

Jerry Luce
'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.

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Financial Trends

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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

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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

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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

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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

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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 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)

	Fiscal Year	
	<u>2007</u>	<u>2006</u>
Governmental activities		
Invested in capital assets, net of related debt	\$ 197,381,058	\$ 172,743,851
Restricted	\$ 20,087,313	\$ 26,796,148
Unrestricted	\$ (18,991,416)	\$ (11,889,667)
Total governmental activities net assets	<u>\$ 198,476,955</u>	<u>\$ 187,650,332</u>
Primary government		
Invested in capital assets, net of related debt	\$ 197,381,058	\$ 172,743,851
Restricted	\$ 20,087,313	\$ 26,796,148
Unrestricted	\$ (18,991,416)	\$ (11,889,667)
Total primary government net assets	<u>\$ 198,476,955</u>	<u>\$ 187,650,332</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)

	Fiscal Year				
	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>	<u>2003</u>
Expenses					
Governmental activities:					
General Government	\$ 38,442,141	\$ 34,981,305	\$ 31,552,148	\$ 32,954,221	\$ 34,675,500
Public Safety:					
Sheriff	26,176,514	25,294,547	23,797,816	25,316,591	23,868,362
Criminal Court	3,835,788	3,586,288	3,516,738	3,459,762	3,168,418
Juvenile Court	7,960,486	7,638,342	7,214,860	6,975,183	5,339,356
Ambulance Services	19,676,312	17,811,039	17,687,413	15,058,814	11,845,698
Other	25,372,780	22,751,522	21,415,997	19,337,349	19,412,292
Highways and streets	15,540,503	13,673,235	15,464,132	14,288,450	9,927,596
Health	20,528,751	19,121,961	18,231,342	17,674,360	17,463,293
Social Services	7,911,773	7,776,426	7,914,628	8,120,070	10,195,370
Culture and recreation	12,513,987	10,460,777	7,427,337	7,244,976	10,846,970
Education	13,011,783	12,792,560	35,440,590	15,308,638	15,260,477
Interest on long-term debt	6,344,384	6,533,192	7,109,395	6,910,473	7,306,784
Total governmental activities expenses	<u>197,315,202</u>	<u>182,421,194</u>	<u>196,772,396</u>	<u>172,648,887</u>	<u>169,310,116</u>
Total primary government expenses	<u>197,315,202</u>	<u>182,421,194</u>	<u>196,772,396</u>	<u>172,648,887</u>	<u>169,310,116</u>
Program Revenues					
Governmental activities:					
Charges for services					
General Government	15,358,345	17,509,655	13,905,047	13,429,971	15,220,090
Public Safety:					
Sheriff	1,581,710	1,187,587	1,174,128	1,187,862	5,701,719
Criminal Court	2,641,719	2,393,387	2,312,890	2,406,421	1,999,857
Juvenile Court	676,830	752,358	686,231	708,734	600,676
Ambulance Services	18,697,842	18,387,291	17,770,987	15,664,216	10,428,914
Other	2,711,231	2,856,527	2,691,956	2,212,027	1,770,465
Highways and streets	1,960,832	514,874	1,342,931	814,626	286
Health	2,758,815	3,006,494	2,841,652	2,689,289	2,624,414
Social Services	4,351,989	3,762,669	3,427,119	3,398,463	3,330,528
Culture and recreation	560,931	536,093	463,407	435,785	31,655
Operating grants and contributions	24,838,263	24,653,509	22,965,548	24,226,919	20,693,054
Capital grants and contributions	5,230,533	3,091,343	9,706,722	7,659,577	11,061,024
Total governmental activities program revenues	<u>81,369,040</u>	<u>78,651,787</u>	<u>79,288,618</u>	<u>74,833,890</u>	<u>73,462,682</u>
Total primary government program revenues	<u>81,369,040</u>	<u>78,651,787</u>	<u>79,288,618</u>	<u>74,833,890</u>	<u>73,462,682</u>
Net (Expense)/Revenue					
Governmental activities	<u>(115,946,162)</u>	<u>(103,769,407)</u>	<u>(117,483,778)</u>	<u>(97,814,997)</u>	<u>(95,847,434)</u>
Total primary government net expense	<u>(115,946,162)</u>	<u>(103,769,407)</u>	<u>(117,483,778)</u>	<u>(97,814,997)</u>	<u>(95,847,434)</u>
General Revenues and Other Changes in Net Assets					
Governmental activities:					
Taxes:					
Property taxes	96,081,225	90,818,279	85,451,188	84,841,031	85,242,735
Sales taxes	13,547,577	15,715,561	12,102,963	11,173,363	10,548,285
Business taxes	4,938,615	5,096,014	1,830,352	3,602,133	3,474,784
Hotel/Motel taxes	4,174,410	3,960,862	3,748,663	3,447,598	3,332,975
Other taxes	2,222,336	744,167	1,244,418	1,349,121	1,266,662
Unrestricted grants and contributions					2,368,567
Investment earnings	5,808,622	3,863,330	3,024,794	1,864,570	
Miscellaneous					
Total governmental activities	<u>126,772,785</u>	<u>120,198,213</u>	<u>107,402,378</u>	<u>106,277,816</u>	<u>106,234,008</u>
Total primary government	<u>126,772,785</u>	<u>120,198,213</u>	<u>107,402,378</u>	<u>106,277,816</u>	<u>106,234,008</u>
Change in Net Assets					
Governmental activities	<u>10,826,623</u>	<u>16,428,806</u>	<u>(10,081,400)</u>	<u>8,462,819</u>	<u>10,386,574</u>
Total primary government	<u>\$ 10,826,623</u>	<u>\$ 16,428,806</u>	<u>\$ (10,081,400)</u>	<u>\$ 8,462,819</u>	<u>\$ 10,386,574</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>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
General Fund				
Reserved	\$ 1,573,982	\$ 2,723,959	\$ 2,962,829	\$ 2,382,206
Unreserved	56,760,180	52,638,869	46,751,479	51,103,451
Total General Fund	<u>58,334,162</u>	<u>55,362,828</u>	<u>49,714,308</u>	<u>53,485,657</u>
All Other Governmental Funds				
Reserved	131,501,016	25,471,500	21,053,176	26,095,969
Unreserved, reported in:				
Special revenue funds	5,434,029	3,547,007	2,578,486	3,834,186
Capital projects funds	(104,202,005)	9,245,897	21,133,440	29,905,968
Debt service funds	1,653,012	-	-	-
Total all other governmental funds	<u>\$ 34,386,052</u>	<u>\$ 38,264,404</u>	<u>\$ 44,765,102</u>	<u>\$ 59,836,123</u>

