

ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2005

**Comptroller of the Treasury
Department of Audit
Division of County Audit
Nashville, Tennessee**

ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2005

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

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Audit Highlights

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2005

Scope

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County as of and for the year ended June 30, 2005.

Results

Our report on Sullivan County's aggregate discretely presented component units' financial information was qualified because the statements did not include a component unit whose financial statements were not available from other auditors at the date of this report.

Our audit resulted in two findings and recommendations, which we have reviewed with Sullivan County's management. The detailed findings and recommendations are included in the Single Audit section of this report.

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Expenditures exceeded appropriations at the major category level of control and for certain salary line-item appropriations for the General Purpose School and School Federal Projects Funds.

OFFICE OF REGISTER

- ◆ Duties were not adequately segregated in the Office of Register.

*State of Tennessee
Comptroller of the Treasury
Department of Audit
Division of County Audit*

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2005

Officials:

Richard Venable, County Mayor
John R. LeSueur, Jr., Commissioner of Roads
Glenn Arwood, Director of Schools
Frances W. Harrell, Trustee
Nelda Hulse, Purchasing Agent
Larry G. Bailey, Director of Accounts and Budgets
Jeanie F. Gammon, County Clerk
Raymond W. Winters, Circuit, General Sessions, and Law Courts Clerk
Sarah Housewright, Clerk and Master
Mary Lou Duncan, Register
Bob Icenhour, Assessor of Property
Wayne Anderson, Sheriff

Board of County Commissioners:

Richard Venable, Chairman	Sam Jones
Garth Blackburn	Elliott Kilgore
Linda Brittenham	James King
James Brotherton	James L. King, Jr.
Ray Conkin	Wayne McConnell
John Crawford	John McKamey
O. W. Ferguson	Randy C. Morrell
Clyde Groseclose	Howard Patrick
Larry Hall	Jack Sitgreaves
Ralph Harr	Michael Surgenor
Joe Herron	Mark A. Vance
Dennis Houser	Eddie Williams
Marvin Hyatt	

Budget Committee:

Eddie Williams, Chairman	Sam Jones
James L. King, Jr., Vice Chairman	Elliott Kilgore
O. W. Ferguson	James King
Ralph Harr	Randy Morrell

Board of Education:

Larry Harris, Chairman	Betty Combs
Jerry Greene, Vice Chairman	Jim Kiss
Jack Bales	Ron Smith
Alvie Bright	

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

September 20, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Sullivan County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Sullivan County's management. Our responsibility is to express opinions on these financial statements based on our audit.

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

The financial statements of the Sullivan County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Sullivan County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Sullivan County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Sullivan County, Tennessee, at June 30, 2005, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of June 30, 2005, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated September 20, 2005, on our consideration of Sullivan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B, Sullivan County has implemented Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures, which modifies the county's disclosures for custodial credit risk and adds disclosures about other types of risk.

The management's discussion and analysis on pages 9 through 16 and the budgetary comparison information on pages 71 through 77 are not a required part of the basic financial statements but are supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sullivan County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), miscellaneous schedules, and statistical tables are presented for purposes of additional analysis and are not a required

part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section and statistical tables have not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on them.

Very truly yours,

A handwritten signature in black ink that reads "John G. Morgan" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/sb

**Sullivan County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2005**

As management of Sullivan County, Tennessee, we offer readers of the financial statements for Sullivan County this narrative overview and analysis of the financial activities of the Sullivan County Government for the fiscal year ended June 30, 2005. The intent of this discussion and analysis is to look at the county's financial performance as a whole. Readers should also review the financial statements and notes to the basic financial statements to enhance their understanding of the county's financial performance. All amounts, unless otherwise indicated, are expressed in thousands of dollars.

Financial Highlights

- The assets of the Sullivan County primary government exceeded its liabilities at the close of the most recent fiscal year by \$28.2 million (net assets). Of this amount, \$19.8 million is invested in capital asset, net of related debt. Unrestricted net assets were \$1.7 million on June 30, 2005.
- The government's total net assets increased by 1.4 million. Most of this increase is attributable to the positive results of operations of the various funds of the county.
- As of the close of the current fiscal year, Sullivan County's governmental funds reported combined ending fund balances of \$27.9 million, an increase of \$11.3 million in comparison with the prior year. Most of this total amount, \$25.6 million, is available for spending at the government's discretion (unreserved fund balance). However, \$6.6 million of the unreserved balance represents amounts accumulated for specific capital projects approved by the County Commission.
- At the end of the current fiscal year, unreserved fund balance for the General Fund was \$12.7 million, or 40 percent of total General Fund expenditures.
- Sullivan County's total debt increased by \$6.5 million (23%) during the current fiscal year. The key factor in this increase was the issuance of \$ 8.1 million in new debt during the year.

Overview of the Financial Statements

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

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

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

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

Both of the government-wide financial statements distinguish functions of the Sullivan County Government that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of the Sullivan County Government include general government, public safety, highways and streets, public health and welfare, economic development, and culture and recreation. The Sullivan County Government reports no business-type activities.

The government-wide financial statements include the Sullivan County Government itself (known as the primary government), but also a legally separate school district – the Sullivan County Board of Education, for which the Sullivan County Government is financially accountable. Financial information for this component unit is reported separately from the financial information presented for the primary government itself. The government-wide financial statements do not include a legally separate Emergency Communications District, for which the Sullivan County Government is financially accountable. The Emergency Communications District issues separate financial statements, which were not available in time to be included in this report.

The government-wide financial statements can be found as Exhibit A and Exhibit B of this report.

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

Governmental funds: Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on

balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

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

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

The Sullivan County Government adopts an annual appropriated budget for most of its governmental funds. Budgetary comparison statements for the General and Highway/public Works Funds have been provided in the Required Supplementary Information Section of this report. Budgets for the General Debt Service Fund and other applicable non-major governmental funds are located in the Combining and Individual Fund Section of this report.

The basic governmental fund financial statements can be found as Exhibit C-1 through Exhibit C-4 of this report.

Proprietary funds: There are two different types of proprietary funds. Enterprise funds are used to report the same functions presented as business-type activities in the government-wide financial statements. The Sullivan County Government does not maintain any enterprise funds. Internal service funds are an accounting device used to accumulate and allocate costs internally among the Sullivan County Government's various functions. The Sullivan County Government uses internal service funds to account for its employee benefits, and self-insurance activities. Because both of these services benefit governmental rather than business-type functions, they have been included within the governmental activities in the government-wide financial statements.

Proprietary funds provide the same type of information as the government-wide financial statements, only with more detail. Both internal service funds are combined into a single, aggregated presentation in the proprietary fund financial statements. Individual fund data for the internal service funds is provided in the form of combining statements elsewhere in this report.

The basic proprietary fund financial statements can be found as Exhibit D-1, Exhibit D-2, and Exhibit D-3 of this report.

Fiduciary funds: Fiduciary funds are used to account for resources held for the benefit of parties outside the government. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support the Sullivan County Government's own programs. The accounting used for fiduciary funds is much like that used for proprietary funds.

The basic fiduciary fund financial statement can be found as Exhibit E of this report.

Notes to the financial statements: The notes provide additional information that is essential to a full understanding of the data provided in the government-wide and fund financial statements. Please refer to the table of contents for the location of the notes to the financial statements.

Other information: In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Sullivan County's major special revenue funds' budgetary statements. These budget statements are included in the required supplementary information section of this report immediately following the notes to the financial statements and are labeled Exhibits F-1 and F-2.

The combining statements referred to earlier in connection with nonmajor governmental funds and internal service funds are presented immediately following the required supplementary information. Combining and individual fund financial statements and schedules can be found as Exhibit G-1 through Exhibit K-10 of this report.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of the Sullivan County Government, assets exceed liabilities by \$28,243 at the close of the most recent fiscal year.

By far the largest portion of the Sullivan County Government's net assets (70 percent) reflects its investment in capital assets (e.g. land, buildings, machinery, and equipment), less any related debt used to acquire those assets that is still outstanding. The Sullivan County Government uses these capital assets to provide services to citizens; consequently, these assets are not available for future spending. Although the Sullivan County Government's investment in its capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other sources, since the capital assets themselves cannot be used to liquidate these liabilities.

Sullivan County, Tennessee - Net Assets

	Governmental Activities	
	2005	2004
	<hr/>	<hr/>
Assets:		
Current and other assets	\$ 60,436	\$ 51,692
Capital Assets	29,413	30,198
Total Assets	<hr/> \$ 89,849	<hr/> \$ 81,890
Liabilities:		
Long-term liabilities outstanding	\$ 35,681	\$ 29,077
Other liabilities	25,925	25,983
Total Liabilities	<hr/> \$ 61,606	<hr/> \$ 55,060
Net Assets:		
Invested in Capital Assets, net of related debt	\$ 19,825	\$ 19,068
Restricted	6,700	5,528
Unrestricted	1,718	2,234
Total Net Assets	<hr/> <hr/> \$ 28,243	<hr/> <hr/> \$ 26,830

An additional portion of the Sullivan County Government's net assets (23.7 percent) represents resources that are subject to external restrictions on how they may be used. The remaining balance of unrestricted net assets (\$1,718) may be used to meet the government's ongoing obligations to citizens and creditors.

At the end of the current fiscal year, Sullivan County is able to report a positive balance in both total and unrestricted net assets. Unrestricted net assets reflect a decrease from the prior fiscal year of approximately \$.5 million. Total net assets increased by approximately 1.4 million; however, increases to restricted net assets of approximately \$1.9 million resulted in the decrease to the unrestricted portion of net assets.

Sullivan County, Tennessee - Changes in Net Assets

	Governmental Activities	
	2005	2004
Revenues:		
Program Revenues:		
Charges for services	\$ 16,125	\$ 15,106
Operating grants and contributions	6,469	6,490
Capital grants and contributions	1,708	323
General Revenues:		
Property taxes	23,666	18,350
Other taxes	5,558	4,997
Grants and contributions not restricted to specific programs	782	3,217
Unrestricted investment earnings	656	241
Other	110	48
Total Revenues	\$ 55,074	\$ 48,772
Expenses:		
General government	\$ 3,902	\$ 3,693
Finance	4,558	4,204
Administration of justice	3,689	3,347
Public safety	16,295	15,682
Public health and welfare	11,591	10,000
Social, cultural and recreation services	1,310	1,028
Agriculture and natural resources	136	156
Other operations	2,291	848
Highways	7,557	7,347
Education	1,337	578
Interest on long-term debt	1,196	1,175
Other debt service	48	26
Total Expenses	\$ 53,910	\$ 48,084
Increase (decrease) in net assets	\$ 1,164	\$ 688
Net assets, July 1, 2004	26,830	26,142
Prior period adjustment	249	0
Net Assets, June 30, 2005	\$ 28,243	\$ 26,830

Revenues increased by approximately \$6.3 million due largely to a property tax increase (\$5.3 million). The increase in revenues was simply greater than the increase in expenses for the year.

Financial Analysis of the Government's Funds

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

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

As of the end of the current fiscal year, Sullivan County Government's governmental funds reported combined ending fund balances of \$27.9 million, an increase of \$11.3 million in comparison with the prior year. Most of this amount (\$25.7 million) constitutes unreserved fund balance, which is available for spending at the government's discretion. The remainder of fund balance is reserved to indicate that it is not available for new spending because it has already been committed 1) to liquidate contracts and purchase orders of the prior period (\$1.3 million), 2) for a variety of other restricted purposes that are listed on the governmental fund balance sheet (\$1 million).

The General Fund is the chief operating fund of the Sullivan County Government. At the end of the current fiscal year, unreserved fund balance of the General Fund was \$12,708, while total fund balance reach \$14 million. As a measure of the General Fund's liquidity, it may be useful to compare both unreserved fund balance and total fund balance to total fund expenditures. Unreserved fund balance represents 40.5 percent of total General Fund expenditures, while total fund balance represents 44.5 percent of that same amount.

The fund balance of the Sullivan County Government's General Fund increased by \$3.9 million during the current fiscal year. The key factors in this increase were (1) capital spending being lower-than-budgeted by approximately \$6 million; (2) General Fund departments showing fiscal responsibility by turning back unspent budget amounts totaling approximately \$1.2 million; and revenues exceeding estimates by approximately \$3 million. These positive results combined offset a budgeted equity reduction of approximately \$6 million, resulting in the net increase noted above.

The fund balance for the Sullivan County Government's Highway/Public Works Fund increased by approximately \$1.2 million during the current fiscal year. This is due almost entirely to expenditures being held below budgeted amounts.

The General Debt Service Fund has a total fund balance of \$1.6 million, which is reserved for the payment of debt service. The increase in fund balance during the current fiscal year in the General Debt Service Fund was a minimal \$149.

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

Unrestricted net assets of the Self-Insurance Fund and the Employee Benefit Fund at the end of the year amounted to \$3,123 and \$1,323 respectively. The Self-Insurance Fund is used to administer the Sullivan County Government's risk management efforts.

Capital Asset and Debt Administration

Capital assets: The county's investment in capital assets for its governmental activities as of June 30, 2005, amounts to \$19,825 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, and park facilities.

Long-term debt: At the end of the current fiscal year, the Sullivan County Government had total bonded debt outstanding of \$26.9 million. This entire amount of bonded debt is backed by the full faith and credit of the Sullivan County Government. Of this amount, \$18.5 million is debt that the Sullivan County Government issued on behalf of the Board of Education. The county's bonded debt decreased by \$335 due to the payment of regular scheduled principal reduction.

The Sullivan County Government maintains an Aa3 rating from Moody's for general obligation debt.

In addition to bonded debt, the Sullivan County Government's long-term obligations included compensated absences and notes payable. Additional information on the county's long-term debt can be found as Exhibit L-1 of this report.

Economic Factors and Next Year's Budgets and Rates

When preparing the budget for the 2005-2006 fiscal year, the property tax rate was left unchanged.

Request for Information

This financial report is designed to provide a general overview of the Sullivan County Government's finances for all those with an interest in the government's finances. Questions concerning any of the information provided in this report, or requests for additional information, should be addressed to:

Sullivan County
Office of Accounts and Budgets
3411 Highway 126, Suite 202
Blountville, Tennessee 37617

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Assets
June 30, 2005

	Primary Governmental Activities and Total	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 291,256	\$ 0
Equity in Pooled Cash and Investments	32,239,400	4,913,338
Inventories	193,361	452,968
Investments	43,181	0
Accounts Receivable	1,724,763	60,352
Allowance for Uncollectibles	(237,270)	0
Due from Other Governments	3,376,492	2,517,898
Due from Primary Government	0	513
Due from Component Units	123,476	0
Prepaid Items	2,072	0
Property Taxes Receivable	23,274,461	25,379,835
Allowance for Uncollectible Property Taxes	(725,769)	(791,895)
Unamortized Debt Issuance Cost	130,238	161,995
Capital Assets:		
Assets Not Depreciated:		
Land	1,867,021	1,071,949
Construction in Progress	42,322	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	19,394,940	56,876,615
Other Capital Assets	8,108,571	3,700,920
Total Assets	<u>\$ 89,848,515</u>	<u>\$ 94,344,488</u>

LIABILITIES

Accounts Payable	\$ 1,240,772	\$ 251,211
Accrued Payroll	676,066	0
Accrued Interest Payable	296,487	165,236
Payroll Deductions Payable	0	352,908
Contracts Payable	26,498	22,584
Claims and Judgements Payable	547,776	0
Due to Primary Government	0	123,476
Due to Component Unit	513	
Due to State of Tennessee	0	33
Other Current Liabilities	1,067,753	28,626
Customer Deposits Payable	18,000	0
Deferred Revenue - Property Taxes	22,050,482	24,044,005
Unamortized Premium on Debt	0	1,389,558
Noncurrent Liabilities:		
Due Within One Year	2,191,849	1,746,420
Due in More than One Year	33,489,632	21,110,375
Total Liabilities	<u>\$ 61,605,828</u>	<u>\$ 49,234,432</u>

(Continued)

Exhibit A

Sullivan County, Tennessee
Statement of Net Assets (Cont.)

