |
| Total U.S. Department of Housing and Urban Development  |                           |                                     | <u>704,484</u>   |
| <b>U.S. DEPARTMENT OF JUSTICE</b>   |                           |                                     |                  |
| Passed through Tennessee Emergency Management Agency:   |                           |                                     |                  |
| Emergency Management Performance Grants   | 16.007                    | GG-06-12229-00                      | <u>35,250</u>    |
| Passed through Tennessee Commission of Children and Youth:                                    |                           |                                     |                  |
| Juvenile Accountability Incentive Block Grants  | 16.523                    | GG-05-11480-00                      | <u>46,973</u>    |
| Title V: Delinquency Prevention Program   | 16.548                    | GG-06-12029-00                      | <u>63,357</u>    |
| Passed through Tennessee Department of Finance and Administration:                            |                           |                                     |                  |
| Byrne Formula Grant Program   | 16.579                    | 2003-OM-X-0092                      | <u>4,133</u>     |
| Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program |                           |                                     |                  |
|   | 16.580                    | 2000-DD-VX-0025                     | 80,642           |
|   | 16.580                    | 2005-DD-BX-1144                     | <u>1,352,629</u> |
| Total Assistance Discretionary Grants Program   |                           |                                     | <u>1,433,271</u> |
| Local Law Enforcement Block Grants Program  | 16.592                    | 2004-LB-BX-1213                     | 25,734           |
|   | 16.592                    | 2003-LB-BX-0966                     | <u>8,853</u>     |
| Total Local Law Enforcement Block Grants Program  |                           |                                     | <u>34,587</u>    |
| Domestic Violence   | 16.590                    | 2005-WE-AX-0015                     | <u>113,488</u>   |
| Community Prosecution and Project Safe Neighborhoods  |                           |                                     |                  |
| Project Safe Neighborhoods  | 16.609                    | 2002-GP-CX-0061                     | 62,788           |
|   | 16.609                    | 2003-GP-CX-0160                     | 45,932           |
|   | 16.609                    | 2003-GP-CX-0177                     | <u>28,608</u>    |
| Total Project Safe Neighborhoods  |                           |                                     | <u>137,328</u>   |
| Total U.S. Department of Justice  |                           |                                     | <u>1,868,389</u> |

(continued)

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**Year ended June 30, 2006**

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures     |
|---|---------------------------|-------------------------------------|------------------|
| <b>U.S. DEPARTMENT OF TRANSPORTATION</b>  |                           |                                     |                  |
| Passed through Tennessee Department of Transportation:  |                           |                                     |                  |
| TN River park - Millennium Project  | 20.205                    | STP-EN-9202(64)                     | \$ 182,828       |
| Formula Grants for Other Than Urbanized Areas   | 20.509                    | GG-06-12042-00                      | 69,875           |
| Total U.S. Department of Transportation   |                           |                                     | <u>252,703</u>   |
| <b>U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES</b>   |                           |                                     |                  |
| Passed through Tennessee Commission on Children and Youth:  |                           |                                     |                  |
| Special Supplement Nutrition Program for Women  | 10.557                    | GG-06-12267-00                      | 733,620          |
|   | 10.557                    | GG-05-11614-00                      | <u>273,340</u>   |
| Total Special Supplement Nutrition Program for Women  |                           |                                     | <u>1,006,960</u> |
| Child Welfare Research and Demonstration  | 93.608                    | GG-06-11937-00                      | <u>15,000</u>    |
| Passed through Tennessee Department of Health:  |                           |                                     |                  |
| Project Grants and Cooperative Agreements for Tuberculosis<br>State TB Outreach   | 93.116                    | GG-06-11893-00                      | <u>492,664</u>   |
| Community Development Services  | 93.130/93.913             | GG-06-1188700                       | <u>135,000</u>   |
| Health Center Grants for Homeless Populations   | 93.224                    | H80CS00023                          | <u>502,033</u>   |
| Centers for Disease Control and Prevention: Injury Prevention<br>and Control Research and State and Community Based Programs    | 93.136                    | GG-06-11887-00                      | <u>19,409</u>    |
| Centers for Disease Control and Prevention: Childhood Lead<br>Poisoning Prevention and Surveillance of Blood Levels in Children | 93.197                    | GG-06-11882-00                      | <u>12,588</u>    |
| Family Planning Grants  | 93.217/93.994             | GU-06-03331-00                      | <u>481,500</u>   |
| Immunization Grants   | 93.268                    | GG-06-11866-00                      | <u>232,800</u>   |
| Centers for Disease Control and Prevention: Investigations<br>and Technical Assistance  | 93.283                    | GG-06-11772-00                      | 45,703           |
|   | 93.283                    | GG-06-12152-01                      | 688,236          |
|   | 93.283                    | GG-05-11010-00                      | 7,442            |
|   | 93.283                    | GG-06-11887-00                      | 164,050          |
|   | 93.283                    | GG-06-11865-00                      | 53,375           |
|   | 93.283                    | GG-06-11797-00                      | 371,300          |
|   | 93.283                    | GG-06-11859-00                      | 326,248          |
|   | 93.283                    | GU-06-03279-00                      | <u>85,000</u>    |
| Total Investigations and Technical Assistance   |                           |                                     | <u>1,741,355</u> |
| Runaway Youth Shelter   | 93.623                    | 04CY0740-13                         | <u>100,000</u>   |