Fiscal Year					
<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 3,300,986	\$ 2,988,648	\$ 3,827,168	\$ 3,136,995	\$ 2,252,996	\$ 2,078,473
<u>50,303,712</u>	<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>53,604,698</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>
44,895,624	24,905,748	17,984,974	15,175,328	32,789,721	28,856,870
5,633,612	5,270,253	6,189,113	11,170,644	2,768,942	3,097,486
1,307,236	40,709,079	66,313,244	27,072,524	33,602,116	77,083,224
-	-	-	-	-	-
<u>\$ 51,836,472</u>	<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>

Schedule IV
Hamilton County, Tennessee
Changes in Fund Balance, Governmental Funds
Last Ten Fiscal Years
(Modified accrual basis of accounting)

	<u>2007</u>	<u>2006</u>	<u>2005</u>	<u>2004</u>
Revenues				
Taxes	\$ 120,511,933	\$ 116,247,392	\$ 103,885,905	\$ 103,730,509
Licenses, fees, and permits	1,003,230	1,118,017	996,136	740,949
Fines and penalties	1,901,904	1,908,302	2,033,385	1,207,113
Charges for services	43,750,881	42,471,528	40,461,142	38,146,870
Intergovernmental	31,579,697	27,744,852	32,777,664	32,600,800
Investment earnings	5,003,729	3,160,096	2,495,371	1,591,905
Other revenues	4,644,229	5,409,088	3,592,125	2,852,462
Total revenues	<u>208,395,603</u>	<u>198,059,275</u>	<u>186,241,728</u>	<u>180,870,608</u>
Expenditures				
General government	38,105,787	35,410,918	34,050,720	33,625,625
Public Safety:				
Sheriff	25,276,122	24,518,755	22,599,098	23,593,493
Criminal Court	3,534,185	3,261,864	3,219,691	3,184,747
Juvenile Court	7,841,180	7,388,345	7,005,899	6,913,363
Ambulance Services	19,276,996	17,479,465	17,514,899	14,842,261
Other	24,015,988	22,200,063	20,359,518	18,620,790
Highways and streets	11,387,520	9,638,478	9,663,858	10,384,639
Health	20,281,542	19,009,220	17,873,029	17,852,323
Social Services	7,878,541	7,747,039	7,774,655	8,114,455
Culture and recreation	11,154,441	10,245,016	9,331,150	9,891,062
Capital Outlay				
General government	9,221,715	12,700,379	20,860,077	16,835,355
Education	30,744,012	4,599,993	9,424,380	15,879,834
Debt service				
Interest	19,951,308	6,800,427	20,716,808	6,549,742
Principal	6,626,765	19,978,367	7,370,865	19,028,505
Issuance Cost				
Total expenditures	<u>235,296,102</u>	<u>200,978,329</u>	<u>207,764,647</u>	<u>205,316,194</u>
Excess of revenues over/(under) expenditures	<u>(26,900,499)</u>	<u>(2,919,054)</u>	<u>(21,522,919)</u>	<u>(24,445,586)</u>
Other Financing Sources (Uses)				
Transfers in	59,602,211	57,900,713	55,682,262	51,706,028
Transfers out	(59,477,211)	(57,775,713)	(55,557,262)	(51,581,028)
Bond and note proceeds	25,000,000		934	30,015,266
Bond premium			-	1,278,540
Payment to refunded bond escrow agent				
Sale of capital assets	868,481	1,941,876	2,554,615	907,390
Total other financing sources (uses)	<u>25,993,481</u>	<u>2,066,876</u>	<u>2,680,549</u>	<u>32,326,196</u>
Net change in fund balances	<u>\$ (907,018)</u>	<u>\$ (852,178)</u>	<u>\$ (18,842,370)</u>	<u>\$ 7,880,610</u>
Debt service as a percentage of noncapital expenditures	13.6%	14.6%	15.8%	14.8%

Fiscal Year

<u>2003</u>	<u>2002</u>	<u>2001</u>	<u>2000</u>	<u>1999</u>	<u>1998</u>
\$ 103,201,249	\$ 102,799,560	\$ 100,251,585	\$ 97,159,569	\$ 88,002,691	\$ 85,325,360
595,693	478,886	475,783	520,943	577,248	531,967
1,670,186	1,758,453	1,446,421	1,734,989	1,927,604	1,802,039
31,329,385	30,229,202	26,983,601	23,154,631	20,762,480	18,753,530
36,656,544	26,910,941	25,897,754	20,893,719	21,064,420	24,707,499
1,976,814	3,776,567	5,935,725	4,780,535	5,647,482	5,344,917
3,819,227	2,820,758	2,856,951	7,438,565	2,609,155	3,292,498
<u>179,249,098</u>	<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>
33,708,497	34,132,849	34,223,148	28,116,172	25,498,052	23,885,470
22,319,578	21,083,913	49,376,760	45,181,659	40,139,137	38,165,213
2,855,969	2,636,307				
5,195,263	4,529,038				
11,218,477	11,632,439				
17,818,148	16,590,536				
9,888,106	10,583,226	8,103,653	7,876,225	7,053,587	7,460,439
17,318,336	15,970,858	14,414,966	13,774,376	12,642,259	14,428,522
10,156,391	8,213,683	8,712,605	8,448,708	7,985,237	8,456,069
9,656,196	9,525,518	8,923,026	8,465,941	7,824,564	8,009,348
21,972,705	7,738,764	29,836,020	38,034,073	32,345,955	19,710,811
13,311,115	21,292,864				
7,807,029	8,954,469	8,803,710	7,870,267	8,460,705	9,005,120
19,153,505	21,212,089	17,610,689	18,373,206	17,678,335	19,363,756
					27,755
<u>202,379,315</u>	<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>(23,130,217)</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>
50,668,288	54,195,459	53,710,403	48,189,616	24,592,048	19,373,753
(50,543,288)	(54,070,459)	(53,652,621)	(49,303,560)	(25,754,758)	(20,653,922)
32,106,910	435,904	56,942,955	4,062,001	541,128	26,472,049
(30,122,469)					(6,072,245)
262,353	493,465	625,425			
<u>2,371,794</u>	<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>\$ (20,758,423)</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>
16.1%	18.3%	14.7%	14.9%	16.4%	19.1%