	<u>Primary Governmental Activities and Total</u>	<u>Component Unit Sullivan County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 19,825,053	\$ 41,509,288
Restricted for:		
Highways	3,014,179	0
Debt Service	1,620,821	10,097
Health Department	1,581,584	0
Other Purposes	483,238	861,068
Unrestricted	<u>1,717,812</u>	<u>2,729,603</u>
Total Net Assets	<u>\$ 28,242,687</u>	<u>\$ 45,110,056</u>

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

Exhibit B

Sullivan County, Tennessee
Statement of Activities
For the Year Ended June 30, 2005

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
						Sullivan County School Department
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 3,901,896	\$ 1,493,633	\$ 590,732	\$ 0	\$ (1,817,531)	\$ 0
Finance	4,558,007	3,471,319	51,236	0	(1,035,452)	0
Administration of Justice	3,688,985	1,986,808	383,243	0	(1,318,934)	0
Public Safety	16,295,306	2,320,068	319,838	402,215	(13,253,185)	0
Public Health and Welfare	11,590,686	5,966,495	2,301,728	263,391	(3,059,072)	0
Social, Cultural, and Recreational Services	1,310,011	257,950	15,927	0	(1,036,134)	0
Agricultural and Natural Resources	136,473	0	0	0	(136,473)	0
Other Operations	2,290,795	287,466	0	50,589	(1,952,740)	0
Highways	7,557,293	1,113	2,806,434	992,021	(3,757,725)	0
Education	1,336,623	340,420	0	0	(996,203)	0
Debt Service:						
Interest	1,196,171	0	0	0	(1,196,171)	0
Other Debt Service	47,725	0	0	0	(47,725)	0
Total Primary Government	\$ 53,909,971	\$ 16,125,272	\$ 6,469,138	\$ 1,708,216	\$ (29,607,345)	\$ 0
<u>Component Unit:</u>						
Sullivan County School Department	\$ 85,037,336	\$ 2,886,187	\$ 8,407,325	\$ 44,739	\$ 0	\$ (73,699,085)
Total Component Unit	\$ 85,037,336	\$ 2,886,187	\$ 8,407,325	\$ 44,739	\$ 0	\$ (73,699,085)

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues		Net (Expense) Revenue and Changes in Net Assets		
		Charges for	Operating	Capital	Primary	Component
		Services	Grants and	Grants and	Governmental	Unit
		Contributions	Contributions	Activities	Sullivan	
				and Total	County	
					School	
					Department	
General Revenues:						
	Property Taxes			\$ 23,666,196	\$ 25,936,062	
	Sales Taxes			2,629,278	12,228,193	
	Other Taxes			2,928,875	10,888	
	Grants and Contributions not restricted to specific programs			782,003	37,536,867	
	Unrestricted Investment Income			655,366	431	
	Miscellaneous			109,730	540,409	
	Total General Revenues			\$ 30,771,448	\$ 76,252,850	
Change in Net Assets						
	Net Assets - July 1, 2004			\$ 1,164,103	\$ 2,553,765	
	Prior period adjustment			26,829,685	42,556,291	
				248,899	0	
	Net Assets - June 30, 2005			\$ 28,242,687	\$ 45,110,056	

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

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2005

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 43,752	\$ 0	\$ 0	\$ 0	\$ 151,340	\$ 195,092
Equity in Pooled Cash and Investments	13,647,979	1,893,999	2,642,038	6,030,172	3,434,261	27,648,449
Inventories	193,361	0	0	0	0	193,361
Investments	43,181	0	0	0	0	43,181
Accounts Receivable	117,525	72,430	0	0	1,201,986	1,391,941
Allowance for Uncollectibles	0	0	0	0	(237,270)	(237,270)
Due from Other Governments	1,145,097	1,243,326	0	0	988,069	3,376,492
Due from Other Funds	459,970	41,272	0	0	602	501,844
Due from Component Units	21,894	0	0	0	9,944	31,838
Property Taxes Receivable	18,150,635	1,267,976	2,184,116	0	1,671,734	23,274,461
Allowance for Uncollectible Property Taxes	(566,124)	(39,706)	(67,952)	0	(51,987)	(725,769)
Prepaid Items	2,072	0	0	0	0	2,072
Total Assets	\$ 33,259,342	\$ 4,479,297	\$ 4,758,202	\$ 6,030,172	\$ 7,168,679	\$ 55,695,692
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 422,080	\$ 48,001	\$ 0	\$ 0	\$ 83,053	\$ 553,134
Accrued Payroll	430,009	119,422	0	0	126,635	676,066
Contracts Payable	22,148	0	0	4,350	0	26,498
Due to Other Funds	138,520	96,800	0	653,250	182,978	1,071,548
Other Current Liabilities	0	0	1,067,753	0	0	1,067,753
Customer Deposits Payable	18,000	0	0	0	0	18,000
Deferred Revenue - Current Property Taxes	17,195,798	1,200,895	2,069,628	0	1,584,161	22,050,482
Deferred Revenue - Delinquent Property Taxes	349,017	24,579	41,784	0	31,952	447,332
Other Deferred Revenues	724,653	489,704	0	0	624,402	1,838,759
Total Liabilities	\$ 19,300,225	\$ 1,979,401	\$ 3,179,165	\$ 657,600	\$ 2,633,181	\$ 27,749,572
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 247,547	\$ 44,515	\$ 0	\$ 450,992	\$ 550,756	\$ 1,293,810
Reserved for Alcohol and Drug Treatment	410,066	0	0	0	0	410,066

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Funds Other Govern- mental Funds	
<u>LIABILITIES AND FUND BALANCES (Cont.)</u>						
<u>Fund Balances (Cont.)</u>						
Reserved for Litigation Tax - Office of Public Defender	\$ 30,501	\$ 0	\$ 0	\$ 0	\$ 0	30,501
Reserved for Drug Court	15,887	0	0	0	0	15,887
Reserved for Sexual Offender Registration	3,029	0	0	0	0	3,029
Reserved for Other General Purposes	543,361	0	2,131	0	0	545,492
Unreserved, Reported In:						
General Fund	12,708,726	0	0	0	0	12,708,726
Special Revenue Funds	0	2,455,381	0	0	2,335,916	4,791,297
Debt Service Funds	0	0	1,576,906	0	0	1,576,906
Capital Projects Funds	0	0	0	4,921,580	1,648,826	6,570,406
Total Fund Balances	<u>\$ 13,959,117</u>	<u>\$ 2,499,896</u>	<u>\$ 1,579,037</u>	<u>\$ 5,372,572</u>	<u>\$ 4,535,498</u>	<u>\$ 27,946,120</u>
Total Liabilities and Fund Balances	<u>\$ 33,259,342</u>	<u>\$ 4,479,297</u>	<u>\$ 4,758,202</u>	<u>\$ 6,030,172</u>	<u>\$ 7,168,679</u>	<u>\$ 55,695,692</u>

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

Sullivan County, Tennessee
Reconciliation of the Governmental Funds Balance Sheet to
the Statement of Net Assets
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)	\$ 27,946,120
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.	29,412,854
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.	2,286,091
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net assets.	4,445,352
(4) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.	130,238
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.	(296,487)
(6) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.	
Notes payable	\$ 7,973,246
Less: deferred amount on refunded notes	(134,397)
Bonds payable	26,845,000
Compensated absences	997,632
	<u>(35,681,481)</u>
Net assets of governmental activities (Exhibit A)	<u>\$ 28,242,687</u>

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

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2005

Exhibit C-3

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Revenues</u>						
Local Taxes	\$ 20,997,936	\$ 4,578,334	\$ 2,351,907	\$ 0	\$ 1,683,737	\$ 29,611,914
Licenses and Permits	359,443	184,431	0	0	0	543,874
Fines, Forfeitures, and Penalties	447,058	0	0	0	40,679	487,737
Charges for Current Services	304,167	0	0	0	5,605,025	5,909,192
Other Local Revenues	406,550	643,509	7,272	641	102,632	1,160,604
Fees Received from County Officials	5,884,870	0	0	0	0	5,884,870
State of Tennessee	5,616,666	3,694,571	0	0	697,779	10,009,016
Federal Government	981,996	10,400	0	0	1,572,321	2,564,717
Other Governments and Citizens Groups	345,305	107	0	0	530,190	875,602
Total Revenues	\$ 35,343,991	\$ 9,111,352	\$ 2,359,179	\$ 641	\$ 10,232,363	\$ 57,047,526
<u>Expenditures</u>						
Current:						
General Government	\$ 3,954,886	\$ 0	\$ 0	\$ 0	\$ 4,401	\$ 3,959,287
Finance	4,391,849	91,952	45,061	0	210	4,529,072
Administration of Justice	3,510,488	0	0	0	20,412	3,530,900
Public Safety	15,243,466	0	0	0	15,125	15,258,591
Public Health and Welfare	384,734	0	0	0	9,891,597	10,276,331
Social, Cultural, and Recreational Services	1,023,918	0	0	62,992	212,510	1,299,420
Agricultural and Natural Resources	136,332	0	0	0	0	136,332
Other Operations	799,367	0	0	0	0	799,367
Highways	286,994	6,707,608	0	0	0	6,994,602
Instruction	140,372	0	0	0	0	140,372
Debt Service:						
Principal	0	540,087	1,010,000	0	51,667	1,601,754
Interest	0	19,737	1,152,649	0	4,745	1,177,131
Other Debt Service	0	0	3,240	71,511	10,000	84,751
Capital Projects	1,226,397	561,801	0	42,666	1,505,147	3,336,011
Capital Projects - Donated	307,516	0	0	653,250	0	960,766
Total Expenditures	\$ 31,406,319	\$ 7,921,185	\$ 2,210,950	\$ 830,419	\$ 11,715,814	\$ 54,084,687
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,937,672	\$ 1,190,167	\$ 148,229	\$ (829,778)	\$ (1,483,451)	\$ 2,962,839

(Continued)

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

Exhibit C-3

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 6,000,000	\$ 0	\$ 6,000,000
Notes Issued	0	0	0	0	2,125,000	2,125,000
Transfers In	0	0	641	0	0	641
Transfers Out	0	0	0	(641)	(10,555)	(11,196)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 641	\$ 5,999,359	\$ 2,114,445	\$ 8,114,445
Net Change in Fund Balances	\$ 3,937,672	\$ 1,190,167	\$ 148,870	\$ 5,169,581	\$ 630,994	\$ 11,077,284
Fund Balance, July 1, 2004	10,021,445	1,309,729	1,430,167	202,991	3,655,605	16,619,937
Prior period adjustment	0	0	0	0	248,899	248,899
Fund Balance, June 30, 2005	<u>\$ 13,959,117</u>	<u>\$ 2,499,896</u>	<u>\$ 1,579,037</u>	<u>\$ 5,372,572</u>	<u>\$ 4,535,498</u>	<u>\$ 27,946,120</u>

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

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit C-3)	\$	11,077,284
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: Capital outlays in the current period	\$	1,089,030
Less: Current year depreciation		<u>(1,978,859)</u>
		(889,829)
(2) Donated capital assets do not generate current financial resources and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the current period.		104,913
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$	(4,608,191)
For the year ended June 30, 2005		<u>2,286,091</u>
		(2,322,100)
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: debt issued	\$	(8,125,000)
Add: principal payment on notes		1,266,754
Add: principal payment on bonds		<u>335,000</u>
		(6,523,246)
(5) Governmental funds report the effect of issuance costs, premiums, discounts, and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects debt issuance cost expensed during the year recorded in the statement of activities.		
Add: Debt issuance cost on debt issued during year	\$	48,760
Less: Deferred charges on refunding amortized during the year		(30,974)
Less: Debt Issuance cost amortized during year		<u>(11,734)</u>
		6,052

(Continued)

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities (Cont.)

(6)	Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
	Change in accrued interest payable	\$	11,293
	Change in compensated absences		<u>(50,043)</u>
			(38,750)
(7)	Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.		
		\$	<u>(250,221)</u>
	Change in net assets of governmental activities (Exhibit B)	\$	<u><u>1,164,103</u></u>

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

Sullivan County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 96,164
Equity in Pooled Cash and Investments	4,590,951
Due from Other Funds	249,276
Due from Component Units	91,638
Total Assets	<u>\$ 5,028,029</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 34,388
Due to Component Unit	513
Claims and Judgements Payable	547,776
Total Liabilities	<u>\$ 582,677</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 4,445,352</u>
Total Net Assets	<u><u>\$ 4,445,352</u></u>

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

Sullivan County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Assets
Proprietary Funds
For the Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,440,655
Cobra Insurance Payments	4,086
Total Operating Revenues	<u>\$ 1,444,741</u>
<u>Operating Expenses</u>	
Handling Charges & Administrative Costs	\$ 69,292
Dental Insurance	284,984
Audit Services	2,500
Contracts with Private Agencies	1,927
Building and Contents Insurance	159,862
Liability Insurance	26,103
Medical Claims	211,057
Trustee Commission	48
Vehicle and Equipment Insurance	74,186
Workers' Compensation Insurance	789,486
Liability Claims	79,528
Other Self-Insured Claims	772
Total Operating Expenses	<u>\$ 1,699,745</u>
Operating Income (Loss)	<u>\$ (255,004)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 4,783</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 4,783</u>
Change in Net Assets	\$ (250,221)
Net Assets, July 1, 2004	<u>4,695,573</u>
Net Assets, June 30, 2005	<u><u>\$ 4,445,352</u></u>

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

Exhibit D-3

Sullivan County, Tennessee
Statement of Cash Flows
Proprietary Funds
For the Year Ended June 30, 2005

	<u>Governmental Activities- Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for self-insurance premiums	\$ 1,375,328
Payments to insurers	(1,328,871)
Payments for claims	(151,156)
Payments for administrative costs	(73,719)
Net cash provided by (used in) operating activities	<u>\$ (178,418)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on investments	\$ 4,783
Net cash provided by (used in) investing activities	<u>\$ 4,783</u>
Increase (decrease) in cash and cash equivalents	\$ (173,635)
Cash and cash equivalents, July 1, 2004	<u>4,860,750</u>
Cash and cash equivalents, June 30, 2005	<u><u>\$ 4,687,115</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (255,004)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:	
Changes in Assets and Liabilities:	
(Increase) decrease in current receivables	(69,413)
Increase (decrease) in other current liabilities	145,999
Net cash provided by (used in) operating activities	<u><u>\$ (178,418)</u></u>

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

Exhibit E

Sullivan County, Tennessee
Statement of Assets and Liabilities
Fiduciary Funds
June 30, 2005

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,615,208
Equity in Pooled Cash and Investments	3,282,189
Accounts Receivable	1,602
Due from Other Governments	4,622,474
Due from Other Funds	653,914
Taxes Receivable	19,580,015
Allowance for Uncollectible Taxes	<u>(610,930)</u>
Total Assets	<u>\$ 35,144,472</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 427
Due to Other Funds	333,486
Due to Component Units	861
Due to Other Taxing Units	25,233,465
Due to Litigants, Heirs, and Others	7,282,463
Due to Joint Ventures	<u>2,293,770</u>
Total Liabilities	<u>\$ 35,144,472</u>

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

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2005

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

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

A. Reporting Entity

Sullivan County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Sullivan County (the primary government) and its component units. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

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

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

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

The Sullivan County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sullivan County, and the Sullivan County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the approval of the County Commission. The financial statements of the Sullivan County Emergency Commissions District were not available from other auditors in time for inclusion in this report.