(continued)

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**Year ended June 30, 2006**

| Federal Grantor/Pass-Through Grantor/Program Title                                  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures |
|---|---------------------------|-------------------------------------|--------------|
| Centers for Disease Control: Investigations and<br>HIV Care Formula Grants          | 93.917                    | GG-05-12273-00                      | 186,249      |
|   | 93.917                    | GG-06-12366-00                      | 46,575       |
| Total Investigations and HIV Care Formula Grants                                    |                           |                                     | 232,824      |
| HIV Prevention Activities: Health Department Based                                  | 93.940                    | Z-05-024063-00                      | \$ 147,637   |
|   | 93.944                    | Z-05-024063-00                      | 20,000       |
|   | 93.940                    | Z-06-031121-00                      | 139,500      |
|   | 93.944                    | Z-06-031121-00                      | 20,000       |
| Total HIV Prevention Activities: Health Department Based                            |                           |                                     | 327,137      |
| Pregnancy Prevention  | 93.959                    | GG-06-11887-00                      | 39,828       |
| Preventative Health Services: Sexually Transmitted Diseases<br>Control Grants       | 93.977                    | Z-05-024063-00                      | 107,400      |
|   | 93.977                    | Z-06-031121-00                      | 107,400      |
| Total Sexually Transmitted Diseases Control Grants                                  |                           |                                     | 214,800      |
| Preventative Health and Health Services Block Grant                                 | 93.991                    | GG-06-11887-00                      | 118,700      |
| Maternal and Child Health Services Block Grant                                      | 93.994                    | GG-06-11795-00                      | 242,874      |
|   | 93.994                    | GG-06-11796-00                      | 259,185      |
|   | 93.994                    | GG-06-12014-00                      | 21,469       |
|   | 93.994                    | GG-06-12225-00                      | 120,043      |
| Total Maternal and Child Health Services Block Grant                                |                           |                                     | 643,571      |
| Passed through Tennessee Department of Human Services:<br>Child Support Enforcement | 93.563                    | GG-05-11299-00                      | 294,413      |
|   | 93.563                    | GG-06-11886-00                      | 150,322      |
| Total Child Support Enforcement   |                           |                                     | 444,735      |
| Social Services Block Grant   | 93.667                    | GG-06-12033-00                      | 163,334      |
|   | 93.667                    | Z-06-026033/34                      | 340,154      |
| Total Social Services Block Grant   |                           |                                     | 503,488      |
| Total U.S. Department of Health and Human Services                                  |                           |                                     | 7,264,390    |
| <b>U.S. DEPARTMENT OF HOMELAND SECURITY</b>   |                           |                                     |              |
| Passed through Tennessee Emergency Management Agency:<br>Domestic Preparedness      | 97.004                    | Z-04-022447-02                      | 1,279,909    |
| Emergency Management  | 97.042                    | Z-06-032875-00                      | 97,021       |
| Total U.S. Department of Homeland Security  |                           |                                     | 1,376,930    |
| Total Expenditures of Federal Awards - Primary Government                           |                           |                                     | 11,466,896   |

(continued)