Schedule V
Hamilton County, Tennessee
Assessed Value and Estimated Actual Value of Taxable Property,
Last Ten Fiscal Years

Fiscal Year Ended June 30	Real Property			Personalty Property
	Residential Property	Commercial Property	Other Multi-Use Property	
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
2007	3,791,887,727	2,276,582,369	102,219,515	574,160,097

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 2007 are \$205,793,697 and \$374,170,358 respectively.

<u>Public Utilities Property</u>	<u>Less: Tax Exempt Real Property</u>	<u>Total Taxable Assessed Value</u>	<u>Total Direct Tax Rate</u>	<u>Estimated Actual Taxable Value</u>
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
329,134,150	-	7,073,983,858	3.154	23,712,031,264

Schedule VI
Hamilton County, Tennessee
Direct and Overlapping Property Tax Rates,
Last Ten Fiscal Years
(rate per \$100 of assessed value)

Fiscal Year Ended June 30	County Direct Rates				City of		
	General Government	Department of Education	District Road	Total Direct Rate	Chattanooga	East Ridge	Red Bank
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
2007	1.5655	1.5759	0.0126	3.1540	2.2020	1.0770	1.2600

Source: Hamilton County Trustee's Office

Overlapping Rates							Total Direct & Overlapping Rates
Lookout Mountain	Signal Mountain	Collegedale	Soddy-Daisy	Lakesite	Ridgeside	Town of 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	15.6680
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
1.8000	1.7750	1.2000	0.7800	0.2900	1.6000	0.5000	15.6380

Schedule VII
Hamilton County, Tennessee
Principal Property Taxpayers
Current Year and Nine Years Ago

Taxpayer	2007			1998		
	Taxable Assessed Value	Rank	% of Total Assessed Valuation	Taxable Assessed Value	Rank	% of Total Assessed Valuation
Electric Power Board	\$ 205,793,697	1	3.12%	\$ 139,855,641	1	3.36%
TVA	121,680,290	2	1.84%	\$ 100,353,240	2	2.41%
Lebcon Assoc/C B L	70,829,472	3	1.07%	\$ 43,762,076	5	1.05%
Bellsouth Telecommunications	69,946,811	4	1.06%	\$ 75,057,296	3	1.81%
Tennessee-American Water Co.	49,334,751	5	0.75%	\$ 36,233,753	6	0.87%
McKee Baking/Foods Corp.	46,893,748	6	0.71%	27,984,819	8	0.67%
Chattanooga Gas Company	46,639,639	7	0.71%	\$ 35,083,148	7	0.84%
Provident Life /Unum Provident	39,856,927	8	0.60%	\$ 26,791,211	9	0.64%
E. I. Dupont	31,734,947	9	0.48%	\$ 66,149,481	4	1.59%
Kenco Group	27,259,229	10	0.41%	-	-	-
Tallan Holdings/Properties			-	\$ 13,022,391	10	0.31%
	<u>\$ 709,969,511</u>		<u>10.75%</u>	<u>\$ 564,293,056</u>		<u>13.55%</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 Year Ended June 30	Taxes Levied for the Fiscal Year	Collected within the Fiscal Year of the Levy		Collections in Subsequent Years	Total Collections to Date	
		Amount	Percentage of Levy		Amount	Percentage of Levy
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%	6,947,670	144,715,370	99.5%
2001	149,435,772	141,232,237	94.7%	7,718,965	148,951,202	99.7%
2002	154,402,498	145,190,063	94.0%	8,999,491	154,189,554	99.9%
2003	156,901,705	149,006,804	95.0%	6,973,000	155,979,804	99.4%
2004	158,594,035	150,434,347	94.9%	7,792,742	158,227,089	99.8%
2005	162,140,351	153,718,818	94.8%	6,739,200	160,458,018	99.0%
2006	181,473,837	173,318,379	95.5%	5,558,429	178,876,808	98.6%
2007	187,738,019	179,757,257	95.7%	-	179,757,257	95.7%

Schedule IX
Hamilton County, TN
Ratios of Outstanding Debt by Type,
Last Ten Fiscal Years

Governmental Activities						
Fiscal Year	General Obligation Bonds	Notes Payable	Certificates of Participation	Total Primary Government	Percentage of Personal Income	Per Capita
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	1.58%	\$ 526
2006	125,510,000	17,322,009	-	142,832,009	1.32%	\$ 459
2007	107,730,000	39,989,671	-	147,719,671	1.29%	\$ 472

Schedule X
Hamilton County, TN
Ratios of General Bonded Debt Outstanding,
Last Ten Fiscal Years

Fiscal Year	General Obligation Bonds	Percentage of Actual Taxable Value of Property	Per Capita
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
2007	107,730,000	0.45%	\$ 344

Schedule XI
Hamilton County, TN
Direct and Overlapping Governmental Activities Debt
As of June 30, 2007