The Sullivan County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the Sullivan County School Department are included in this report as listed in the table of contents. Although required by GAAP, the financial statements of the Sullivan County Emergency Communications District were not available from other auditors in time for inclusion, as previously mentioned. Complete financial statements of the Sullivan County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Sullivan County Emergency Communications District
P. O. Box 485
Blountville, Tennessee 37618

B. Government-wide and Fund Financial Statements

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

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

Sullivan County issues all debt for the discretely presented Sullivan County School Department. During the year, the county issued \$1,500,000 of bonds for school purposes. These transactions are being accounted for in the Other Capital Projects Fund (major fund) of the primary government and the assets acquired will be contributed to the School Department.

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

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

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Sullivan County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, liabilities, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Sullivan County reports two proprietary funds, both internal service funds. It has no enterprise funds to report. Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in single columns by fund types.

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

amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

Proprietary fund and fiduciary fund financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Sullivan County reports the following major governmental funds:

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

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

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

Other Capital Projects Fund – This fund accounts for financial resources from the issuance of bonds and capital outlay notes to be used for the acquisition or construction/renovation of major capital facilities.

Additionally, Sullivan County reports the following fund types:

Internal Service Funds – One of these funds accounts for the self-insured general liability, property, casualty, and workers’ compensation programs managed by the county for the primary government and the discretely presented School Department. The other fund accounts for the self-insured dental program managed for primary government employees.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sullivan County, city school systems’ share of educational revenues, and assets

held in a custodial capacity for two joint ventures. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

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

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

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

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

Debt Service Fund – The Education Debt Service Fund is used to account for accumulation of resources for, and the payment of, certain education long-term debt principal, interest, and related costs.

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

Proprietary funds distinguish operating revenues and expenses from nonoperating items. The county has two proprietary funds. Operating revenues and expenses generally result from providing services in connection with the fund's principal ongoing operations. The principal operating revenues of the county's internal service funds are self-insurance premiums. Operating expenses for the internal service funds include various self-insured insurance program expenses and fiscal agent charges.

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

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the statement of cash flows of the internal service funds, cash includes cash on hand, demand deposits, cash with paying agent, equity in pooled cash and investments, and cash equivalents.

Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

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

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

2. Receivables and Payables

Activity between funds for unremitted current collections or that are representative of lending/borrowing arrangements outstanding at the end of the fiscal year is referred to as either due to/from other funds.

All ambulance and property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.6 percent of total taxes levied. Ambulance receivables exceeding 150 days comprise the allowance for uncollectibles.

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

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

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

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

3. Inventories and Prepaid Items

Inventories consist of expendable supplies held for consumption and are valued at cost or estimated cost on the first-in, first-out method.

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are

reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings and Improvements	50
Other Capital Assets	5 – 20
Infrastructure	40

Sullivan County has no infrastructure assets acquired after July 1, 2002, to recognize in the financial statements of this report. Management plans to retroactively report infrastructure assets acquired between July 1, 1980, and June 30, 2002, by the fiscal year ending June 30, 2007.

5. Compensated Absences

It is the county's and School Department's policies to permit employees to accumulate earned but unused vacation benefits which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide statements for the county and its discretely presented component units. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave for the primary government has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The School Department allows employees to accumulate earned but unused sick leave which will be paid to employees upon separation from service at the rate of \$24 per day for 1-100 unused sick days; \$26 per day for 101-200 unused sick days; \$28 per day for 201-300 unused

sick days; and \$30 per day for 301 and above unused sick days. This practice was negotiated by the Board of Education and the local education association. All sick leave is accrued when incurred in the government-wide statements for the School Department.

6. Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2005, Sullivan County had \$18,500,000 in outstanding debt for capital purposes of the discretely presented Sullivan County School Department. This debt is a liability of Sullivan County; however, the corresponding capital assets acquired are reported in the financial statements of the School Department. In addition, outstanding debt totaling \$1,995,000 on June 30, 2005, related to capital purposes of the Sullivan County Economic Development Partnership (a joint venture described in Note V.E.). This debt is also a liability of Sullivan County; however, the corresponding capital assets acquired are reported by the Sullivan County Economic Development Partnership. Therefore, Sullivan County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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

On the government-wide Statement of Net Assets (Exhibit A), the account Restricted for Other Purposes for the Primary Government consists of various restrictions totaling (\$483,238), with the primary restriction being for Alcohol and Drug Treatment (\$410,066). For the discretely presented Sullivan County School Department, the account balance in Restricted for Other Purposes (\$861,068) consists primarily of the following: (1) Food Service Program (\$452,969), (2) Career Ladder (\$125,534), and restrictions for various federal assistance programs (\$210,532).

On the Balance Sheet – Governmental Funds (Exhibit C-1), the account Reserved for Other General Purposes consists of: (1) certificate on deposit held by the State Commissioner of Insurance (\$350,000) and (2) Inventories (\$193,361).

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile fund balance – total governmental funds and net assets – governmental activities as reported in the government-wide statement of net assets.

Discretely Presented Sullivan County School Department

The discretely presented Sullivan County School Department’s Exhibit K-2 includes explanations of the nature of individual elements of items required to reconcile fund balances – total governmental funds and net assets of governmental activities reported in the government-wide statement of net assets.

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

Primary Government

Exhibit C-4 in the basic financial statements includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – governmental funds (Exhibit C-3) to changes in net assets reported in the primary government-governmental activities column of the Statement of Activities (Exhibit B).

Discretely Presented Sullivan County School Department

The discretely presented Sullivan County School Department’s Exhibit K-4 includes explanations of the nature of individual elements of items required to reconcile net changes in fund balances – total governmental funds and changes in net assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

Expenditures Exceeded Appropriations – Discretely Presented Sullivan County School Department

A. Expenditures exceeded appropriations approved by the County Commission in several major categories (legal level of control) in the following funds:

<u>Fund/Major Category</u>	<u>Amount</u>
General Purpose School Fund:	
Support Services:	
Vocational Education Program	\$ 3,161
Board of Education	21,404
Maintenance of Plant	56,758
Transportation	7,888
School Federal Projects Fund:	
Support Services:	
Special Education Program	9,201

- B. Salaries exceeded line-item appropriations approved by the Board of Education in 29 salary accounts in the General Purpose School Fund in amounts ranging from \$20 to \$44,878 and in four salary accounts in the School Federal Projects Fund in amounts ranging from \$2,314 to \$70,214.

Such over expenditures are a violation of state statutes. The overexpenditures were funded by unused appropriations in other categories or line items.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

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

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

Investments

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

Investment Balances. As of June 30, 2005, Sullivan County had the following investments carried at fair value of cost. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented Sullivan County School Department since both pool their deposits and investments through the county trustee.

POOLED INVESTMENTS

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 28,042,322</u>
Total Pooled Investments		<u><u>\$ 28,042,322</u></u>

NONPOOLED INVESTMENTS

<u>Investment</u>	<u>Maturities</u>	<u>Fair Value or Cost</u>
General Fund:		
State Treasurer's Investment Pool	Daily	<u>\$ 43,181</u>
Total Nonpooled Investments		<u><u>\$ 43,181</u></u>

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

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. State statutes limit the ratings of certain investments as previously explained. Sullivan County has no investment policy that would further limit its investment choices. As of June 30, 2005, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

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

Primary Government

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,859,668	\$ 7,353	\$ 0	\$ 1,867,021
Construction in Progress	181,173	206,911	(345,762)	42,322
Total Capital Assets Not Depreciated	<u>\$ 2,040,841</u>	<u>\$ 214,264</u>	<u>\$ (345,762)</u>	<u>\$ 1,909,343</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 25,424,399	\$ 443,322	\$ 0	\$ 25,867,721
Other Capital Assets	20,487,704	896,731	(14,612)	21,369,823
Total Capital Assets Depreciated	<u>\$ 45,912,103</u>	<u>\$ 1,340,053</u>	<u>\$ (14,612)</u>	<u>\$ 47,237,544</u>

Governmental Activities: (Cont.)

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 5,982,229	\$ 490,552	\$ 0	\$ 6,472,781
Other Capital Assets	11,772,945	1,502,719	(14,412)	13,261,252
Total Accumulated Depreciation	\$ 17,755,174	\$ 1,993,271	\$ (14,412)	\$ 19,734,033
Total Capital Assets Depreciated, Net	\$ 28,156,929	\$ (653,218)	\$ (200)	\$ 27,503,511
Governmental Activities Capital Assets, Net	\$ 30,197,770	\$ (438,954)	\$ (345,962)	\$ 29,412,854

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

Governmental Activities:

General Government	\$ 71,121
Administration of Justice	143,532
Public Safety	1,107,451
Public Health and Welfare	325,153
Social, Cultural, and Recreational	10,488
Highways	321,114
Total Depreciation Expense - Governmental Activities	\$ 1,978,859

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-04	Increases	Decreases	Balance 6-30-05
Capital Assets Not Depreciated:				
Land	\$ 1,079,302	\$ 0	\$ (7,353)	\$ 1,071,949
Total Capital Assets, Not Depreciated	<u>\$ 1,079,302</u>	<u>\$ 0</u>	<u>\$ (7,353)</u>	<u>\$ 1,071,949</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 94,107,834	\$ 510,844	\$ (708,491)	\$ 93,910,187
Other Capital Assets	6,688,527	84,157	0	6,772,684
Total Capital Assets Depreciated	<u>\$ 100,796,361</u>	<u>\$ 595,001</u>	<u>\$ (708,491)</u>	<u>\$ 100,682,871</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 35,960,749	\$ 1,683,754	\$ (610,931)	\$ 37,033,572
Other Capital Assets	2,571,345	500,419	0	3,071,764
Total Accumulated Depreciation	<u>\$ 38,532,094</u>	<u>\$ 2,184,173</u>	<u>\$ (610,931)</u>	<u>\$ 40,105,336</u>
Total Capital Assets Depreciated, Net	<u>\$ 62,264,267</u>	<u>\$ (1,589,172)</u>	<u>\$ (97,560)</u>	<u>\$ 60,577,535</u>
Governmental Activities Capital Assets, Net	<u>\$ 63,343,569</u>	<u>\$ (1,589,172)</u>	<u>\$ (104,913)</u>	<u>\$ 61,649,484</u>

Depreciation expense totaling \$2,184,173 was charged by the discretely presented Sullivan County School Department.

C. Construction Commitments

At June 30, 2005, the county had uncompleted construction contracts of \$85,227 for construction of an emergency medical services building in the Ambulance Service Fund; \$73,950 for jail improvements and \$381,392 for building improvements in the Other Capital Projects Fund. Funding has

been provided for these expenditures through the issuance of capital outlay notes and general obligation bond proceeds.

The discretely presented Sullivan County School Department had uncompleted school renovation contracts of \$20,238 as of June 30, 2005. Funding has been provided for these expenditures in the Special Purpose Fund.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2005, is as follows:

Due to/from other funds:

Primary Government:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Agency	\$ 291,550
"	Highway/Public Works	10,400
"	Nonmajor governmental	158,020
Highway/Public Works	Agency	41,272
Nonmajor governmental	General	280
"	Nonmajor governmental	322
Internal Service	General	138,240
"	Highway/Public Works	86,400
"	Nonmajor governmental	24,636
Agency	Other Capital Projects	653,250
Agency	Agency	<u>664</u>
Total		<u>\$ 1,405,034</u>

Discretely Presented Sullivan County School Department:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General Purpose School	Nonmajor governmental	\$ 461,632
Nonmajor governmental	General Purpose School	<u>192</u>
Total		<u>\$ 461,824</u>

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

Due to/from primary government and component units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit -	
Primary Government:	School Department:	
General	General Purpose School	\$ 21,894
Nonmajor governmental	General Purpose School	9,944
Internal Service	General Purpose School	91,638
Component Unit -		
School Department:	Primary Government:	
General Purpose School	Internal Service	513
General Purpose School	Agency	861
		<u>861</u>
Total		<u>\$ 124,850</u>

Interfund Transfers:

Interfund transfers for the year ended June 30, 2005, consisted of the following amounts:

Primary Government:

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Debt Service	Agency Fund
Other Capital Projects	\$ 641	\$ 0
Nonmajor governmental	0	10,555
Total	<u>\$ 641</u>	<u>\$ 10,555</u>

Discretely Presented Sullivan County School Department:

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School	Nonmajor Governmental
General Purpose School	\$ 0	\$ 2,158,000
Nonmajor governmental	435,458	0
Total	<u>\$ 435,458</u>	<u>\$ 2,158,000</u>

Transfers are used to move revenues from the fund that statute or budget requires to collect them to the fund that statute or budget requires to expend them and to use unrestricted revenues collected in the General Fund to

finance various programs accounted for in other funds in accordance with budgetary authorizations.

E. Payables

Most payables are disaggregated on the face of the financial statements. The balance of \$26,498 in the account Contracts Payable on the Statement of Net Assets for the primary government, and \$22,584 for the discretely presented component unit, Sullivan County School Department, represents amounts due to contractors on construction projects for percentage completed.

The balance in the account Other Current Liabilities (\$1,067,753) on the Statement of Net Assets for the primary government consists of a liability for amounts being held in escrow for the Tri-Cities Regional Airport, a joint venture, for the contingent liability as discussed in footnote V. (D).

The balance in the account Customer Deposits Payable (\$18,000) on the Statement of Net Assets for the primary government consists of a liability for amount being held in escrow for a contractor to ensure completion of construction project in lieu of performance bond.

F. Long-term Debt

Primary Government

General Obligation Bonds and Notes

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

General obligation bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. Debt obligations outstanding were issued for original terms of up to 26 years for bonds and up to 12 years for the notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds and notes included in the long-term debt at June 30, 2005, will be retired from the General Debt Service Fund with the exception of \$198,333 in notes which will be retired from the Ambulance Service Fund, and \$459,913 in notes which will be retired from the Highway Public/Works Fund.

General obligation bonds and notes outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	2.5 to 5%	\$27,465,000	\$ 26,845,000
Capital Outlay Notes	2.65 to 5.15	6,245,000	4,728,246
Refunding Notes	2 to 3.2	3,330,000	3,245,000

The annual requirements to amortize all general obligation bonds and capital outlay notes outstanding as of June 30, 2005, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 345,000	\$ 1,132,278	\$ 1,258,246	\$ 297,463
2007	505,000	1,142,886	938,333	260,550
2008	520,000	1,128,936	931,667	229,666
2009	540,000	1,113,661	1,010,000	195,752
2010	555,000	1,096,874	1,110,000	157,212
2011-2015	6,470,000	4,993,415	2,150,000	356,851
2016-2020	8,095,000	3,488,650	575,000	44,050
2021-2025	9,815,000	1,252,398	0	0
Total	\$ 26,845,000	\$ 15,349,098	\$ 7,973,246	\$ 1,541,544

The county issued Airport Revenue and Tax Bonds on behalf of the Tri-Cities Regional Airport during the 2003-04 fiscal year. These bonds are discussed further in Footnote V.D. These revenue and tax bonds are a liability of the joint venture and therefore are not reflected in the financial statements.

During the 2004-05 fiscal year, the county issued Industrial Park Capital Outlay Notes, Series 2005 in the amount of \$1,995,000 on behalf of the Sullivan County Economic Development Partnership (a joint venture described in Note V.E.). As per contract, the other governments participating in the joint venture have agreed to pay 49 percent of the principal and interest requirements.

During the 2004-05 fiscal year, the county issued General Obligation Bonds, Series 2005 in the amount of \$6,000,000. Of the bond proceeds, \$1,500,000 is to be used for school purposes, with the Sullivan County School Department and the Cities of Bristol and Kingsport receiving their share based on current ADA rates. At June 30, 2005, a liability of \$653,250 is reflected in the Other Capital Projects Fund for the cities' share of these bond proceeds.