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**Year ended June 30, 2006**

| Federal Grantor/Pass-Through Grantor/Program Title  | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures      |
|---|---------------------------|-------------------------------------|-------------------|
| COMPONENT UNITS:  |                           |                                     |                   |
| U.S. DEPARTMENT OF AGRICULTURE  |                           |                                     |                   |
| Passed through Tennessee Department of Agriculture:<br>Food Donation (Noncash - Food Commodities) | 10.565                    | None                                | <u>\$ 944,820</u> |
| Passed through Tennessee Department of Education:<br>School Breakfast Program                     | 10.553                    | None                                | <u>2,178,000</u>  |
| National School Lunch Program   | 10.555                    | None                                | <u>6,663,827</u>  |
| Total U. S. Department of Agriculture   |                           |                                     | <u>9,786,647</u>  |
| NATIONAL SCIENCE FOUNDATION   |                           |                                     |                   |
| Education and Human Resources   | 47.076                    | ESR-0085113                         | <u>303,318</u>    |
| U.S. DEPARTMENT OF EDUCATION  |                           |                                     |                   |
| Passed through Tennessee Department of Education:<br>Title I Grants to Local Educational Agencies | 84.010                    | None                                | <u>11,734,973</u> |
| Special Education: Grants to States   | 84.027                    | None                                | <u>8,527,044</u>  |
| Vocational Education: Basic Grants to States  | 84.048                    | None                                | <u>936,783</u>    |
| Preschool Incentive Grant   | 84.173                    | None                                | <u>212,649</u>    |
| Safe and Drug-Free Schools and Communities: State Grants  | 84.186                    | None                                | <u>249,243</u>    |
| Education for Homeless Children and Youth   | 84.196                    | None                                | <u>98,732</u>     |
| Even Start Family Literacy  | 84.213                    | None                                | <u>83,431</u>     |
| Twenty-First Century Community Learning Centers   | 84.287                    | 192-06-2-052                        | 150,998           |
|   | 84.287                    | 192-06-2-038                        | 150,000           |
|   | 84.287                    | 192-06-2-041                        | <u>100,000</u>    |
| Total Twenty-First Century Community Learning Centers   |                           |                                     | <u>400,998</u>    |
| State Grants for Innovative Programs  | 84.298                    | None                                | <u>477,405</u>    |
| Education Technology State Grants   | 84.318                    | None                                | 660,417           |
|   | 84.318                    | Z-04-020715-00                      | 1,211             |
|   | 84.318                    | GG-05-11208-00                      | 1,256             |
|   | 84.318                    | None                                | <u>158,101</u>    |
| Total Education Technology State Grants   |                           |                                     | <u>820,984</u>    |

(continued)

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**Year ended June 30, 2006**

| <u>Federal Grantor/Pass-Through Grantor/Program Title</u> | <u>Federal<br/>CFDA<br/>Number</u> | <u>Pass-Through<br/>Grantor's<br/>Number</u> | <u>Expenditures</u> |
|---|------------------------------------|--|---------------------|
| Comprehensive School Reform Demonstration                 | 84.332                             | None   | <u>\$ 465,913</u>   |
| Reading First State Grants                                | 84.357                             | GG-04-11043-00                               | <u>1,468,823</u>    |
| English Language Acquisition Grants                       | 84.365                             | None   | <u>81,580</u>       |
| Improving Teacher Quality State Grants                    | 84.367                             | None   | <u>2,350,846</u>    |
| Hurricane Relief Effort                                   | 84.938                             | None   | <u>509,114</u>      |
| Impact Aid - Public Law 874                               | 84.041                             |  | <u>44,643</u>       |
| Magnet Schools Assistance Grant                           | 84.165                             | U-165A040070                                 | <u>1,738,929</u>    |
| Fund for the Improvement of Education                     | 84.215                             | V-215L032031                                 | 493,473             |
|   | 84.215                             | V-215L040036                                 | <u>22,058</u>       |
| Total Fund for the Improvement of Education               |                                    |  | <u>515,531</u>      |
| Total U.S. Department of Education                        |                                    |  | <u>30,717,621</u>   |
| Total Expenditures of Federal Awards - Component Units    |                                    |  | <u>40,807,586</u>   |
| Total Expenditures of Federal Awards - Reporting Entity   |                                    |  | <u>52,274,482</u>   |

(continued)

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**Year ended June 30, 2006**