<u>Governmental Unit</u>	<u>Debt Outstanding</u>	<u>Estimated Percentage Applicable</u>	<u>Estimated Share of Direct and Overlapping Debt</u>
Debt repaid with property taxes			
City of Chattanooga	\$ 97,632,033	56.052%	\$ 54,724,707
Town of East Ridge	\$ 3,988,797	4.517%	\$ 180,174
Town of Red Bank	\$ 2,274,279	2.486%	\$ 56,539
Town of Lookout Mountain	\$ 1,130,000	1.468%	\$ 16,588
Town of Signal Mountain	\$ 1,126,397	2.820%	\$ 31,764
Town of Collegedale	\$ 1,703,330	1.905%	\$ 32,448
Town of Soddy Daisy	\$ 926,513	2.769%	\$ 25,655
Other debt			
City of Chattanooga	\$ 325,198,221	56.052%	\$ 182,280,107
Town of East Ridge	\$ 2,271,180	4.517%	\$ 102,589
Town of Red Bank	\$ 10,171,031	2.486%	\$ 252,852
Town of Lookout Mountain	\$ -	1.468%	\$ -
Town of Signal Mountain	\$ 147,000	2.820%	\$ 4,145
Town of Collegedale	\$ 3,841,753	1.905%	\$ 73,185
Town of Soddy Daisy	\$ -	2.769%	\$ -
Subtotal, overlapping debt			\$ 237,780,755
Hamilton County direct debt			\$ 147,719,671
Total direct and overlapping debt			\$ 385,500,426

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)
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	9,875,092	31,908	3.5%
2004	309,729	10,282,065	33,197	5.8%
2005	310,935	10,810,683	34,768	5.4%
2006	312,905	11,464,827	36,640	3.9%

Sources: Population, personal income, per capita income information provided by the Chamber of Commerce: Bureau of Economic Analysis (BEA). For 2006, personal income and per capita income were interpolated based on percentage increases reported by Metropolitan areas in the BEA. The BEA updates the 2 prior years data to actuals; therefore, personal income and per capita income were updated to actuals as reported by BEA for 2003-2005. Population estimate was found at the State of Tennessee: Economic and Community Development website for 2006. 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>2007</u>			<u>1998</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	4,360	2	2.65%	4,313	1	2.48%
Blue Cross Blue Shield of Tennessee	4,502	1	2.74%	3,560	2	2.05%
Erlanger Health System	3,410	4	2.07%	2,250	7	1.29%
McKee Foods Corporation	3,200	5	1.94%	3,193	4	1.84%
Tennessee Valley Authority	3,869	3	2.35%	3,300	3	1.90%
UnumProvident Corporation	2,800	6	1.70%	2,166	8	1.25%
Memorial Health Care System	2,152	8	1.31%	2,414	5	
City of Chattanooga	2,338	7	1.42%	2,380	6	1.37%
CIGNA Healthcare	1,850	10	1.12%			
Nissan North America Onc.	2,000	9	1.22%			
Synthetic Industries				1,851	9	1.06%
Roper Corporation				1,700	10	0.98%
Total	<u>30,481</u>		<u>18.52%</u>	<u>27,127</u>		<u>14.22%</u>

Source: Chattanooga Area Chamber of Commerce

Schedule XIV
Hamilton County, TN
Full-time Equivalent County Government Employees by Function Program
As of June 30, 2007

<u>Function/Program</u>	<u>Full-time-Equivalent Employees</u>	
	<u>2007</u>	<u>2006</u>
General Government	660	536
Public Safety	379	365
Highways and Streets	129	111
Health	238	278
Social Services	83	97
Culture and Recreation	<u>83</u>	<u>89</u>
Total	<u>1,572</u>	<u>1,476</u>

Source: Hamilton County Human Resources Department

Notes: Full time equivalents (FTE)
 Full time - 1 full time equivalent - these are permanent employees who earn pension and leave time
 Skimp - .63 full time equivalent - these are permanent employees who do not work more than 1
 1,300 hours a year, earn leave time but do not participate in pension
 Part time - .5 full time equivalent - these are 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 - these 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, TN
Operating Indicators by Function/Program
Last Five Fiscal Years

<u>Function/Program</u>	<u>Fiscal Year</u>				
	2007	2006	2005	2004	2003
General Government					
County Clerk (DMV) - transactions processed	381,072	404,066	393,942	369,790	392,387
Register - documents recorded	78,300	81,687	89,228	86,165	83,337
Recycling - tons collected	2,342	2,218	2,200	1,710	1,479
Election Commission - registered voters	184,099	182,250	176,671	169,399	164,193
Election Commission - votes cast in last election	109,401	50,968	137,272	28,514	89,030
Purchasing - bids posted	153	150	135	131	145
Public Safety					
Building Inspections - permits issued	1,600	1,616	1,609	1,531	1,419
Building Inspections - inspections and investigations	25,292	24,562	22,838	22,437	19,524
Jail - average number inmates housed	610	583	561	607	669
Sheriff's Dept - physical arrests	6,728	6,723	6,843	6,896	6,590
Juvenile Court Judge - cases heard	9,255	7,574	7,699	7,765	7,558
Criminal Court Judge - cases heard	5,000	4,866	4,396	4,747	3,907
Ambulance Services - responded calls	20,393	20,536	20,624	19,608	18,662
Police Protection (Sworn, Correctional, Civilian and Others)	373	393	385	388	387
Highways and Streets					
Engineering Services - projects administered	80	69	100	99	99
Highways & Streets - bridges maintained	81	81	81	81	81
Health					
Health Dept - patients seen	47,383	49,817	58,808	50,419	48,867
Environmental Health - processed appl for new/existing septic system	2,131	828	1,044	2,554	2,369
Social Services					
Emergency Assistance Program of Financial Services - # households served	425	350	331	338	387
Emergency Assistance Program of Financial Services - # of services	548	420	386	421	382
Chancery Court Judge - # cases heard	2,521	2,520	2,266	2,452	1,998
Circuit Court Judge - #cases heard	2,892	3,088	3,357	3,431	3,379
Culture & Recreation					
# Facilities Maintained	34	34	34	32	30
# Programs Offered	18	18	17	16	18
Education					
Public School Enrollment	40,430	40,826	40,376	40,774	40,138
Private School Enrollment	11,351	11,330	11,348	11,328	10,857