There is \$1,587,003 available in the debt service funds to service general long-term debt. General bonded debt per capita for the primary government and School Department combined amounted to \$446, based on the 2000

federal census for residents living outside the Bristol and Kingsport school districts and \$148 for residents living inside the these school districts. Total debt per capita for the primary government and School Department combined, including bonds, notes, and capitalized leases, amounted to \$499 for residents living outside the Bristol and Kingsport districts and \$201 for residents living inside these school districts based on the 2000 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2005, was as follows:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2004	\$ 21,180,000	\$ 7,115,000
Additions	6,000,000	2,125,000
Deductions	(335,000)	(1,266,754)
Balance, June 30, 2005	<u>\$ 26,845,000</u>	<u>\$ 7,973,246</u>
Balance Due Within One Year	<u>\$ 345,000</u>	<u>\$ 1,258,246</u>

	<u>Accrued Leave</u>
Balance, July 1, 2004	\$ 947,589
Additions	1,119,098
Deductions	<u>(1,069,055)</u>
Balance, June 30, 2005	<u>\$ 997,632</u>
Balance Due Within One Year	<u>\$ 588,603</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 35,815,878
Less: Balance Due Within One Year	(2,191,849)
Less: Deferred Amount on Refunding	<u>(134,397)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 33,489,632</u>

Compensated absences are liquidated from the individual funds from which the related salaries and wages are paid.

Sullivan County has also issued county district school bonds on behalf of the discretely presented Sullivan County School Department. These bonds, based on the bond covenants and contractual agreements between the County

Commission and the Board of Education, are payable from the School Department's share of local sales taxes. Therefore the bonds are reflected as liabilities of the discretely presented School Department. The county has also pledged rural property taxes for the retirement of these bonds in the event sales tax revenues are not sufficient to retire the debt.

Defeasance of Prior Debt

In prior years, Sullivan County defeased certain outstanding capital outlay notes by placing the proceeds of the new notes into an irrevocable trust to provide for all future debt service payments on the old notes. The trustee called and retired these notes on April 1, 2005. Therefore, as of June 30, 2005, these notes are no longer considered defeased.

Sullivan County School Department

General Obligation Bonds and Notes

The county district school bonds and capital outlay notes are issued to fund capital facilities and other capital outlay purchases, such as equipment.

County district school bonds and capital outlay notes are direct obligations and pledge the full faith and credit of the government. County district school bonds and capital outlay notes outstanding were issued for original terms of up to 18 years for bonds and 25 years for notes. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds will be retired from the Education Debt Service Fund. The School Department has pledged local option sales tax sufficient to retire these bonds. All capital outlay notes outstanding as of June 30, 2005, will be retired from the Special Purpose Fund.

County district school bonds and capital outlay notes outstanding as of June 30, 2005, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-05
General Obligation Bonds	4 to 5%	\$ 24,200,000	\$ 7,470,000
General Obligation Bonds - Refunding	5	13,220,000	13,220,000
Capital Outlay Notes	0	427,823	35,652

The annual requirements to amortize all general obligation bonds and capital outlay notes (interest free) outstanding as of June 30, 2005, including bond interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2006	\$ 1,125,000	\$ 991,412	\$ 23,768	\$ 0
2007	1,170,000	943,600	11,884	0
2008	1,215,000	893,875	0	0
2009	1,265,000	839,200	0	0
2010	1,320,000	782,275	0	0
2011-2015	7,365,000	2,935,125	0	0
2016-2019	7,230,000	926,500	0	0
Total	\$ 20,690,000	\$ 8,311,987	\$ 35,652	\$ 0

Long-term liability activity for the discretely presented Sullivan County School Department for the year ended June 30, 2005, was as follows:

Changes in Long-term Liabilities

	Bonds		Notes	
Balance, July 1, 2004	\$ 22,140,000	\$	66,443	
Additions	13,220,000		0	
Deductions	(14,670,000)		(30,791)	
Balance June 30, 2005	\$ 20,690,000	\$	35,652	
Balance Due Within One Year	\$ 1,125,000	\$	23,768	
	Capitalized Leases		Accrued Leave	
Balance, July 1, 2004	\$ 1,492	\$	2,562,908	
Additions	0		717,531	
Deductions	(1,492)		(563,840)	
Balance, June 30, 2005	\$ 0	\$	2,716,599	
Balance Due Within One Year	\$ 0	\$	597,652	

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2005	\$ 23,442,251
Less: Balance Due Within One Year	(1,746,420)
Less: Deferred Amount on Refunding	<u>(585,456)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u><u>\$ 21,110,375</u></u>

Compensated absences are liquidated from the individual funds from which the related salaries and wages are paid.

Advance Refunding

During the year, the county issued \$13,220,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust for the purpose of generating resources for all future debt service payments of \$13,585,000 of the 2001 General Obligation Series – Schools which have a call date of May 1, 2015. As a result, the refunded portion of the bonds is considered to be defeased, and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$929,695. This amount is being netted against the new debt and amortized over the remaining life of the old debt. This advance refunding was undertaken to reduce total debt service payments over the next fourteen years by \$509,100 and resulted in an economic gain of \$355,727.

G. Short-term Debt

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Purpose School Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Short-term debt activity for the year ended June 30, 2005, was as follows:

	Balance 7-1-04	Issued	Redeemed	Balance 6-30-05
Revenue Anticipation Notes - General Purpose School Fund	\$ 0	\$ 3,000,000	\$ 3,000,000	\$ 0

H. Prior Period Adjustment

The restatement of \$248,899 reflected in the Health Department Fund represents an increase to fund balance made to correct an overstated liability reflected in prior years.

V. OTHER INFORMATION

A. Risk Management

In prior years, Sullivan County maintained the Employee Insurance – General Fund for risks associated with the employees’ health insurance plan, a self-insured fund accounted for as an internal service fund. Prior to the 2004-05 fiscal year, the county decided to discontinue the self-insurance health plan. Beginning in July 2003, the county contracted with John Deere Health Care to provide health care coverage for employees with premiums being paid directly to the provider. The county continued to maintain the Employee Insurance – General Fund during the current year to account for the remaining self-insured plans, the retirees’ supplemental health and employee dental plans.

In prior years, the discretely presented Sullivan County School Department maintained the Employee Insurance – Schools Fund for risks associated with the employees’ health insurance plan, a self-insured fund accounted for as an internal service fund. Beginning in January 2003, the Sullivan County School Department joined the State of Tennessee’s Health Insurance Plan with premiums being paid directly to the state’s plan. The School Department has closed the activity of this fund, with all insurance costs accounted for in the governmental funds in the current year. The only transactions for the fund for the 2004-05 year were the payment of prior year claims.

Sullivan County has also established a Self-Insurance Fund for risks associated with general liability, property, casualty losses, and workers’ compensation. Both the primary government and the discretely presented Sullivan County School Department participate in this self-insurance fund for the risks listed above. The Self-Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. Insurance premiums are paid out of the General, Highway/Public Works, and General Purpose School Funds. The county retains the risk of loss to a limit of \$50,000 per individual claim or \$300,000 in the aggregate for general liability, property, and casualty losses. The county is self-insured to a limit of \$350,000 for a single claim in any plan year for workers’ compensation. Amounts exceeding these limits are covered by excess loss policies. A fee is paid from this fund to a third party agent who investigates claims and determines recommended action to be taken.

Liabilities of these funds are reported when it is probable that a loss has occurred and the amount of the loss can be reasonably estimated. These funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability of unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Self-Insurance Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$ 322,448	\$ 800,020	\$ (722,347)	\$ 400,121
2004-2005	400,121	1,129,937	(992,814)	537,244

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2003-2004	\$ 47,784	\$ 498,244	\$ (537,287)	\$ 8,741
2004-2005	8,741	211,057	(209,266)	10,532

Employee Insurance - Schools Fund

2003-2004	\$ 73,206	\$ 529,310	\$ (585,906)	\$ 16,610
2004-2005	16,610	0	(16,610)	0

The balance of claims liabilities reflected at June 30, 2005, for the employee insurance-general fund above represents estimates of unpaid dental claims and remaining unpaid self-insured health claims that have not been finalized.

B. Accounting Change

During the year, Sullivan County adopted the provisions of Governmental Accounting Standards Board Statement No. 40, Deposit and Investment Risk Disclosures. These provisions modified the county's previous custodial risk disclosures for deposits and investments and related collateral. These

provisions also added disclosures about other types of risk, including credit risk, interest rate risk, foreign currency risk, and concentrations of credit risk. Governments are also required to provide brief disclosures about their deposit and investment policies that are related to any of the risks required to be disclosed.

C. Subsequent Events

In August 2005, Sullivan County was notified that its application for a Federal Aviation Administration Grant was approved in the amount of \$1,120,014 for capital projects at the Tri-Cities Regional Airport.

At the October 18, 2004, meeting, the Sullivan County Commission approved the issuance of refunding bonds not to exceed \$17,500,000 for outstanding school bonds. These refunding bonds were issued in September 2005.

D. Contingent Liabilities

Sullivan County issued \$5,000,000 Airport Revenue and Tax Bonds dated August 1, 2003, for improvements to the Tri-Cities Airport Commission (a joint venture described in Note V.E.). Sullivan County is contingently liable for 20 percent of the principal and interest on those bonds in the event revenues of the Airport Commission are not sufficient to cover those payments. The other governments participating in the joint venture are contingently liable for the remaining 80 percent of the principal and interest requirements.

There are several pending lawsuits in which the county is involved. Management has provided for potential claims and judgments in the financial statements of the self-insurance funds in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance funds would not materially affect the financial statements of the county.

E. Joint Ventures

The Tri-Cities Regional Airport is a joint venture in which Sullivan County participates, along with Washington County and the Cities of Kingsport; Johnson City; Bristol, Tennessee; and Bristol, Virginia. The airport is governed by a 12-member board (the Tri-Cities Airport Commission) comprising two members appointed by Sullivan County and ten members appointed by the other participating governments. Funding for the Airport Commission is provided primarily by revenues generated from airport services and by capital grants from the federal and state governments. Complete financial statements for the Tri-Cities Regional Airport can be requested at the following address:

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

The Sullivan County Economic Development Partnership is a joint venture in which Sullivan County participates, along with the Cities of Kingsport; Bristol, Tennessee; and Bluff City. The partnership is governed by a 24-member board of directors comprising the four mayors, one member each appointed by the member entities' legislative body, twelve members appointed collectively by the four mayors, and four members appointed by the other twenty members of the board. Funding for the Sullivan County Economic Development Partnership is provided primarily by contributions from Sullivan County and the member Cities, revenues generated from capital projects and other business activities of the Partnership. Complete financial statements for the Sullivan County Economic Development Partnership can be requested at the following address:

Sullivan County Economic Development Partnership
P. O. Box 426
Blountville, TN 37617

The Second Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between District Attorney General of the Second Judicial District, Sullivan County, and various cities within Sullivan County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a Board of Directors including the district attorney general, and the sheriff and police chiefs of participating law enforcement agencies within each judicial district. Sullivan County made contributions of \$10,555 to the DTF for the year ended June 30, 2005. Sullivan County does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General's Office
2nd Judicial District
P. O. Box 526
Blountville, TN 37617

The Upper East Tennessee Juvenile Detention Center was formed through a cooperative agreement between Sullivan County and the counties of Carter, Greene, Hawkins, Johnson, Unicoi, and Washington for the operation of a program to divert youth from commitment to the Department of Correction facilities. This program is governed by a Board of Directors designated by the counties. The Board of Directors has contracted with Children's Comprehensive Services, Inc., to undertake the management of this program.

Operation costs to the counties are allocated according to percentages based on population. Sullivan County's participation cost percentage is 32.7 percent. The county also pays a daily fee for individuals from their counties using the facility.

Complete financial statements for the Juvenile Detention Center can be obtained from their administrative office at the following address:

Upper East Tennessee Regional Juvenile Detention Center
307 Wesley Street
Johnson City, TN 37601

F. Jointly Governed Organizations

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated and includes the counties of Claiborne, Coker, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a Board of Directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: Tennessee Department of Agriculture and the University of Tennessee's Agriculture Extension Service. An executive committee, consisting of the chairman, vice chairman, secretary, and treasurer of the board of directors, along with the center manager (as an ex-officio member), is in charge of the daily operation of the center.

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Sullivan County, Bristol City, Carter County, Coker County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hawkins County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a board of control, consisting of one board member and the directors of schools from each of the systems. The executive committee consists of the chairman and vice chairman of the board of control and the member director of schools. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative has entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each of the members' school food service systems.

The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. All members of the Upper East Tennessee Cooperative are members of the Northeast Tennessee Cooperative except Elizabethton City and Washington County systems. The cooperative is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

G. Retirement Commitments

Plan Description

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

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

Funding Policy

Sullivan County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2005, was 12.34

percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sullivan County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2005, Sullivan County’s annual pension cost of \$3,787,278 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2003, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected post-retirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Sullivan County’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2003, was 12 years.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-05	\$3,787,278	100%	\$0
6-30-04	2,928,615	100	0
6-30-03	2,994,795	100	0

Required Supplementary Information

Schedule of Funding Progress for Sullivan County

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b) - (a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-03	\$91,724	\$98,494	\$6,770	93.13%	\$29,439	23.00%
6-30-01	85,232	92,494	7,262	92.15	29,377	24.72
6-30-99	74,682	78,427	3,745	95.22	26,725	14.01

SCHOOL TEACHERS

Plan Description

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

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Sullivan County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2005, was 5.5 percent of annual covered payroll. The employer contribution requirement for the Sullivan County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2005, 2004, and 2003, were, \$2,141,933, \$1,307,249, and \$1,338,015, respectively, equal to the required contributions for each year.

H. Other Post-employment Benefits

In addition to the retirement commitments described in Note V.G., Sullivan County provides post-retirement health care benefits to all employees who retire between the ages of 55 and 65 from the county with at least 25 years of service in Sullivan County. Those retirees have the opportunity to maintain the same level of medical benefits they had as an active employee up to a lifetime limit of \$200,000. As of June 30, 2005, 40 individuals are participating in the program. Sullivan County will continue to provide insurance coverage to the retirees until age 65. During the year, expenditures of \$207,464 were recognized for participants in the program.

Also, Sullivan County provides Medicare supplement and prescription drug coverage to retirees with ten or more years of service when they reach age 65. Currently 111 individuals are participating in the program. During the year, expenditures of \$215,156 were recognized for participants in the program.

In addition to the retirement commitments described in Note V.G., the discretely presented Sullivan County School Department provides post-retirement health care benefits to all employees age 55 or older who retire from the School Department with at least ten years of service in Sullivan County and have a minimum of 25 years of credited membership in the Tennessee Consolidated Retirement System, or who have reached age 60 and have completed 15 years of service in Sullivan County, or who have at least 15 years of service in Sullivan County and 30 years of credited membership in the Tennessee Consolidated Retirement System. As of June 30, 2005, 327 individuals are participating in the program. The discretely presented Sullivan County School Department will continue to provide insurance coverage to the retirees until age 65. During the year, expenditures of \$1,028,429 were recognized for participants in the program. The School Department provides Medicare supplement and prescription drug coverage to retirees when they reach age 65. Currently, 540 individuals are participating in the program. During the year, expenditures of \$689,226 were recognized for participants in the program.

I. Office of Central Accounting

Sullivan County operates under the provisions of Sections 5-12-101, et seq., Tennessee Code Annotated (TCA), and Section 5-13-101, et seq., TCA, which provide for accounting records of the funds under the supervision of the county mayor and highway commissioner to be maintained by personnel of the Central Accounting Office under the administration of the director of accounts and budgets. Records for funds administered by the director of schools were maintained by School Department personnel.