| Federal Grantor/Pass-Through Grantor/Program Title                     | Federal<br>CFDA<br>Number | Pass-Through<br>Grantor's<br>Number | Expenditures         |
|--|---------------------------|-------------------------------------|----------------------|
| STATE GRANTS   |                           |                                     |                      |
| Board of Probation and Parole  | N/A                       | Z-05-020612-00                      | \$ 289,443           |
| E Learning   | N/A                       | GG-06-11992-01                      | 102,385              |
| Early Childhood  | N/A                       | N/A                                 | 289,040              |
| Election Commission HAVA   | N/A                       | N/A                                 | 371,902              |
| Family Resource Center   | N/A                       | N/A                                 | 91,019               |
| One Room Drop in School  | N/A                       | N/A                                 | 99,663               |
| Pre K Lottery Fund   | N/A                       | N/A                                 | 778,549              |
| Safe Schools   | N/A                       | N/A                                 | 131,434              |
| State Matching Grant, 05-06  | N/A                       | N/A                                 | 185,669              |
| Tennessee Department of Health   | N/A                       | GG-06-11822-00                      | 217,402              |
| Tennessee Department of Health   | N/A                       | GG-06-12317-00                      | 87,832               |
| Tennessee Department of Health   | N/A                       | GR-06-12366-00                      | 49,196               |
| Tennessee Department of Health   | N/A                       | GU-06-03284-00                      | 411,546              |
| Tennessee Department of Safety - State Title Issuance                  | N/A                       | GU-04-03038-01                      | 228,672              |
| Tennessee Department of Transportation                                 | N/A                       | Z-06-027963-02                      | 62,295               |
| Tennessee Department of Transportation                                 | N/A                       | Z-06-027963-00                      | 44,006               |
| Tennessee Department of Transportation                                 | N/A                       | Z-06-027963-01                      | 108,198              |
| Tennessee Department of Transportation - Track Engineering             | N/A                       | Z-04-019775-00                      | 13,370               |
| Tennessee Department of Transportation - Track Rehabilitation          | N/A                       | Z-04-019807-00                      | 173,937              |
| Tennessee Department of Transportation - Bridge Engineering            | N/A                       | Z-04-019792-00                      | 4,034                |
| Tennessee Department of Transportation - Bridge Engineering            | N/A                       | Z-05-024276-00                      | 10,754               |
| Tennessee Department of Transportation - Bridge Engineering            | N/A                       | Z-05-024309-00                      | 60,000               |
| Tennessee Department of Transportation - Bridge Engineering            | N/A                       | Z-05-025844-00                      | 6,001                |
| Tennessee Dept of Economic & Community Development - Aakron Rule       | N/A                       | GG-05-11553-00                      | 222,393              |
| Tennessee Dept of Economic & Community Development - Regis Corp        | N/A                       | GG-05-11528-00                      | 10,283               |
| Tennessee Dept of Economic & Community Development - Shackelford       | N/A                       | Z-05-022829-00                      | 100,000              |
| Tennessee Dept of Economic & Community Development - US Xpress         | N/A                       | GG-05-11596-00                      | 402,211              |
| Tennessee Dept of Environment & Conservation-Recycling Rebate          | N/A                       | GG-03-0405-00                       | 23,992               |
| Tennessee Dept of Environment & Conservation-Waste Oil I               | N/A                       | Z-05024424-00                       | 9,842                |
| Tennessee Dept of Environment & Conservation-Waste Oil II              | N/A                       | Z-05024425-00                       | 10,906               |
| Tennessee Dept of Environment & Conservation-Waste Tire                | N/A                       | Z-03-011-350-00                     | 306,031              |
| Tennessee Dept of Environment & Conservation- Vehicle Emissions testin | N/A                       | GU-05-03260-00                      | 56,840               |
| Tennessee Dept of Finance & Administration                             | N/A                       | Z-06-07049-00                       | 30,000               |
| Total Expenditures of State Awards                                     |                           |                                     | <u>4,988,845</u>     |
| TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS                         |                           |                                     | <u>\$ 57,263,327</u> |

**NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS**

**HAMILTON COUNTY, TENNESSEE  
JUNE 30, 2006**

**NOTE A. BASIS OF PRESENTATION**

The accompanying schedule of expenditures of federal and state awards includes the federal and state grant activity of the County and is presented on the accrual basis of accounting. The information in this schedule is presented in accordance with the requirements of OMB Circular A-133, "Audits of States, Local Governments, and Non-Profit Organizations." Therefore, some amounts presented in this schedule may differ from amounts presented in, or used in the preparation of, the general-purpose financial statements.