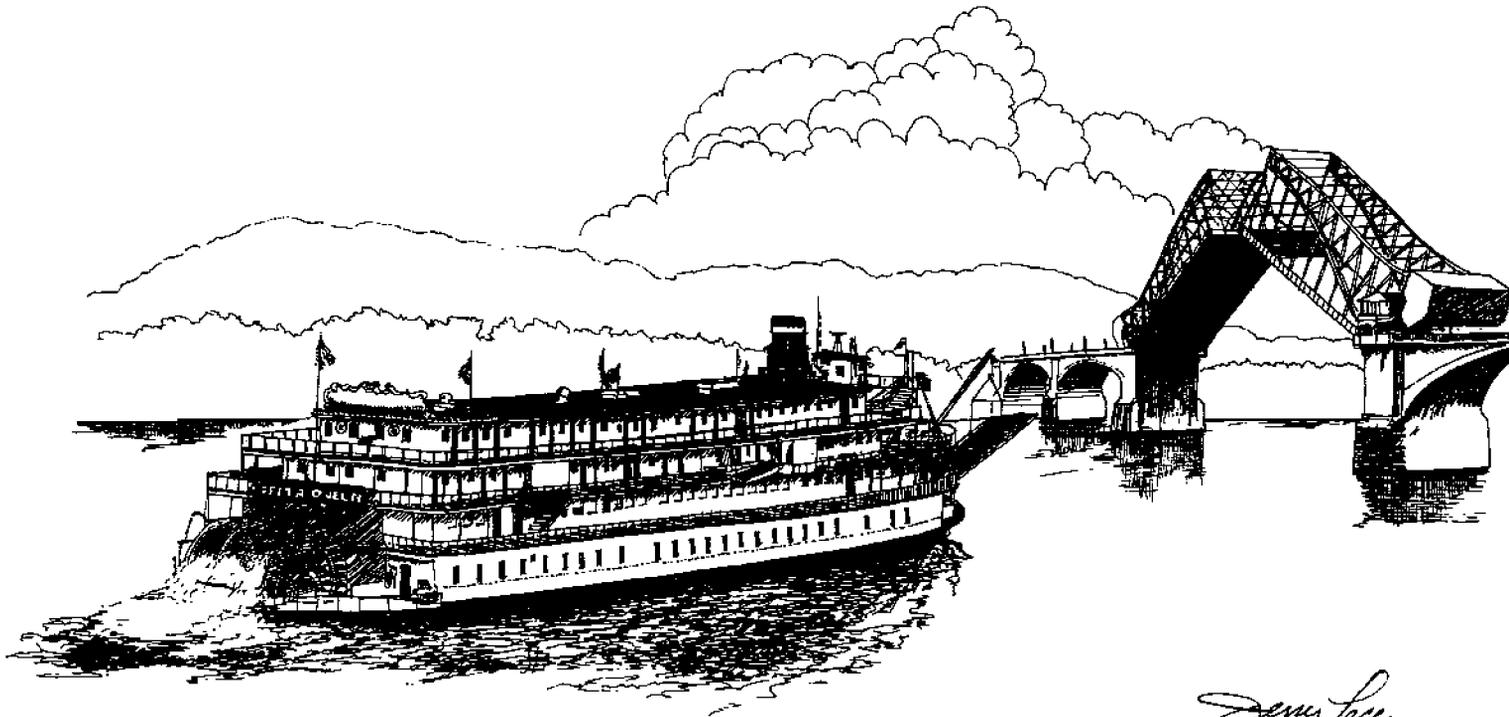
Sources: CABR from prior years, CAFR from prior years and various department personnel

****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, TN
Capital Asset Statistics by Function/Program
Last Six Fiscal Years

<u>Function/Program</u>	Fiscal Year				
	2007	2006	2005	2004	2003
General Government					
Libraries	9	9	9	9	9
Recycling Stations	6	5	5	5	5
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	17
Ambulance Stations	15	15	15	15	15
Sheriff patrol cars	211	224	207	201	214
Highways and Streets					
Miles of paved streets	2380	2435	2380	2379	2379
Miles of unpaved streets	0	0	0	0	0
Health					
Healthcare Facilities	5	5	5	5	5
Culture & Recreation					
Number of Parks	98	97	92	119	119
Golf Courses	21	21	21	16	16
Recreation Centers	17	17	17	15	15
Ball Fields	154	161	132	122	122
Public Tennis Courts	165	165	161	191	200
Swimming Pools	32	32	28	55	55
Theaters	15	14	14	17	17
Bowling Alleys	3	3	3	3	3

Sources: Prior year CAFRs and various department personnel



Jenny Lane
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HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HOUSING AND URBAN DEVELOPMENT			
Passed through Tennessee Department of Economic and Community Development:			
Community Development Block Grants	14.228	GG-04-11006-00	\$ 87,394
Passed through Tennessee Housing Development Agency			
HOME Investments Partnership Program	14.239	HM-05-21	200,091
Small Business Administration/High-tech Small Business Incubator	14.246	B-02-SP-TN-0686	<u>224,849</u>
Total U.S. Department of Housing and Urban Development			<u>512,334</u>
U.S. DEPARTMENT OF JUSTICE			
Passed through Tennessee Emergency Management Agency:			
Emergency Management Performance Grants	16.007	GG-06-12229-00	<u>29,937</u>
Passed through Tennessee Commission of Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-07-12991-00	<u>36,066</u>
Title V: Delinquency Prevention Program	16.548	GG-07-12761-00	<u>24,508</u>
Tennessee Methamphetamine Grants			
Tennessee Methamphetamine Initiative	16.580	2007-DD-BX-0002	390,549
Regional Task Force	16.580	2005-DD-BX-1144	620,657
Intelligence System	16.580	2006-DD-BX-0206	60,739
Total Tennessee Methamphetamine Grants Program			<u>1,071,945</u>
Passed through Tennessee Drug Court Treatment Resource Fund			
Criminal Justice Program	16.585	Z-05025517-00	<u>244,091</u>
Domestic Violence	16.590	2005-WE-AX-0015	<u>135,518</u>
Community Prosecution and Project Safe Neighborhoods	16.609	2002-GP-CX-0061	<u>54,529</u>
Total U.S. Department of Justice			<u>1,596,594</u>
U.S. DEPARTMENT OF TRANSPORTATION			
Passed through Tennessee Department of Transportation:			
TN River park - Millennium Project	20.205	STP-EN-9202(64)	<u>11,537</u>
Total U.S. Department of Transportation			<u>11,537</u>