J. Purchasing Laws

The Office of Purchasing Agent was established by Chapter 261, Private Acts of 1947, as amended. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. This act also requires purchases exceeding \$5,000 to be made on a competitive bid basis. Section 54-7-113, TCA, (Uniform Road Law) requires competitive bids on Highway Department purchases exceeding \$10,000.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 20,997,936	\$ 0	\$ 0	\$ 20,997,936	\$ 20,539,247	\$ 20,570,365	\$ 427,571
Licenses and Permits	359,443	0	0	359,443	256,580	256,580	102,863
Fines, Forfeitures and Penalties	447,058	0	0	447,058	249,485	432,192	14,866
Charges for Current Services	304,167	0	0	304,167	528,110	528,110	(223,943)
Other Local Revenues	406,550	0	0	406,550	343,788	348,788	57,762
Fees Received from County Officials	5,884,870	0	0	5,884,870	5,533,000	5,468,093	416,777
State of Tennessee	5,616,666	0	0	5,616,666	2,452,343	2,295,214	3,321,452
Federal Government	981,996	0	0	981,996	866,812	2,085,388	(1,103,392)
Other Governments and Citizens Groups	345,305	0	0	345,305	260,997	280,997	64,308
Total Revenues	\$ 35,343,991	\$ 0	\$ 0	\$ 35,343,991	\$ 31,030,362	\$ 32,265,727	\$ 3,078,264
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 195,020	\$ (395)	\$ 18	\$ 194,643	\$ 195,355	\$ 195,355	\$ 712
County Mayor	156,156	(460)	253	155,949	167,789	167,789	11,840
County Attorney	183,234	(325)	42	182,951	182,981	185,609	2,658
Election Commission (Including Voter Registration)	385,427	(2,779)	669	383,317	384,697	384,697	1,380
Register of Deeds	539,545	(25,968)	7,869	521,446	584,117	584,117	62,671
Planning	243,978	(1,439)	1,936	244,475	268,618	275,968	31,493
County Buildings	1,024,085	(49,233)	39,040	1,013,892	1,119,097	1,124,697	110,805
Other Facilities	102,171	0	0	102,171	117,795	117,795	15,624
Preservation of Records	32,930	(8,835)	1,425	25,520	23,987	29,987	4,467
Risk Management	1,092,340	(500)	1,766	1,093,606	1,191,412	1,191,412	97,806
<u>Finance</u>							
Accounting and Budgeting	484,750	(1,384)	2,676	486,042	511,817	511,817	25,775
Purchasing	573,179	(7,060)	9,520	575,639	627,209	627,209	51,570
Property Assessor's Office	1,271,956	(700)	2,093	1,273,349	1,356,001	1,356,001	82,652

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
County Trustee's Office	\$ 439,444	\$ (6,357)	\$ 739	\$ 433,826	\$ 510,804	\$ 510,804	\$ 76,978
County Clerk's Office	1,084,701	(6,756)	5,680	1,083,625	1,101,563	1,243,563	159,938
Data Processing	93,937	(12,024)	20,821	102,734	106,000	106,000	3,266
Other Finance	443,882	0	0	443,882	435,000	435,000	(8,882)
<u>Administration of Justice</u>							
Circuit Court Judge	8,319	0	620	8,939	13,000	13,000	4,061
Circuit Court Clerk	1,054,554	(2,786)	4,807	1,056,575	1,109,121	1,109,121	52,546
General Sessions Court	373,771	0	1,744	375,515	386,059	386,059	10,544
General Sessions Judge	403,312	0	123	403,435	420,262	420,262	16,827
Drug Court	120,559	0	0	120,559	0	125,344	4,785
Chancery Court	415,889	(7,211)	10,445	419,123	425,591	425,591	6,468
Juvenile Court	604,499	(706)	2,071	605,864	721,644	707,940	102,076
District Attorney General	271,327	0	0	271,327	264,842	281,112	9,785
Office of Public Defender	130,826	0	0	130,826	97,184	135,525	4,699
Other Administration of Justice	127,432	0	0	127,432	161,250	161,250	33,818
<u>Public Safety</u>							
Sheriff's Department	7,167,049	(16,557)	1,234	7,151,726	7,069,376	7,175,950	24,224
Jail	5,131,834	(8,065)	2,591	5,126,360	5,024,076	5,129,076	2,716
Workhouse	83,992	0	0	83,992	88,066	88,066	4,074
Juvenile Services	563,885	0	0	563,885	548,552	564,052	167
Fire Prevention and Control	1,254,742	0	0	1,254,742	1,254,742	1,254,742	0
Civil Defense	409,686	(65)	6,845	416,466	430,751	430,751	14,285
Rescue Squad	204,875	0	0	204,875	271,000	271,000	66,125
Disaster Relief	46,504	(33,116)	84,458	97,846	57,519	865,702	767,856
Other Emergency Management	113,399	(8,920)	16,142	120,621	438,016	157,317	36,696
County Coroner/Medical Examiner	130,417	(65)	1,348	131,700	132,233	132,233	533

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Other Public Safety	\$ 137,083	\$ 0	\$ 0	\$ 137,083	\$ 134,900	\$ 137,400	\$ 317
<u>Public Health and Welfare</u>							
Rabies and Animal Control	248,475	(1,582)	708	247,601	224,661	250,961	3,360
Other Local Health Services	30,000	0	0	30,000	30,000	30,000	0
Regional Mental Health Center	69,359	0	0	69,359	69,359	69,359	0
Aid to Dependent Children	25,000	0	0	25,000	25,000	25,000	0
Other Local Welfare Services	11,900	(320)	160	11,740	11,760	11,760	20
<u>Social, Cultural and Recreational Services</u>							
Senior Citizens Assistance	10,000	0	0	10,000	10,000	10,000	0
Libraries	651,418	(23,157)	2,086	630,347	673,424	677,457	47,110
Parks and Fair Boards	362,500	(4,500)	4,500	362,500	362,500	362,500	0
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	95,032	0	0	95,032	110,623	110,623	15,591
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	40,300	0	0	40,300	40,792	40,792	492
<u>Other Operations</u>							
Tourism	10,000	0	0	10,000	10,000	10,000	0
Industrial Development	443,890	(14,818)	0	429,072	617,509	717,509	288,437
Other Economic and Community Development	35,285	0	0	35,285	35,285	35,285	0
Veterans' Services	10,500	0	0	10,500	10,500	10,500	0
Employee Benefits	259,682	0	0	259,682	331,590	331,590	71,908
Miscellaneous	40,010	0	0	40,010	69,790	69,790	29,780
<u>Highways</u>							
Highway and Bridge Maintenance	124,494	0	0	124,494	212,000	212,000	87,506
Capital Outlay	162,500	(162,500)	0	0	220,400	220,400	220,400

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Instruction</u>							
Vocational Education Program	\$ 10,239	\$ 0	\$ 0	\$ 10,239	\$ 10,239	\$ 10,239	\$ 0
Other	130,133	0	0	130,133	200,000	200,000	69,867
<u>Capital Projects</u>							
Administration of Justice Projects	0	0	0	0	0	79,000	79,000
Public Health and Welfare Projects	48,000	0	0	48,000	0	48,000	0
Public Utility Projects	899,575	0	0	899,575	5,317,919	5,317,919	4,418,344
Other General Government Projects	263,391	0	0	263,391	266,790	266,790	3,399
Highway & Street Capital Projects	15,431	0	0	15,431	73,000	73,000	57,569
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	307,516	0	13,118	320,634	0	320,634	0
Total Expenditures	\$ 31,406,319	\$ (408,583)	\$ 247,547	\$ 31,245,283	\$ 36,866,567	\$ 38,531,421	\$ 7,286,138
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 3,937,672	\$ 408,583	\$ (247,547)	\$ 4,098,708	\$ (5,836,205)	\$ (6,265,694)	\$ 10,364,402
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2004	\$ 10,021,445	(408,583)	0	9,612,862	6,000,000	6,429,489	3,183,373
Fund Balance, June 30, 2005	\$ 13,959,117	\$ 0	\$ (247,547)	\$ 13,711,570	\$ 163,795	\$ 163,795	\$ 13,547,775

Exhibit F-2

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,578,334	\$ 0	\$ 0	\$ 4,578,334	\$ 4,394,700	\$ 4,394,700	\$ 183,634
Licenses and Permits	184,431	0	0	184,431	184,000	184,000	431
Other Local Revenues	643,509	0	0	643,509	200,581	200,581	442,928
State of Tennessee	3,694,571	0	0	3,694,571	3,732,028	3,732,028	(37,457)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Other Governments and Citizens Groups	107	0	0	107	0	0	107
Total Revenues	\$ 9,111,352	\$ 0	\$ 0	\$ 9,111,352	\$ 8,521,709	\$ 8,521,709	\$ 589,643
<u>Expenditures</u>							
<u>Finance</u>							
Other Finance	\$ 91,952	\$ 0	\$ 0	\$ 91,952	\$ 100,000	\$ 100,000	\$ 8,048
<u>Highways</u>							
Administration	168,276	(281)	273	168,268	184,360	184,360	16,092
Highway and Bridge Maintenance	5,739,641	(844)	1,285	5,740,082	6,278,300	6,278,300	538,218
Operation and Maintenance of Equipment	413,745	(1,944)	3,816	415,617	435,000	435,000	19,383
Asphalt Plant Operations	211,672	0	0	211,672	225,949	225,949	14,277
Traffic Control	3,567	0	0	3,567	10,000	10,000	6,433
Other Charges	111,192	0	0	111,192	125,000	125,000	13,808
Capital Outlay	59,515	0	39,141	98,656	104,000	104,000	5,344
<u>Principal</u>							
Highways and Streets	540,087	0	0	540,087	1,015,263	1,015,263	475,176
<u>Interest</u>							
Highways and Streets	19,737	0	0	19,737	19,737	19,737	0
<u>Capital Projects</u>							
Highway & Street Capital Projects	561,801	(174,005)	0	387,796	414,250	414,250	26,454
Total Expenditures	\$ 7,921,185	\$ (177,074)	\$ 44,515	\$ 7,788,626	\$ 8,911,859	\$ 8,911,859	\$ 1,123,233

(Continued)

Exhibit F-2

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,190,167	\$ 177,074	\$ (44,515)	\$ 1,322,726	\$ (390,150)	\$ (390,150)	\$ 1,712,876
Net Change in Fund Balance	\$ 1,190,167	\$ 177,074	\$ (44,515)	\$ 1,322,726	\$ (390,150)	\$ (390,150)	\$ 1,712,876
Fund Balance, July 1, 2004	1,309,729	(177,074)	0	1,132,655	414,250	414,250	718,405
Fund Balance, June 30, 2005	\$ 2,499,896	\$ 0	\$ (44,515)	\$ 2,455,381	\$ 24,100	\$ 24,100	\$ 2,431,281

SULLIVAN COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2005

BUDGETARY INFORMATION

Annual budgets are adopted for all governmental funds except the Constitutional Officers - Fees Fund (a special revenue fund), the District Attorney General Fund (a special revenue fund), and the capital projects funds. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the County Commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

The county's budgetary basis of accounting is consistent with generally accepted accounting principles (GAAP), except instances in which encumbrances are treated as budgeted expenditures. Therefore, actual amounts in the accompanying budgetary statements for the major funds are presented on this budgetary basis. A reconciliation of the differences between the budgetary basis and the GAAP basis is presented on the face of each budgetary statement.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Health Department Fund – The Health Department Fund is used to account for the transactions related to the Sullivan County Health Department.

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions relating to the Sullivan County Emergency Medical Services.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions relating to Observation Knob Park.

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

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

Capital Projects Funds

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

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

Sanitation Projects Fund – The Sanitation Projects Fund is used to account for sewer line construction.

Exhibit G-1

Sullivan County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2005

	Special Revenue Funds					
	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>ASSETS</u>						
Cash	\$ 300	\$ 200	\$ 0	\$ 0	\$ 725	\$ 0
Equity in Pooled Cash and Investments	696,535	651,580	313,602	16,231	97,175	7,524
Accounts Receivable	36,405	46,369	1,115,761	0	0	0
Allowance for Uncollectibles	0	0	(237,270)	0	0	0
Due from Other Governments	54,399	933,670	0	0	0	0
Due from Other Funds	602	0	0	0	0	0
Due from Component Units	0	9,944	0	0	0	0
Property Taxes Receivable	646,969	1,024,765	0	0	0	0
Allowance for Uncollectible Property Taxes	(20,058)	(31,929)	0	0	0	0
Total Assets	\$ 1,415,152	\$ 2,634,599	\$ 1,192,093	\$ 16,231	\$ 97,900	\$ 7,524
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 45,969	\$ 22,223	\$ 10,722	\$ 0	\$ 1,351	\$ 0
Accrued Payroll	16,747	36,956	68,830	0	4,102	0
Due to Other Funds	4,335	3,236	21,841	0	0	0
Deferred Revenue - Current Property Taxes	613,224	970,937	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	12,289	19,663	0	0	0	0
Other Deferred Revenues	0	0	624,402	0	0	0
Total Liabilities	\$ 692,564	\$ 1,053,015	\$ 725,795	\$ 0	\$ 5,453	\$ 0
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 213,955	\$ 172,166	\$ 162,411	\$ 0	\$ 2,099	\$ 125
Unreserved	508,633	1,409,418	303,887	16,231	90,348	7,399
Total Fund Balances	\$ 722,588	\$ 1,581,584	\$ 466,298	\$ 16,231	\$ 92,447	\$ 7,524
Total Liabilities and Fund Balances	\$ 1,415,152	\$ 2,634,599	\$ 1,192,093	\$ 16,231	\$ 97,900	\$ 7,524

(Continued)

Exhibit G-1

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Sanitation Projects	Total	
<u>ASSETS</u>						
Cash	\$ 150,115	\$ 151,340	\$ 0	\$ 0	\$ 0	\$ 151,340
Equity in Pooled Cash and Investments	0	1,782,647	500,430	1,151,184	1,651,614	3,434,261
Accounts Receivable	3,451	1,201,986	0	0	0	1,201,986
Allowance for Uncollectibles	0	(237,270)	0	0	0	(237,270)
Due from Other Governments	0	988,069	0	0	0	988,069
Due from Other Funds	0	602	0	0	0	602
Due from Component Units	0	9,944	0	0	0	9,944
Property Taxes Receivable	0	1,671,734	0	0	0	1,671,734
Allowance for Uncollectible Property Taxes	0	(51,987)	0	0	0	(51,987)
Total Assets	\$ 153,566	\$ 5,517,065	\$ 500,430	\$ 1,151,184	\$ 1,651,614	\$ 7,168,679
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 80,265	\$ 2,788	\$ 0	\$ 2,788	\$ 83,053
Accrued Payroll	0	126,635	0	0	0	126,635
Due to Other Funds	153,566	182,978	0	0	0	182,978
Deferred Revenue - Current Property Taxes	0	1,584,161	0	0	0	1,584,161
Deferred Revenue - Delinquent Property Taxes	0	31,952	0	0	0	31,952
Other Deferred Revenues	0	624,402	0	0	0	624,402
Total Liabilities	\$ 153,566	\$ 2,630,393	\$ 2,788	\$ 0	\$ 2,788	\$ 2,633,181
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 550,756	\$ 0	\$ 0	\$ 0	\$ 550,756
Unreserved	0	2,335,916	497,642	1,151,184	1,648,826	3,984,742
Total Fund Balances	\$ 0	\$ 2,886,672	\$ 497,642	\$ 1,151,184	\$ 1,648,826	\$ 4,535,498
Total Liabilities and Fund Balances	\$ 153,566	\$ 5,517,065	\$ 500,430	\$ 1,151,184	\$ 1,651,614	\$ 7,168,679

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2005

	Special Revenue Funds					
	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 625,710	\$ 1,058,027	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	20,913	0	19,766
Charges for Current Services	939,916	705,853	3,707,542	0	247,313	0
Other Local Revenues	72,792	29,804	36	0	0	0
State of Tennessee	33,195	655,590	0	0	8,994	0
Federal Government	0	1,572,321	0	0	0	0
Other Governments and Citizens Groups	101,690	420,984	7,516	0	0	0
Total Revenues	\$ 1,773,303	\$ 4,442,579	\$ 3,715,094	\$ 20,913	\$ 256,307	\$ 19,766
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	210	0	0
Administration of Justice	0	0	0	0	0	20,412
Public Safety	0	0	0	15,125	0	0
Public Health and Welfare	1,517,040	4,696,595	3,677,962	0	0	0
Social, Cultural, and Recreational Services	0	0	0	0	212,510	0
Debt Service:						
Principal	0	0	51,667	0	0	0
Interest	0	0	4,745	0	0	0
Other Debt Service	0	0	0	0	0	0
Capital Projects	0	0	17,789	0	0	0
Total Expenditures	\$ 1,517,040	\$ 4,696,595	\$ 3,752,163	\$ 15,335	\$ 212,510	\$ 20,412
Excess (Deficiency) of Revenues Over Expenditures	\$ 256,263	\$ (254,016)	\$ (37,069)	\$ 5,578	\$ 43,797	\$ (646)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 130,000	\$ 0	\$ 0	\$ 0
Transfers Out	0	0	0	(10,555)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 130,000	\$ (10,555)	\$ 0	\$ 0