**NOTE B. SUBRECIPIENTS**

| <u>Program Title</u>   | <u>Federal CFDA<br/>Number</u> | <u>Amount Provided<br/>To Subrecipients</u> |
|--|--------------------------------|---|
| Special Supplemental Nutrition Program<br>for Women, Infants, and Children | 10.557                         | \$ 56,711                                   |
| Title V – Delinquency Prevention Program                                   | 16.548                         | 36,718                                      |
| Title I Grants to Local Educational Agencies                               | 84.010                         | 9,140                                       |
| Title II - Part A  | 84.367                         | 29,480                                      |
| Title IV - Safe and Drug-Free Schools and Communities                      | 84.186                         | 118,682                                     |
| Title V - Innovative Education Program Strategies                          | 84.298                         | 8,852                                       |
| Safe Schools Act   | N/A                            | 94,739                                      |
| Runaway Youth Shelter  | 93.623                         | 100,000                                     |
| Social Services Block Grant  | 93.667                         | 340,154                                     |
| Governor's Prevention Initiative   | 93.994                         | 120,000                                     |

**Report on Internal Control Over Financial Reporting and on Compliance  
and Other Matters Based on an Audit of Financial Statements  
Performed in Accordance with Government Auditing Standards**

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

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Hamilton County, Tennessee, as of and for the year ended June 30, 2006, which collectively comprise Hamilton County's basic financial statements and have issued our report thereon dated February 14, 2007. We did not audit the financial statements of Hamilton County "911" Emergency Communications District. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion on those financial statements, insofar as it relates to the amounts included for the Hamilton County "911" Emergency Communications District, was based solely on the work of other auditors. 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 the 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 Hamilton County's ability to initiate, record, process, 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 06.1 and 06.2.

We noted other matters involving the internal control over financial reporting that we have reported to management of Hamilton County, Tennessee in a separate letter dated February 14, 2007 that we do not consider to be reportable conditions.

A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being audited may occur and not be detected within a timely period by employees in the normal course of performing their assigned functions. Our consideration of the internal control over financial reporting would not necessarily disclose all matters in the internal control that might be reportable conditions and, accordingly, would not necessarily disclose all reportable conditions that are also considered to be material weaknesses. However, we believe that none of the reportable conditions described above is a material weakness.

#### Compliance and Other Matters

As part of obtaining reasonable assurance about whether the 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 and the report of the other auditors disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

However, we noted certain immaterial instances of noncompliance that we have reported to management of Hamilton County, Tennessee in a separate letter dated February 14, 2007.

This report is intended solely for the information and use of the Board of Commissioners, the management of Hamilton County, Tennessee, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chattanooga, Tennessee  
February 14, 2007

Henderson Hutcherson  
& McCullough, PLLC

**Report on Compliance With Requirements**  
**Applicable to Each Major Federal Program and on Internal**  
**Control Over Compliance in Accordance with OMB Circular A-133**

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

Compliance

We have audited the compliance of Hamilton County, Tennessee, with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2006. The 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 the County's management. Our responsibility is to express an opinion on the 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 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 the 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 the County's compliance with those requirements.

In our opinion, Hamilton County, Tennessee complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2006.

### Internal Control Over Compliance

The management of Hamilton County, Tennessee, is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered the 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 internal control over compliance in accordance with OMB Circular A-133.

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

This report is intended solely for the information and use of the Board of Commissioners, the management of Hamilton County, Tennessee, federal and state awarding agencies, and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Chattanooga, Tennessee  
February 14, 2007

*Henderson Hutcherson  
& McCullough, PLLC*

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS  
Year Ended June 30, 2006**

**SECTION 1 – SUMMARY OF AUDITOR’S RESULTS**

Financial Statements

Type of auditor’s report issued: Unqualified

Internal control over financial reporting:

- Material weaknesses identified? \_\_\_yes      X no
- Reportable conditions identified that are not considered to be material weaknesses? X yes      \_\_\_none reported
- Noncompliance material to financial statements noted? \_\_\_yes      X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? \_\_\_yes      X no
- Reportable conditions identified that are not considered to be material weaknesses? \_\_\_yes      X no

Type of auditor’s report issued on compliance for major programs: Unqualified

Any audit findings disclosed that are required to be reported in accordance with section 510(a) of Circular A-133? \_\_\_yes      X no

Identification of major programs:

| <u>CFDA Number</u> | <u>Name of Federal Program or Cluster</u>   |
|--------------------|---|
| 10.553             | U. S. Department of Agriculture:<br>School Breakfast Program  |
| 10.555             | National School Lunch Program   |
| 14.246             | U.S. Department of Housing and Urban Development:<br>Community Development Block Grant/Brownfields<br>Economic Development Initiative |
| 84.010             | U.S. Department of Education:<br>Title I Grants to Local Education Agencies   |
| 84.048             | Perkins Grant Program Improvement Voc. Ed.  |
| 84.357             | Reading First   |

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|        |  |
|--------|--|
| 93.116 | U.S. Department of Health and Human Services:<br>Project Grants and Cooperative Agreements<br>for Tuberculosis |
| 93.268 | Immunization Grants  |
| 93.563 | Child Support Programs Title IV-D  |
| 93.667 | Social Services Block Grant  |
| 93.991 | Preventive Health and Health Services Block Grant  |
| 97.004 | U.S. Department of Homeland Security<br>State Domestic Preparedness Equipment<br>Support Program               |

Dollar threshold used to distinguish between type A  
and type B programs:

\$ 1,568,234

Auditee qualified as low-risk auditee?