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES			
Passed through Tennessee Commission on Children and Youth:			
Supplement Nutrition Program for Women, Infants and Children	10.557	GG-07-129940	\$ <u>963,829</u>
Child Welfare Research and Demonstration	93.608	GG-07-12685-00	<u>15,000</u>
Passed through Tennessee Department of Health:			
Project Grants and Cooperative Agreements for Tuberculosis State TB Outreach	93.116	GG-07-12563	<u>499,500</u>
Centers for Disease Control and Prevention: Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-07-127210	<u>19,571</u>
Family Planning Grants	93.217/93.994	GU-07-033990	<u>471,700</u>
Immunization Grants	93.268	GG-07-205750	<u>227,932</u>
Centers for Disease Control and Prevention: Investigations and Technical Assistance	93.283	GG-07-123460	54,868
	93.283	GG-06-124970	22,951
	93.283	GG-07-2047700	3,296
	93.283	GG-06-1215200	791,298
	93.283	GG-07-1256200	<u>74,300</u>
Total Investigations and Technical Assistance			<u>946,713</u>
Runaway Youth Shelter	93.623	04CY0740-13	<u>16,667</u>
Medical Assistance Program	93.778	GG-07128080	<u>22,544</u>
Centers for Disease Control: Investigations and HIV Care Formula Grants	93.917	GG-07-2059800 & GG-06-1236600	<u>186,350</u>
HIV Prevention Activities: Health Department Based	93.940/93.944	Z-07-038097 & Z-06-03112100	<u>316,351</u>
Pregnancy Prevention	93.959	GG-07-12700	<u>292,432</u>
Preventative Health Services: Sexually Transmitted Diseases Control Grants	93.977	Z-07-038097 & Z-06-031121-00	<u>214,800</u>

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
Preventative Health and Health Services Block Grant	93.991	GG-07-1256200	\$ <u>121,700</u>
Maternal and Child Health Services Block Grant	93.994	GG-07-202510	11,899
	93.994	GG-07-123620	<u>244,700</u>
Total Maternal and Child Health Services Block Grant			<u>256,599</u>
Passed through Tennessee Department of Human Services: Child Support Enforcement	93.563	GG-05-11299-00	<u>271,084</u>
Social Services Block Grant	93.667	GG-07-12709	165,820
	93.667	Z-06-026033/34	<u>344,458</u>
Total Social Services Block Grant			<u>510,278</u>
Total U.S. Department of Health and Human Services			<u>5,353,050</u>
U.S. DEPARTMENT OF HOMELAND SECURITY			
Passed through Tennessee Emergency Management Agency:			
Domestic Preparedness	97.004	Z-04-022447-02	1,008,771
Presidential Disaster	97.036	Z-03-017884-01	67,926
Emergency Management	97.042	Z-06-032875-00	113,551
Homeland Security	97.078	Z-05-013020-00	<u>137,547</u>
Total U.S. Department of Homeland Security			<u>1,327,795</u>
Total Expenditures of Federal Awards - Primary Government			<u>8,801,310</u>

COMPONENT UNITS:

U.S. DEPARTMENT OF AGRICULTURE

Passed through Tennessee Department of Agriculture:

Food Donation (Noncash - Food Commodities) 10.565 None 847,769

Passed through Tennessee Department of Education:

School Breakfast Program 10.553 None 2,200,343

National School Lunch Program 10.555 None 6,993,858

Total U. S. Department of Agriculture 10,041,970

(continued)

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
U.S. DEPARTMENT OF EDUCATION			
Passed through Tennessee Department of Education:			
Title I Grants to Local Educational Agencies	84.010	None	\$ 11,502,770
Special Education: Grants to States	84.027	None	8,809,784
Vocational Education: Basic Grants to States	84.048	None	1,053,994
Preschool Incentive Grant	84.173	None	174,747
Safe and Drug-Free Schools and Communities: State Grants	84.186	None	237,480
Education for Homeless Children and Youth	84.196	None	79,470
Even Start Family Literacy	84.213	None	122
Twenty-First Century Community Learning Centers	84.287	None	323,154
State Grants for Innovative Programs	84.298	None	297,358
Education Technology State Grants	84.318	None	1,830,816
Comprehensive School Reform Demonstration	84.332	None	262
Reading First State Grants	84.357	None	1,775,686
English Language Acquisition/Enhancement	84.365	None	146,217
Improving Teacher Quality State Grants	84.367	None	2,923,284
Hurricane Relief Effort	84.938	None	5,251
Impact Aid - Public Law 874	84.041	None	18,108
Magnet Schools Assistance Grant	84.165	U-165A040070	2,135,643
Fund for the Improvement of Education	84.215	V-215L032031	<u>69,737</u>
Total U.S. Department of Education			<u>31,383,883</u>
Total Expenditures of Federal Awards - Component Units			<u>41,425,853</u>
Total Expenditures of Federal Awards - Reporting Entity			<u>50,227,163</u>