(Continued)

Exhibit G-2

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

	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
Net Change in Fund Balances	\$ 256,263	\$ (254,016)	\$ 92,931	\$ (4,977)	\$ 43,797	\$ (646)
Fund Balance, July 1, 2004	466,325	1,586,701	373,367	21,208	48,650	8,170
Prior period adjustment	0	248,899	0	0	0	0
Fund Balance, June 30, 2005	<u>\$ 722,588</u>	<u>\$ 1,581,584</u>	<u>\$ 466,298</u>	<u>\$ 16,231</u>	<u>\$ 92,447</u>	<u>\$ 7,524</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Sanitation Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 1,683,737	\$ 0	\$ 0	\$ 0	\$ 1,683,737
Fines, Forfeitures, and Penalties	0	40,679	0	0	0	40,679
Charges for Current Services	4,401	5,605,025	0	0	0	5,605,025
Other Local Revenues	0	102,632	0	0	0	102,632
State of Tennessee	0	697,779	0	0	0	697,779
Federal Government	0	1,572,321	0	0	0	1,572,321
Other Governments and Citizens Groups	0	530,190	0	0	0	530,190
Total Revenues	\$ 4,401	\$ 10,232,363	\$ 0	\$ 0	\$ 0	\$ 10,232,363
<u>Expenditures</u>						
Current:						
General Government	\$ 4,401	\$ 4,401	\$ 0	\$ 0	\$ 0	\$ 4,401
Finance	0	210	0	0	0	210
Administration of Justice	0	20,412	0	0	0	20,412
Public Safety	0	15,125	0	0	0	15,125
Public Health and Welfare	0	9,891,597	0	0	0	9,891,597
Social, Cultural, and Recreational Services	0	212,510	0	0	0	212,510
Debt Service:						
Principal	0	51,667	0	0	0	51,667
Interest	0	4,745	0	0	0	4,745
Other Debt Service	0	0	10,000	0	10,000	10,000
Capital Projects	0	17,789	1,487,358	0	1,487,358	1,505,147
Total Expenditures	\$ 4,401	\$ 10,218,456	\$ 1,497,358	\$ 0	\$ 1,497,358	\$ 11,715,814
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 13,907	\$ (1,497,358)	\$ 0	\$ (1,497,358)	\$ (1,483,451)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 130,000	\$ 1,995,000	\$ 0	\$ 1,995,000	\$ 2,125,000
Transfers Out	0	(10,555)	0	0	0	(10,555)
Total Other Financing Sources (Uses)	\$ 0	\$ 119,445	\$ 1,995,000	\$ 0	\$ 1,995,000	\$ 2,114,445

(Continued)

Exhibit G-2

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

	Constitu - tional Officers - Fees	Total	Community Development/ Industrial Park	Sanitation Projects	Total	Total Nonmajor Governmental Funds
Net Change in Fund Balances	\$ 0	\$ 133,352	\$ 497,642	\$ 0	\$ 497,642	\$ 630,994
Fund Balance, July 1, 2004	0	2,504,421	0	1,151,184	1,151,184	3,655,605
Prior period adjustment	0	248,899	0	0	0	248,899
Fund Balance, June 30, 2005	\$ 0	\$ 2,886,672	\$ 497,642	\$ 1,151,184	\$ 1,648,826	\$ 4,535,498

Exhibit G-3

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 625,710	\$ 0	\$ 0	\$ 625,710	\$ 621,985	\$ 621,985	\$ 3,725
Charges for Current Services	939,916	0	0	939,916	1,072,108	1,072,108	(132,192)
Other Local Revenues	72,792	0	0	72,792	42,000	42,000	30,792
State of Tennessee	33,195	0	0	33,195	37,000	194,090	(160,895)
Other Governments and Citizens Groups	101,690	0	0	101,690	95,000	95,000	6,690
Total Revenues	\$ 1,773,303	\$ 0	\$ 0	\$ 1,773,303	\$ 1,868,093	\$ 2,025,183	\$ (251,880)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 22,052	\$ 0	\$ 0	\$ 22,052	\$ 45,000	\$ 45,000	\$ 22,948
Transfer Stations	1,494,988	(2,222)	213,955	1,706,721	1,813,308	1,970,398	263,677
Total Expenditures	\$ 1,517,040	\$ (2,222)	\$ 213,955	\$ 1,728,773	\$ 1,858,308	\$ 2,015,398	\$ 286,625
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 256,263	\$ 2,222	\$ (213,955)	\$ 44,530	\$ 9,785	\$ 9,785	\$ 34,745
<u>Net Change in Fund Balance</u>							
Net Change in Fund Balance	\$ 256,263	\$ 2,222	\$ (213,955)	\$ 44,530	\$ 9,785	\$ 9,785	\$ 34,745
Fund Balance, July 1, 2004	466,325	(2,222)	0	464,103	225,000	225,000	239,103
Fund Balance, June 30, 2005	\$ 722,588	\$ 0	\$ (213,955)	\$ 508,633	\$ 234,785	\$ 234,785	\$ 273,848

Exhibit G-4

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Health Department Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,058,027	\$ 0	\$ 0	\$ 1,058,027	\$ 1,050,956	\$ 1,050,956	\$ 7,071
Charges for Current Services	705,853	0	0	705,853	866,300	747,870	(42,017)
Other Local Revenues	29,804	0	0	29,804	2,000	2,000	27,804
State of Tennessee	655,590	0	0	655,590	612,100	933,914	(278,324)
Federal Government	1,572,321	0	0	1,572,321	1,571,720	1,672,846	(100,525)
Other Governments and Citizens Groups	420,984	0	0	420,984	493,000	493,000	(72,016)
Total Revenues	\$ 4,442,579	\$ 0	\$ 0	\$ 4,442,579	\$ 4,596,076	\$ 4,900,586	\$ (458,007)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 2,503,070	\$ (52,349)	\$ 124,602	\$ 2,575,323	\$ 2,801,394	\$ 2,801,394	\$ 226,071
Dental Health Program	407,728	(139,325)	102	268,505	303,400	321,790	53,285
Crippled Children Services	103,755	0	0	103,755	111,152	111,152	7,397
Other Local Health Services	1,682,042	(18,347)	47,462	1,711,157	1,939,992	2,244,502	533,345
Total Expenditures	\$ 4,696,595	\$ (210,021)	\$ 172,166	\$ 4,658,740	\$ 5,155,938	\$ 5,478,838	\$ 820,098
Excess (Deficiency) of Revenues Over Expenditures	\$ (254,016)	\$ 210,021	\$ (172,166)	\$ (216,161)	\$ (559,862)	\$ (578,252)	\$ 362,091
Net Change in Fund Balance	\$ (254,016)	\$ 210,021	\$ (172,166)	\$ (216,161)	\$ (559,862)	\$ (578,252)	\$ 362,091
Fund Balance, July 1, 2004	1,586,701	(210,021)	0	1,376,680	900,000	918,390	458,290
Prior period adjustment	248,899	0	0	248,899	0	0	248,899
Fund Balance, June 30, 2005	\$ 1,581,584	\$ 0	\$ (172,166)	\$ 1,409,418	\$ 340,138	\$ 340,138	\$ 1,069,280

Exhibit G-5

Sullivan County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Ambulance Service Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 3,707,542	\$ 0	\$ 0	\$ 3,707,542	\$ 3,684,416	\$ 3,684,416	\$ 23,126
Other Local Revenues	36	0	0	36	0	0	36
Other Governments and Citizens Groups	7,516	0	0	7,516	21,588	21,588	(14,072)
Total Revenues	\$ 3,715,094	\$ 0	\$ 0	\$ 3,715,094	\$ 3,706,004	\$ 3,706,004	\$ 9,090
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 3,677,962	\$ (1,044)	\$ 77,184	\$ 3,754,102	\$ 3,706,004	\$ 3,779,592	\$ 25,490
<u>Principal</u>							
General Government	51,667	0	0	51,667	0	51,667	0
<u>Interest</u>							
General Government	4,745	0	0	4,745	0	4,745	0
<u>Capital Projects</u>							
Public Safety Projects	17,789	(103,016)	85,227	0	0	0	0
Total Expenditures	\$ 3,752,163	\$ (104,060)	\$ 162,411	\$ 3,810,514	\$ 3,706,004	\$ 3,836,004	\$ 25,490
Excess (Deficiency) of Revenues Over Expenditures	\$ (37,069)	\$ 104,060	\$ (162,411)	\$ (95,420)	\$ 0	\$ (130,000)	\$ 34,580
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 130,000	\$ 0	\$ 0	\$ 130,000	\$ 0	\$ 130,000	\$ 0
Total Other Financing Sources (Uses)	\$ 130,000	\$ 0	\$ 0	\$ 130,000	\$ 0	\$ 130,000	\$ 0

(Continued)

Exhibit G-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 92,931	\$ 104,060	\$ (162,411)	\$ 34,580	\$ 0	\$ 0	\$ 34,580
Fund Balance, July 1, 2004	373,367	(104,060)	0	269,307	0	0	269,307
Fund Balance, June 30, 2005	\$ 466,298	\$ 0	\$ (162,411)	\$ 303,887	\$ 0	\$ 0	\$ 303,887

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Drug Control Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 20,913	\$ 0	\$ 20,913	\$ 40,000	\$ 40,000	\$ (19,087)
Other Local Revenues	0	0	0	500	500	(500)
Total Revenues	<u>\$ 20,913</u>	<u>\$ 0</u>	<u>\$ 20,913</u>	<u>\$ 40,500</u>	<u>\$ 40,500</u>	<u>\$ (19,587)</u>
<u>Expenditures</u>						
<u>Finance</u>						
Other Finance	\$ 210	\$ 0	\$ 210	\$ 1,000	\$ 1,000	\$ 790
<u>Public Safety</u>						
Sheriff's Department	15,125	(318)	14,807	39,500	28,945	14,138
Total Expenditures	<u>\$ 15,335</u>	<u>\$ (318)</u>	<u>\$ 15,017</u>	<u>\$ 40,500</u>	<u>\$ 29,945</u>	<u>\$ 14,928</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,578</u>	<u>\$ 318</u>	<u>\$ 5,896</u>	<u>\$ 0</u>	<u>\$ 10,555</u>	<u>\$ (4,659)</u>
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (10,555)	\$ 0	\$ (10,555)	\$ 0	\$ (10,555)	\$ 0
Total Other Financing Sources (Uses)	<u>\$ (10,555)</u>	<u>\$ 0</u>	<u>\$ (10,555)</u>	<u>\$ 0</u>	<u>\$ (10,555)</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (4,977)	\$ 318	\$ (4,659)	\$ 0	\$ 0	\$ (4,659)
Fund Balance, July 1, 2004	<u>21,208</u>	<u>(318)</u>	<u>20,890</u>	<u>12,000</u>	<u>12,000</u>	<u>8,890</u>
Fund Balance, June 30, 2005	<u>\$ 16,231</u>	<u>\$ 0</u>	<u>\$ 16,231</u>	<u>\$ 12,000</u>	<u>\$ 12,000</u>	<u>\$ 4,231</u>

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 247,313	\$ 0	\$ 0	\$ 247,313	\$ 220,000	\$ 220,000	\$ 27,313
State of Tennessee	8,994	0	0	8,994	0	0	8,994
Total Revenues	\$ 256,307	\$ 0	\$ 0	\$ 256,307	\$ 220,000	\$ 220,000	\$ 36,307
<u>Expenditures</u>							
<u>Social, Cultural and Recreational Services</u>							
Parks and Fair Boards	\$ 212,510	\$ (4)	\$ 2,099	\$ 214,605	\$ 214,837	\$ 214,837	\$ 232
Total Expenditures	\$ 212,510	\$ (4)	\$ 2,099	\$ 214,605	\$ 214,837	\$ 214,837	\$ 232
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,797	\$ 4	\$ (2,099)	\$ 41,702	\$ 5,163	\$ 5,163	\$ 36,539
Net Change in Fund Balance	\$ 43,797	\$ 4	\$ (2,099)	\$ 41,702	\$ 5,163	\$ 5,163	\$ 36,539
Fund Balance, July 1, 2004	48,650	(4)	0	48,646	5,000	5,000	43,646
Fund Balance, June 30, 2005	\$ 92,447	\$ 0	\$ (2,099)	\$ 90,348	\$ 10,163	\$ 10,163	\$ 80,185

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,351,907	\$ 2,309,919	\$ 2,319,919	\$ 31,988
Other Local Revenues	7,272	0	0	7,272
Other Governments and Citizens Groups	0	1,039,795	0	0
Total Revenues	<u>\$ 2,359,179</u>	<u>\$ 3,349,714</u>	<u>\$ 2,319,919</u>	<u>\$ 39,260</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 45,061	\$ 45,000	\$ 45,000	\$ (61)
<u>Principal</u>				
General Government	1,010,000	1,585,000	1,010,000	0
<u>Interest</u>				
General Government	1,152,649	1,607,451	1,154,656	2,007
<u>Other Debt Service</u>				
General Government	3,240	9,000	7,000	3,760
Total Expenditures	<u>\$ 2,210,950</u>	<u>\$ 3,246,451</u>	<u>\$ 2,216,656</u>	<u>\$ 5,706</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 148,229	\$ 103,263	\$ 103,263	\$ 44,966
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 641	\$ 0	\$ 0	\$ 641
Total Other Financing Sources (Uses)	<u>\$ 641</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 641</u>
Net Change in Fund Balance	\$ 148,870	\$ 103,263	\$ 103,263	\$ 45,607
Fund Balance, July 1, 2004	1,430,167	650,000	650,000	780,167
Fund Balance, June 30, 2005	<u>\$ 1,579,037</u>	<u>\$ 753,263</u>	<u>\$ 753,263</u>	<u>\$ 825,774</u>

Internal Service Funds

Internal Service Funds are used to account for the financing of goods and services provided by one department or agency to other departments or agencies of the county, or to other governments, on a cost-reimbursement basis.

Self-Insurance Fund – The Self-Insurance Fund is used to account for transactions pertaining to the county’s self-insurance plans (other than retirees’ supplemental health and employee dental).

Employee Insurance - General Fund – The Employee Insurance - General Fund is used to account for the county’s self-insured retirees’ supplemental health and employee dental program.