X  yes      \_\_\_\_\_ no

## **SECTION II – FINANCIAL STATEMENT FINDINGS**

### 06.1 Reconciliations

*Condition:* Monthly bank reconciliations were not prepared on a timely basis.

*Criteria:* Reconciliations should be prepared on a timely basis to ensure adequate cash flow, to detect errors and other misstatements, and to provide accurate financial reporting.

*Effect:* Because of the failure to provide timely reconciliations, financial reports were inaccurate and misstatements were not detected in a timely manner.

*Recommendation:* Reconciliations should be prepared and distributed to the appropriate parties on a monthly basis.

### 06.2 Federal Awards

*Condition:* The accounting and reporting of federal and state awards are maintained by various county offices, making it difficult to determine the completeness of the Schedule of Federal and State Awards.

*Criteria:* A detailed schedule of county-wide federal and state awards should be maintained by the accounting department.

*Effect:* Since there was not a centralized federal and state award schedule, it was difficult to ensure completeness and accuracy of reporting.

*Recommendation:* A detailed schedule of county-wide federal and state awards should be maintained by the accounting department

## **SECTION III – FEDERAL AWARD FINDINGS AND QUESTIONED COSTS**

None reported

**HAMILTON COUNTY, TENNESSEE**

**SCHEDULE OF PRIOR AUDIT FINDINGS  
Year Ended June 30, 2006**

None

## PHOTO IDENTIFICATION

|                  |   |
|------------------|---|
| Cover            | A segment of the Riverwalk, the pedestrian bridge crosses South Chickamauga Creek. The 329 ft. span provides dramatic views of the Tennessee River and South Chickamauga Creek.   |
| Page 2 and 3     | A vantage point from the deck of The Hunter Museum looking West and South onto the Tennessee River, the Walnut Street Bridge, the Chief John Ross (Market Street) Bridge and the Olgiate Bridge.  |
| Page 4           | The 21st Century Waterfront.  |
| Pages 6 and 7    | The Discovery Playground at Normal Park Elementary School features a "Spanish Galleon" play structure, walking paths, a butterfly gate and student-inspired fence finials.  |
| Page 8 and 9     | The neo-classic face of the Hunter Museum.  |
| Pages 11         | The 21st Century Waterfront from the dock across the river in the new Renaissance Park.   |
| Pages 13         | The Hamilton County Courthouse.   |
| Page 14          | The new Electric Power Board Building at M.L. King between Broad and Market.  |
| Pages iv and v   | The entrance to The Passage, The University of Tennessee at Chattanooga gate with McKenzie Arena in the background, Bessie Smith Hall and the Chattanooga African-American Museum, Warner Park, new street signage on Market and Second, Battle Academy playground.   |
| Page vi and vii  | The Tennessee River from the Olgiate Bridge; the Tennessee Riverwalk: signage, "Red and Black Spiral" by George Sugarman – painted and welded aluminum, metalmen collection in the Bluff View Art District Sculpture Garden, public art in the Hunter Museum Courtyard, blue metalman overlooking the Tennessee River from the Sculpture Garden wall. |
| Page xi          | "Full Count" by John Dreyfus – bronze casting with brown patina – below the Hunter Museum courtyard.  |
| Pages xii        | The Walnut Street Bridge from Coolidge Park.  |
| Page xiii        | Bikers at Battery Park, strollers near the pedestrian bridge that crosses South Chickamauga Creek, wildflowers at Renaissance Park, and bikers on the Riverwalk near BASF.  |
| Pages xiv and xv | In the foreground, the water cannons at the foot of The Passage; in the background, the Chief John Ross Bridge undergoing a two-year renovation.  |
| pages xvi        | "Inland Sea Fowl" by Evan Lewis – steel, stainless steel and aluminum – at the South entrance to the Walnut Street Bridge.  |
| Back cover       | A continuation of the cover shot – a segment of the Riverwalk, this pedestrian bridge crosses South Chickamauga Creek. The 329 ft. span provides dramatic views of the Tennessee River and South Chickamauga Creek.   |



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