HAMILTON COUNTY, TENNESSEE

SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

Year ended June 30, 2007

Federal Grantor/Pass-Through Grantor/Program Title	Federal CFDA Number	Pass-Through Grantor's Number	Expenditures
STATE GRANTS			
Board of Probation and Parole	N/A	Z-05-020612-00	\$ 281,634
Juvenile Detention Unit	N/A	Z07-03653500	9,000
TN Dept. of Education - E Learning	N/A	GG-06-11992-01	17,706
TN Dept. of Education - Early Childhood	N/A	N/A	314,546
TN Dept. of Education - Hurricane Relief Effort	N/A	N/A	1,605
TN Dept. of Education - Family Resource Center	N/A	N/A	75,375
TN Dept. of Education - NGA Honor States Phase II	N/A	N/A	100,000
TN Dept. of Education - One Room Drop in School	N/A	N/A	76,581
TN Dept. of Education - Pre K Lottery Fund	N/A	N/A	1,202,363
TN Dept. of Education - Safe Schools	N/A	N/A	192,071
TN Dept. of Education - SOAR	N/A	N/A	71,765
TN Dept. of Education - Lottery for Education After School	N/A	N/A	249,015
State Matching Grant, 05-06	N/A	N/A	183,831
TN Board of Equalization	N/A	N/A	136,032
TN Dept. of Health - Community Development/Health Access	N/A	GG-07-1256200	260,000
TN Dept. of Health - Tennder Care	N/A	GG-07-123440	275,122
TN Dept. of Health - Grant in Aid	N/A	GG-07-125600	371,300
TN Dept. of Health - Renal	N/A	GG-07-127270	64,500
TN Dept. of Health - HUGS	N/A	GG-07-124310	293,400
TN Dept. of Health - Oral Health	N/A	GG-07-12363	327,821
TN Dept. of Health - Families First	N/A	GG-07-12430	62,750
TN Dept. of Health - Community Prevention	N/A	GG-07-12700	40,100
TN Dept. of Health - Homeless Primary Care	N/A	GG-07-1272900	120,679
TN Dept. of Transportation	N/A	Z-06-027963-02	78,914
TN Dept. of Transportation	N/A	Z-06-027963-00	61,483
TN Dept. of Transportation	N/A	Z-06-027963-01	108,198
TN Dept. of Transportation	N/A	STP-EN-3300	263,770
TN Department of Transportation - Track Engineering	N/A	Z-04-019775-00	2,215
TN Department of Transportation - Track Engineering	N/A	Z-05-024-259-00	4,671
TN Department of Transportation - Track Construction	N/A	Z-05-025885-00	499,378
TN Department of Transportation - Bridge Engineering	N/A	Z-07-033889-00	6,489
TN Department of Transportation - Bridge Engineering	N/A	Z-05-024309-00	33,638
TN Department of Transportation - Bridge Engineering	N/A	Z-05-025844-00	10,946
TN Dept of Economic & Community Development - American Plastics	N/A	GG-04-11044-00	152,803
TN Dept. of Economic & Community Development - Mobray Mtn.	N/A	GG-05-12403-00	45,205
TN Dept. of Environment & Conservation - Three Star	N/A	GG-07-21651-00	1,555
TN Dept. of Environment & Conservation - Enterprise South	N/A	Z07-0313780-00	11,296
TN Dept of Environment & Conservation-Recycling & Waste Oil	N/A	GG-03-0405-00	15,931
TN Dept of Environment & Conservation-Waste Tire	N/A	Z-03-011-350-00	<u>290,000</u>
Total Expenditures of State Awards			<u>6,313,688</u>
TOTAL EXPENDITURES OF FEDERAL AND STATE AWARDS			<u>\$ 56,540,851</u>

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AND STATE AWARDS

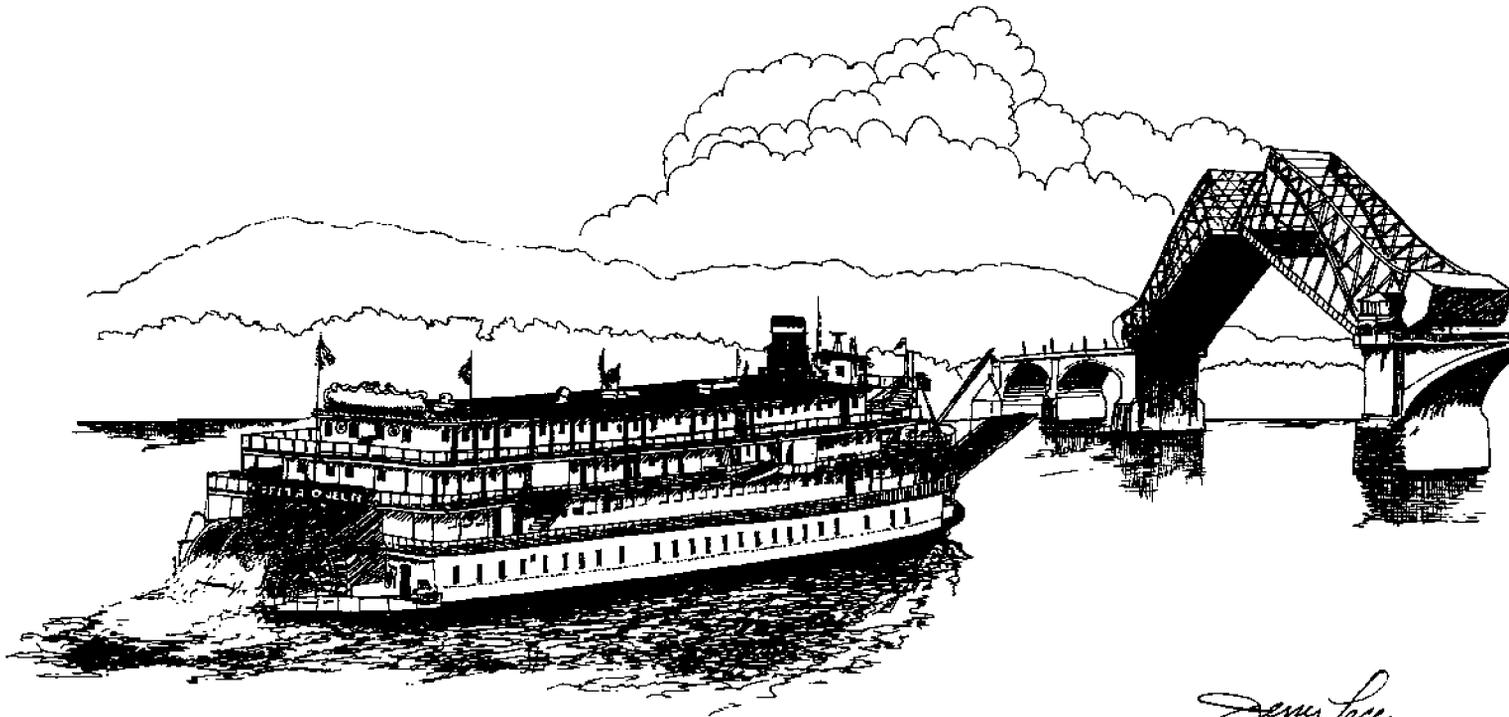
**HAMILTON COUNTY, TENNESSEE
JUNE 30, 2007**