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Assets
All Proprietary Funds
June 30, 2005

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
	<hr/>		
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 96,164	\$ 0	\$ 96,164
Equity in Pooled Cash and Investments	3,489,006	1,101,945	4,590,951
Due from Other Funds	17,974	231,302	249,276
Due from Component Units	91,638	0	91,638
Total Assets	<u>\$ 3,694,782</u>	<u>\$ 1,333,247</u>	<u>\$ 5,028,029</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 34,388	\$ 0	\$ 34,388
Claims and Judgements Payable	537,244	10,532	547,776
Due to Component Unit	513	0	513
Total Liabilities	<u>\$ 572,145</u>	<u>\$ 10,532</u>	<u>\$ 582,677</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 3,122,637</u>	<u>\$ 1,322,715</u>	<u>\$ 4,445,352</u>
Total Net Assets	<u><u>\$ 3,122,637</u></u>	<u><u>\$ 1,322,715</u></u>	<u><u>\$ 4,445,352</u></u>

Exhibit I-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenses and
Changes in Net Assets
All Proprietary Funds
For the Year Ended June 30, 2005

	Internal Service Funds		Total
	Self- Insurance	Employee Insurance - General	
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 911,228.00	\$ 529,427	\$ 1,440,655
Cobra Insurance Payments	0	4,086	4,086
Total Operating Revenues	\$ 911,228	\$ 533,513	\$ 1,444,741
<u>Operating Expenses</u>			
Handling Charges & Administrative Costs	\$ 37,201	\$ 32,091	\$ 69,292
Dental Insurance	0	284,984	284,984
Audit Services	2,500	0	2,500
Contracts with Private Agencies	1,927	0	1,927
Building and Contents Insurance	159,862	0	159,862
Liability Insurance	26,103	0	26,103
Medical Claims	0	211,057	211,057
Trustee Commission	48	0	48
Vehicle and Equipment Insurance	74,186	0	74,186
Worker's Compensation Insurance	789,486	0	789,486
Liability Claims	79,528	0	79,528
Other Self-Insured Claims	772	0	772
Total Operating Expenses	\$ 1,171,613	\$ 528,132	\$ 1,699,745
Operating Income (Loss)	\$ (260,385)	\$ 5,381	\$ (255,004)
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 4,783	\$ 0	\$ 4,783
Total Nonoperating Revenues (Expenses)	\$ 4,783	\$ 0	\$ 4,783
Change in Net Assets	\$ (255,602)	\$ 5,381	\$ (250,221)
Net Assets, July 1, 2004	3,378,239	1,317,334	4,695,573
Net Assets, June 30, 2005	\$ 3,122,637	\$ 1,322,715	\$ 4,445,352

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2005

	<u>Internal Service Funds</u>		
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Receipts for self-insurance premiums	\$ 841,997	\$ 533,331	\$ 1,375,328
Payments to insurers	(1,043,887)	(284,984)	(1,328,871)
Payments for claims	58,110	(209,266)	(151,156)
Payments for administrative costs	(41,628)	(32,091)	(73,719)
Net cash provided by (used in) operating activities	<u>\$ (185,408)</u>	<u>\$ 6,990</u>	<u>\$ (178,418)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on investments	\$ 4,783	\$ 0	\$ 4,783
Net cash provided by (used in) investing activities	<u>\$ 4,783</u>	<u>\$ 0</u>	<u>\$ 4,783</u>
Increase (decrease) in cash and cash equivalents	\$ (180,625)	\$ 6,990	\$ (173,635)
Cash and cash equivalents, July 1, 2004	3,765,795	1,094,955	4,860,750
Cash and cash equivalents, June 30, 2005	<u>\$ 3,585,170</u>	<u>\$ 1,101,945</u>	<u>\$ 4,687,115</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Operating Activities</u>			
Operating Income (Loss)	\$ (260,385)	\$ 5,381	\$ (255,004)
Adjustments to reconcile net operating income (loss) to net cash provided by (used in) operating activities:			
Changes in Assets and Liabilities:			
(Increase) decrease in current receivables	(69,231)	(182)	(69,413)
Increase (decrease) in other current liabilities	144,208	1,791	145,999
Net cash provided by (used in) operating activities	<u>\$ (185,408)</u>	<u>\$ 6,990</u>	<u>\$ (178,418)</u>

Agency Funds

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

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

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

Airport Joint Venture Fund – The Airport Joint Venture Fund is used to account for airport improvements at the Tri-Cities Airport.

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

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for transactions of the Judicial District Drug Task Force, a joint venture of the various law enforcement agencies of the Second Judicial District.

Exhibit J-1

Sullivan County, Tennessee
Combining Statements of Assets and Liabilities
All Fiduciary Funds
June 30, 2005

	Agency Funds						Total
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	Airport Joint Venture	Constitu- tional Officers - Agency	Judicial District Drug	
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,615,208	\$ 0	\$ 7,615,208
Equity in Pooled Cash and Investments	0	382,214	605,778	2,075,871	0	218,326	3,282,189
Accounts Receivable	0	0	0	0	1,602	0	1,602
Due from Other Governments	3,080,701	595,705	946,068	0	0	0	4,622,474
Due from Other Funds	0	253,307	400,607	0	0	0	653,914
Taxes Receivable	0	7,584,727	11,995,288	0	0	0	19,580,015
Allowance for Uncollectible Taxes	0	(236,656)	(374,274)	0	0	0	(610,930)
Total Assets	<u>\$ 3,080,701</u>	<u>\$ 8,579,297</u>	<u>\$ 13,573,467</u>	<u>\$ 2,075,871</u>	<u>\$ 7,616,810</u>	<u>\$ 218,326</u>	<u>\$ 35,144,472</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 427	\$ 427
Due to Other Funds	0	0	0	0	333,486	0	333,486
Due to Component Units	0	0	0	0	861	0	861
Due to Other Taxing Units	3,080,701	8,579,297	13,573,467	0	0	0	25,233,465
Due to Litigants, Heirs, and Others	0	0	0	0	7,282,463	0	7,282,463
Due to Joint Ventures	0	0	0	2,075,871	0	217,899	2,293,770
Total Liabilities	<u>\$ 3,080,701</u>	<u>\$ 8,579,297</u>	<u>\$ 13,573,467</u>	<u>\$ 2,075,871</u>	<u>\$ 7,616,810</u>	<u>\$ 218,326</u>	<u>\$ 35,144,472</u>

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2005

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 18,269,233	\$ 18,269,233	\$ 0
Due From Other Governments	2,766,103	3,080,701	2,766,103	3,080,701
Total Assets	\$ 2,766,103	\$ 21,349,934	\$ 21,035,336	\$ 3,080,701
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 2,766,103	\$ 21,349,934	\$ 21,035,336	\$ 3,080,701
Total Liabilities	\$ 2,766,103	\$ 21,349,934	\$ 21,035,336	\$ 3,080,701
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 371,286	\$ 11,303,377	\$ 11,292,449	\$ 382,214
Due From Other Governments	531,921	595,705	531,921	595,705
Due From Other Funds	231	253,307	231	253,307
Taxes Receivable	7,556,869	7,584,727	7,556,869	7,584,727
Allowance for Uncollectible Taxes	(256,301)	(236,656)	(256,301)	(236,656)
Total Assets	\$ 8,204,006	\$ 19,500,460	\$ 19,125,169	\$ 8,579,297
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,152,414	\$ 19,500,460	\$ 19,073,577	\$ 8,579,297
Other Deferred Revenue	51,592	0	51,592	0
Total Liabilities	\$ 8,204,006	\$ 19,500,460	\$ 19,125,169	\$ 8,579,297
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 592,346	\$ 17,877,575	\$ 17,864,143	\$ 605,778
Due From Other Governments	855,845	946,068	855,845	946,068
Due From Other Funds	369	400,607	369	400,607
Taxes Receivable	12,047,183	11,995,288	12,047,183	11,995,288
Allowance for Uncollectible Taxes	(408,595)	(374,274)	(408,595)	(374,274)
Total Assets	\$ 13,087,148	\$ 30,845,264	\$ 30,358,945	\$ 13,573,467
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 13,003,378	\$ 30,845,264	\$ 30,275,175	\$ 13,573,467
Other Deferred Revenue	83,770	0	83,770	0
Total Liabilities	\$ 13,087,148	\$ 30,845,264	\$ 30,358,945	\$ 13,573,467

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Airport Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,791,460	\$ 25,527	\$ 1,741,116	\$ 2,075,871
Total Assets	\$ 3,791,460	\$ 25,527	\$ 1,741,116	\$ 2,075,871
<u>Liabilities</u>				
Due to Joint Ventures	\$ 3,791,460	\$ 25,527	\$ 1,741,116	\$ 2,075,871
Total Liabilities	\$ 3,791,460	\$ 25,527	\$ 1,741,116	\$ 2,075,871
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 7,270,931	\$ 25,629,125	\$ 25,284,848	\$ 7,615,208
Accounts Receivable	254	1,602	254	1,602
Total Assets	\$ 7,271,185	\$ 25,630,727	\$ 25,285,102	\$ 7,616,810
<u>Liabilities</u>				
Due to Other Funds	\$ 474,584	\$ 333,486	\$ 474,584	\$ 333,486
Due to Component Units	797	861	797	861
Due to Litigants, Heirs, and Others	6,795,804	25,296,380	24,809,721	7,282,463
Total Liabilities	\$ 7,271,185	\$ 25,630,727	\$ 25,285,102	\$ 7,616,810
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 190,025	\$ 177,787	\$ 149,486	\$ 218,326
Total Assets	\$ 190,025	\$ 177,787	\$ 149,486	\$ 218,326
<u>Liabilities</u>				
Accounts Payable	\$ 487	\$ 427	\$ 487	\$ 427
Due to Other Funds	102	0	102	0
Due to Joint Ventures	189,436	177,360	148,897	217,899
Total Liabilities	\$ 190,025	\$ 177,787	\$ 149,486	\$ 218,326
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 4,945,117	\$ 47,653,499	\$ 49,316,427	\$ 3,282,189
Cash	7,270,931	25,629,125	25,284,848	7,615,208
Accounts Receivable	254	1,602	254	1,602
Due from Other Governments	4,153,869	4,622,474	4,153,869	4,622,474
Due from Other Funds	600	653,914	600	653,914
Taxes Receivable	19,604,052	19,580,015	19,604,052	19,580,015
Allowance for Uncollectible Taxes	(664,896)	(610,930)	(664,896)	(610,930)
Total Assets	\$ 35,309,927	\$ 97,529,699	\$ 97,695,154	\$ 35,144,472

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Liabilities</u>				
Accounts Payable	\$ 487	\$ 427	\$ 487	\$ 427
Due to Other Funds	474,686	333,486	474,686	333,486
Due to Component Units	797	861	797	861
Due to Joint Ventures	3,980,896	202,887	1,890,013	2,293,770
Due to Other Taxing Units	\$ 23,921,895	\$ 71,695,658	\$ 70,384,088	\$ 25,233,465
Due to Litigants, Heirs, and Others	6,795,804	25,296,380	24,809,721	7,282,463
Other Deferred Revenues	135,362	0	135,362	0
Total Liabilities	\$ 35,309,927	\$ 97,529,699	\$ 97,695,154	\$ 35,144,472

Sullivan County School Department

This section presents combining and individual fund financial statements for the Sullivan County School Department, a discretely presented component unit. The School Department uses a General Fund, two Special Revenue Funds, and a Debt Service Fund.

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

Special Purpose Fund – The Special Purpose Fund is used to account for the transactions involving school maintenance and building construction.

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

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education long-term debt principal, interest, and related costs.

Exhibit K-1

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Equity in Pooled Cash and Investments	\$ 4,220,934	\$ 692,404	\$ 4,913,338
Inventories	452,968	0	452,968
Accounts Receivable	38,190	21,301	59,491
Due from Other Governments	2,401,312	116,586	2,517,898
Due from Other Funds	461,632	192	461,824
Due from Primary Government	1,374	0	1,374
Property Taxes Receivable	24,175,049	1,204,786	25,379,835
Allowance for Uncollectible Property Taxes	(759,533)	(32,362)	(791,895)
Total Assets	<u>\$ 30,991,926</u>	<u>\$ 2,002,907</u>	<u>\$ 32,994,833</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 242,593	\$ 8,618	\$ 251,211
Payroll Deductions Payable	349,243	3,665	352,908
Contracts Payable	0	22,584	22,584
Due to Other Funds	192	461,632	461,824
Due to Primary Government	123,476	0	123,476
Due to State of Tennessee	33	0	33
Other Current Liabilities	28,626	0	28,626
Deferred Revenue - Current Property Taxes	22,890,124	1,153,881	24,044,005
Deferred Revenue - Delinquent Property Taxes	471,738	16,649	488,387
Other Deferred Revenues	1,335,045	0	1,335,045
Total Liabilities	<u>\$ 25,441,070</u>	<u>\$ 1,667,029</u>	<u>\$ 27,108,099</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 104,656	\$ 92,271	\$ 196,927
Reserved for Inventory	452,969	0	452,969
Reserved for Career Ladder - Extended Contract	41,367	0	41,367
Reserved for Career Ladder Program	84,167	0	84,167
Reserved for Technology	123,711	0	123,711
Reserved for Title I Grants to Local Education Agencies	0	57,116	57,116
Reserved for Innovative Education Program Strategies	0	2,047	2,047
Other Federal Reserves	0	27,658	27,658
Unreserved, Reported In:			
General Fund	4,743,986	0	4,743,986
Special Revenue Funds	0	146,689	146,689
Debt Service Funds	0	10,097	10,097
Total Fund Balances	<u>\$ 5,550,856</u>	<u>\$ 335,878</u>	<u>\$ 5,886,734</u>
Total Liabilities and Fund Balances	<u>\$ 30,991,926</u>	<u>\$ 2,002,907</u>	<u>\$ 32,994,833</u>

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
Discretely Presented Sullivan County School Department
June 30, 2005

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

Total fund balances - balance sheet - governmental funds (Exhibit K-1)	\$	5,886,734	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			61,649,484
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,823,432
(3) Debt issuance costs are expensed when paid in the governmental funds. The unamortized portion of these charges are reflected on the statement of net assets.			161,995
(4) Premiums on debt issued are recognized when debt proceeds are received in governmental funds. The unamortized portion of these premiums is reflected on the statement of net assets.			(1,389,558)
(5) Interest costs of long-term debt are expensed when due in the governmental funds. Interest costs incurred as of the balance sheet date are accrued in the statement of net assets.			(165,236)
(6) Long-term liabilities, including notes payable, and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Notes payable	\$	35,652	
Bonds payable		20,690,000	
Less: deferred amount on refunded bonds		(585,456)	
Compensated absences		2,716,599	(22,856,795)
		<u>2,716,599</u>	<u>(22,856,795)</u>
Net assets of governmental activities (Exhibit A)	\$		<u>45,110,056</u>

Exhibit K-3

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2005

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 37,124,097	\$ 898,350	\$ 38,022,447
Licenses and Permits	6,594	0	6,594
Charges for Current Services	2,885,043	0	2,885,043
Other Local Revenues	541,984	51,411	593,395
State of Tennessee	37,470,572	0	37,470,572
Federal Government	2,807,139	5,614,869	8,422,008
Other Governments and Citizens Groups	44,739	0	44,739
Total Revenues	<u>\$ 80,880,168</u>	<u>\$ 6,564,630</u>	<u>\$ 87,444,798</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 21,580	\$ 21,580
Instruction	46,387,817	4,290,509	50,678,326
Support Services	24,168,635	1,160,798	25,329,433
Operation of Non-Instructional Services	5,288,713	0	5,288,713
Capital Outlay	11,273	530,846	542,119
Debt Service:			
Principal	0	1,115,791	1,115,791
Interest	17,550	1,040,337	1,057,887
Other Debt Service	0	227,226	227,226
Total Expenditures	<u>\$ 75,873,988</u>	<u>\$ 8,387,087</u>	<u>\$ 84,261,075</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 5,006,180</u>	<u>\$ (1,822,457)</u>	<u>\$ 3,183,723</u>
<u>Other Financing Sources (Uses)</u>			
Refunding Debt Issued	\$ 0	\$ 13,220,000	\$ 13,220,000
Premiums on Debt Issued	0	1,465,549	1,465,549
Transfers In	435,458	2,158,000	2,593,458
Transfers Out	(2,158,000)	(435,458)	(2,593,458)
Payments to Refunded Debt Escrow Agent	0	(14,514,695)	(14,514,695)
Total Other Financing Sources (Uses)	<u>\$ (1,722,542)</u>	<u>\$ 1,893,396</u>	<u>\$ 170,854</u>
Net Change in Fund Balances	\$ 3,283,638	\$ 70,939	\$ 3,354,577
Fund Balance, July 1, 2004	2,267,218	264,939	2,532,157
Fund Balance, June 30, 2005	<u>\$ 5,550,856</u>	<u>\$ 335,878</u>	<u>\$ 5,886,734</u>

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2005

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

Net change in fund balances - total governmental funds (Exhibit K-3)		\$ 3,354,577
(1) Governmental funds report capital outlay as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between depreciation and capital outlays is itemized as follows:		
Add: Capital outlays in the current period	\$ 595,001	
Less: Current year depreciation	<u>(2,184,173)</u>	(1,589,172)
(2) Capital assets donated are not fund expenditures and are therefore not recognized in the governmental funds. This adjustment reflects capital assets donated during the period.		(104,913)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2004	\$ (1,625,718)	
For the year ended June 30, 2005	<u>1,823,432</u>	197,714
(4) The issuance of long-term debt (e.g., notes, capitalized leases, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.		
Less: Refunding bonds issued	\$ (13,220,000)	
Add: Deferred amount on refunding	929,695	
Add: Principal payment on notes	30,791	
Add: Principal payment on capitalized leases	1,492	
Add: Principal payment on bonds	1,085,000	
Add: Refunding of principal	<u>13,585,000</u>	2,411,978
(5) Governmental funds report the effect of issuance costs, premiums, discounts and similar items related to long-term debt issuance when the debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This adjustment reflects the effects of those items on the statement of activities.		
Less: Deferred charges on refunding amortized during the year	\$ (344,239)	
Less: Debt issuance cost amortized during the year	(8,859)	
Less: Premium on debt issued during the year	(1,465,549)	
Add: Premium amortized during the year	75,991	
Add: Debt issuance cost on debt issued during the year	<u>170,854</u>	(1,571,802)

(Continued)

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Sullivan County School Department (Cont.)