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 Number</u>	<u>Amount Provided To Subrecipients</u>
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	\$ 48,052
Title V – Delinquency Prevention Program	16.548	27,173
Title I Grants to Local Educational Agencies	84.010	560
Title II - Part A	84.367	19,929
Title IV - Safe and Drug-Free Schools and Communities	84.186	84,406
Title V - Innovative Education Program Strategies	84.298	1,621
Safe Schools Act	N/A	94,739
Runaway Youth Shelter	93.623	16,667
Social Services Block Grant	93.667	344,458
Governor's Prevention Initiative	93.994	235,713



Jenny Lane
'90



HENDERSON, HUTCHERSON & McCULLOUGH, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

**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, 2007, which collectively comprise Hamilton County's basic financial statements and have issued our report thereon dated December 21, 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 as a basis for determining our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over financial reporting. Accordingly, we do not express an opinion of the effectiveness of the County's internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the County's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the County's financial statements that is more than inconsequential will not be prevented or detected by the County's internal control.

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A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the County's internal control.

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*.

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
December 21, 2007

Henderson Hutcherson
& McCullough, PLLC



HENDERSON, HUTCHERSON & McCULLOUGH, PLLC
CERTIFIED PUBLIC ACCOUNTANTS

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, 2007. 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, 2007.

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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, but not for the purpose of expressing an opinion on the effectiveness of the County's internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the County's internal control over compliance.

A control deficiency in an entity's internal control over compliance exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of the internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily disclose all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

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
December 21, 2007

Henderson Hutcherson
for McCullough, PLLC

HAMILTON COUNTY, TENNESSEE

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS
Year Ended June 30, 2007**

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
- Significant deficiencies that are not considered to be material weaknesses? ___yes X none reported
- Noncompliance material to financial statements noted? ___yes X no

Federal Awards

Internal control over major programs:

- Material weaknesses identified? ___yes X no
- Significant deficiencies 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:
10.555	School Breakfast Program
	National School Lunch Program
16.580	U.S. Department of Justice:
	Edward Byrne Memorial State and Local Law Enforcement Assistance Discretionary Grants Program
84.027	U.S. Department of Education:
84.367	Special Education – Grants to States
	Improving Teacher Quality State Grants
93.217	U.S. Department of Health and Human Services:
93.994	Family Planning
	Maternal and Child Health Services Block Grant to States

(continued)

(continued)

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

\$ 1,506,815

Auditee qualified as low-risk auditee?

X yes _____no

SECTION II – FINANCIAL STATEMENT FINDINGS

06.2 Federal Awards

This comment is repeated from the prior year.

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, 2007**

06.1 Reconciliations

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

Status: Monthly bank reconciliations are now being prepared on a timely 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.

Status: This comment is repeated in the current year.

PHOTO IDENTIFICATION

Cover	In the foreground, the water cannons at the foot of The Passage; in the background, the Market Street Bridge – officially named the Chief John Ross Bridge – undergoing renovation (photographed in 2006).
Inside front cover	New lights on the Market Street Bridge.
Page 2	The cantilevered roof of the Hunter Museum expansion.
Page 4	Aaron P. Hussey's massive sculpture framing the overlook on the shore of Renaissance Park near the newly renovated Market Street Bridge. It includes the following inscription at the base: "Many peoples have traversed this site going West; some by choice, some by force, and others in fear. This crossing holds the spirits of silent travelers."
Page 6	One of the twelve mile markers that dot the Riverwalk, stretching from the Chickamauga Dam to Bluff View. Metal sculptures by Jim Collins.
Page 8	Public art on the First Street Corridor.
Pages 11	The Market Street Bridge renovation was completed in the summer of 2007. The re-opening of the bridge on August 5, 2007, reunited the North Shore and Downtown.
Pages 12 and 13	The water cannons at the base of The Passage and the 21st Century Waterfront steps.
Page 14	The entrance to the new Greenlife Grocery. The locally-owned organic grocery store incorporates timbers and bricks from the old Signal Apparel Mill. In a further attempt to maintain environmentally sound practices, run off from the roof will be collected in a storage tank behind the building for landscaping and other uses.
Pages iv and v	New development on the North Shore.
Page vi and vii	Several Hamilton Shines venues and the dress rehearsal for the Ooltewah High School Band's appearance in the 2007 Macy's Thanksgiving Day Parade.
Page xi	"Free Money," bronze sculpture by Tom Otterness, erected in the Hunter Museum of American Art plaza.
Pages xii	Girders of the Market Street Bridge.
Page xiii	Kid-friendly public art on the First Street Corridor.
Pages xiv and xv	New retail space on the North Shore includes clothing shops and galleries, a new home for Rock Creek Outfitters and Greenlife Grocery.
Pages xvi	"Pure Americana," steel sculpture by Andrew T. Crawford, 2005.
Back cover	A continuation of the cover shot – renovation of the Market Street Bridge, fall 2006.



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