(6) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 9,074	
Change in compensated absences	<u>(153,691)</u>	<u>\$ (144,617)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 2,553,765</u>

Exhibit K-5

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2005

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose</u>	<u>School Federal Projects</u>	<u>Total</u>	<u>Education Debt Service</u>	
<u>ASSETS</u>					
Equity in Pooled Cash and Investments	\$ 578,317	\$ 103,990	\$ 682,307	\$ 10,097	\$ 692,404
Accounts Receivable	21,300	1	21,301	0	21,301
Due from Other Governments	0	116,586	116,586	0	116,586
Due from Other Funds	0	192	192	0	192
Property Taxes Receivable	1,204,786	0	1,204,786	0	1,204,786
Allowance for Uncollectible Property Taxes	(32,362)	0	(32,362)	0	(32,362)
Total Assets	<u>\$ 1,772,041</u>	<u>\$ 220,769</u>	<u>\$ 1,992,810</u>	<u>\$ 10,097</u>	<u>\$ 2,002,907</u>
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 0	\$ 8,618	\$ 8,618	\$ 0	\$ 8,618
Payroll Deductions Payable	0	3,665	3,665	0	3,665
Contracts Payable	22,584	0	22,584	0	22,584
Due to Other Funds	412,000	49,632	461,632	0	461,632
Deferred Revenue - Current Property Taxes	1,153,881	0	1,153,881	0	1,153,881
Deferred Revenue - Delinquent Property Taxes	16,649	0	16,649	0	16,649
Total Liabilities	<u>\$ 1,605,114</u>	<u>\$ 61,915</u>	<u>\$ 1,667,029</u>	<u>\$ 0</u>	<u>\$ 1,667,029</u>
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 20,238	\$ 72,033	\$ 92,271	\$ 0	\$ 92,271
Reserved for Title I Grants to Local Education Agencies	0	57,116	57,116	0	57,116
Reserved for Innovative Education Program Strategies	0	2,047	2,047	0	2,047
Other Federal Reserves	0	27,658	27,658	0	27,658
Unreserved	146,689	0	146,689	10,097	156,786
Total Fund Balances	<u>\$ 166,927</u>	<u>\$ 158,854</u>	<u>\$ 325,781</u>	<u>\$ 10,097</u>	<u>\$ 335,878</u>
Total Liabilities and Fund Balances	<u>\$ 1,772,041</u>	<u>\$ 220,769</u>	<u>\$ 1,992,810</u>	<u>\$ 10,097</u>	<u>\$ 2,002,907</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2005

	<u>Special Revenue Funds</u>			<u>Debt Service Fund</u>	<u>Total Nonmajor Governmental Funds</u>
	<u>Special Purpose</u>	<u>School Federal Projects</u>	<u>Total</u>	<u>Education Debt Service</u>	
<u>Revenues</u>					
Local Taxes	\$ 898,350	\$ 0	\$ 898,350	\$ 0	\$ 898,350
Other Local Revenues	0	0	0	51,411	51,411
Federal Government	0	5,614,869	5,614,869	0	5,614,869
Total Revenues	\$ 898,350	\$ 5,614,869	\$ 6,513,219	\$ 51,411	\$ 6,564,630
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 21,580	\$ 21,580
Instruction	0	4,290,509	4,290,509	0	4,290,509
Support Services	17,523	1,143,275	1,160,798	0	1,160,798
Capital Outlay	530,846	0	530,846	0	530,846
Debt Service:					
Principal	30,791	0	30,791	1,085,000	1,115,791
Interest	0	0	0	1,040,337	1,040,337
Other Debt Service	0	0	0	227,226	227,226
Total Expenditures	\$ 579,160	\$ 5,433,784	\$ 6,012,944	\$ 2,374,143	\$ 8,387,087
Excess (Deficiency) of Revenues Over Expenditures	\$ 319,190	\$ 181,085	\$ 500,275	\$ (2,322,732)	\$ (1,822,457)
<u>Other Financing Sources (Uses)</u>					
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 13,220,000	\$ 13,220,000
Premiums on Debt Issued	0	0	0	1,465,549	1,465,549
Transfers In	0	0	0	2,158,000	2,158,000
Transfers Out	(412,000)	(23,458)	(435,458)	0	(435,458)
Payments to Refunded Debt Escrow Agent	0	0	0	(14,514,695)	(14,514,695)
Total Other Financing Sources (Uses)	\$ (412,000)	\$ (23,458)	\$ (435,458)	\$ 2,328,854	\$ 1,893,396
Net Change in Fund Balances	\$ (92,810)	\$ 157,627	\$ 64,817	\$ 6,122	\$ 70,939
Fund Balance, July 1, 2004	259,737	1,227	260,964	3,975	264,939
Fund Balance, June 30, 2005	\$ 166,927	\$ 158,854	\$ 325,781	\$ 10,097	\$ 335,878

Exhibit K-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
General Purpose School Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 37,124,097	\$ 0	\$ 0	\$ 37,124,097	\$ 36,603,135	\$ 36,603,134	\$ 520,963
Licenses and Permits	6,594	0	0	6,594	9,000	9,000	(2,406)
Charges for Current Services	2,885,043	0	0	2,885,043	2,613,230	2,914,230	(29,187)
Other Local Revenues	541,984	0	0	541,984	30,850	29,850	512,134
State of Tennessee	37,470,572	0	0	37,470,572	37,081,838	37,626,413	(155,841)
Federal Government	2,807,139	0	0	2,807,139	2,784,276	2,695,884	111,255
Other Governments and Citizens Groups	44,739	0	0	44,739	420,000	120,000	(75,261)
Total Revenues	\$ 80,880,168	\$ 0	\$ 0	\$ 80,880,168	\$ 79,542,329	\$ 79,998,511	\$ 881,657
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 39,525,546	\$ 0	\$ 14,608	\$ 39,540,154	\$ 40,363,610	\$ 40,876,849	\$ 1,336,695
Special Education Program	4,361,852	0	20,284	4,382,136	4,810,882	4,586,261	204,125
Vocational Education Program	2,450,246	0	8,937	2,459,183	2,517,326	2,476,536	17,353
Adult Education Program	50,173	0	0	50,173	47,047	53,913	3,740
<u>Support Services</u>							
Health Services	1,917	0	0	1,917	22,000	22,000	20,083
Other Student Support	1,420,540	0	0	1,420,540	1,515,959	1,517,679	97,139
Regular Instruction Program	2,969,302	(336)	8,244	2,977,210	3,196,720	3,254,216	277,006
Special Education Program	147,997	0	45	148,042	166,182	166,248	18,206
Vocational Education Program	161,159	0	306	161,465	94,887	158,304	(3,161)
Adult Programs	62,455	0	0	62,455	65,500	66,094	3,639
Board of Education	1,506,812	0	7,494	1,514,306	1,492,704	1,492,902	(21,404)
Director of Schools	607,236	(25)	1,410	608,621	638,770	642,968	34,347
Office of the Principal	4,987,697	0	0	4,987,697	5,061,483	5,066,312	78,615
Fiscal Services	292,067	(650)	0	291,417	322,108	322,373	30,956

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 5,120,975	\$ 0	\$ 0	\$ 5,120,975	\$ 5,188,955	\$ 5,192,791	\$ 71,816
Maintenance of Plant	3,361,062	(15,558)	1,455	3,346,959	3,273,789	3,290,201	(56,758)
Transportation	3,261,514	0	99	3,261,613	3,253,725	3,253,725	(7,888)
Central and Other	267,902	0	118	268,020	272,915	273,246	5,226
<u>Operation of Non-Instructional Services</u>							
Food Service	5,230,717	0	40,201	5,270,918	5,409,773	5,413,212	142,294
Community Services	57,996	0	0	57,996	87,631	87,631	29,635
<u>Capital Outlay</u>							
Regular Capital Outlay	11,273	0	1,455	12,728	21,500	21,500	8,772
<u>Interest</u>							
Education	17,550	0	0	17,550	0	17,550	0
Total Expenditures	\$ 75,873,988	\$ (16,569)	\$ 104,656	\$ 75,962,075	\$ 77,823,466	\$ 78,252,511	\$ 2,290,436
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 5,006,180	\$ 16,569	\$ (104,656)	\$ 4,918,093	\$ 1,718,863	\$ 1,746,000	\$ 3,172,093
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 435,458	\$ 0	\$ 0	\$ 435,458	\$ 412,000	\$ 412,000	\$ 23,458
Transfers Out	(2,158,000)	0	0	(2,158,000)	(2,130,863)	(2,158,000)	0
Total Other Financing Sources (Uses)	\$ (1,722,542)	\$ 0	\$ 0	\$ (1,722,542)	\$ (1,718,863)	\$ (1,746,000)	\$ 23,458

(Continued)

Exhibit K-7

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 3,283,638	\$ 16,569	\$ (104,656)	\$ 3,195,551	\$ 0	\$ 0	\$ 3,195,551
Fund Balance, July 1, 2004	2,267,218	(16,569)	0	2,250,649	0	0	2,250,649
Fund Balance, June 30, 2005	\$ 5,550,856	\$ 0	\$ (104,656)	\$ 5,446,200	\$ 0	\$ 0	\$ 5,446,200

Exhibit K-8

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Special Purpose Fund
For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 898,350	\$ 0	\$ 0	\$ 898,350	\$ 863,896	\$ 863,896	\$ 34,454
Total Revenues	\$ 898,350	\$ 0	\$ 0	\$ 898,350	\$ 863,896	\$ 863,896	\$ 34,454
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 17,523	\$ 0	\$ 0	\$ 17,523	\$ 20,000	\$ 20,000	\$ 2,477
<u>Capital Outlay</u>							
Regular Capital Outlay	530,846	(171,989)	20,238	379,095	393,896	393,896	14,801
<u>Principal</u>							
Education	30,791	0	0	30,791	38,000	38,000	7,209
Total Expenditures	\$ 579,160	\$ (171,989)	\$ 20,238	\$ 427,409	\$ 451,896	\$ 451,896	\$ 24,487
Excess (Deficiency) of Revenues Over Expenditures	\$ 319,190	\$ 171,989	\$ (20,238)	\$ 470,941	\$ 412,000	\$ 412,000	\$ 58,941
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (412,000)	\$ 0	\$ 0	\$ (412,000)	\$ (412,000)	\$ (412,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (412,000)	\$ 0	\$ 0	\$ (412,000)	\$ (412,000)	\$ (412,000)	\$ 0
Net Change in Fund Balance	\$ (92,810)	\$ 171,989	\$ (20,238)	\$ 58,941	\$ 0	\$ 0	\$ 58,941
Fund Balance, July 1, 2004	259,737	(171,989)	0	87,748	0	0	87,748
Fund Balance, June 30, 2005	\$ 166,927	\$ 0	\$ (20,238)	\$ 146,689	\$ 0	\$ 0	\$ 146,689

Exhibit K-9

Sullivan County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Sullivan County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2005

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,614,869	\$ 0	\$ 0	\$ 5,614,869	\$ 5,515,725	\$ 5,645,902	\$ (31,033)
Total Revenues	\$ 5,614,869	\$ 0	\$ 0	\$ 5,614,869	\$ 5,515,725	\$ 5,645,902	\$ (31,033)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,859,882	\$ 0	\$ 1,546	\$ 1,861,428	\$ 1,862,766	\$ 1,933,854	\$ 72,426
Special Education Program	2,269,054	0	48,558	2,317,612	2,361,634	2,331,410	13,798
Vocational Education Program	161,573	0	13,662	175,235	183,227	175,235	0
<u>Support Services</u>							
Attendance	91,012	0	0	91,012	103,046	99,205	8,193
Health Services	304	0	0	304	1,852	1,000	696
Other Student Support	27,991	0	0	27,991	20,000	27,991	0
Regular Instruction Program	508,004	(87)	8,267	516,184	497,710	532,304	16,120
Special Education Program	39,849	0	0	39,849	30,648	30,648	(9,201)
Vocational Education Program	10,696	0	0	10,696	10,696	10,696	0
Transportation	465,419	0	0	465,419	420,842	481,241	15,822
Total Expenditures	\$ 5,433,784	\$ (87)	\$ 72,033	\$ 5,505,730	\$ 5,492,421	\$ 5,623,584	\$ 117,854
Excess (Deficiency) of Revenues Over Expenditures	\$ 181,085	\$ 87	\$ (72,033)	\$ 109,139	\$ 23,304	\$ 22,318	\$ 86,821
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,000	\$ (100,000)
Transfers Out	(23,458)	0	0	(23,458)	(24,444)	(123,458)	100,000
Total Other Financing Sources (Uses)	\$ (23,458)	\$ 0	\$ 0	\$ (23,458)	\$ (24,444)	\$ (23,458)	\$ 0

(Continued)

Exhibit K-9

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2004	Add: Encumbrances 6/30/2005	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 157,627	\$ 87	\$ (72,033)	\$ 85,681	\$ (1,140)	\$ (1,140)	\$ 86,821
Fund Balance, July 1, 2004	1,227	(87)	0	1,140	1,140	1,140	0
Fund Balance, June 30, 2005	\$ 158,854	\$ 0	\$ (72,033)	\$ 86,821	\$ 0	\$ 0	\$ 86,821

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sullivan County School Department
Education Debt Service Fund
For the Year Ended June 30, 2005

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Local Revenues	\$ 51,411	\$ 0	\$ 51,411	\$ 0
Total Revenues	\$ 51,411	\$ 0	\$ 51,411	\$ 0
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 21,580	\$ 25,000	\$ 25,000	\$ 3,420
<u>Principal</u>				
Education	1,085,000	1,085,000	1,085,000	0
<u>Interest</u>				
Education	1,040,337	1,045,863	1,045,863	5,526
<u>Other Debt Service</u>				
Education	227,226	8,000	230,265	3,039
Total Expenditures	\$ 2,374,143	\$ 2,163,863	\$ 2,386,128	\$ 11,985
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,322,732)	\$ (2,163,863)	\$ (2,334,717)	\$ 11,985
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 13,220,000	\$ 0	\$ 13,220,000	\$ 0
Premiums on Debt Issued	1,465,549	0	1,465,549	0
Transfers In	2,158,000	2,163,863	2,163,863	(5,863)
Payments to Refunded Debt Escrow Agent	(14,514,695)	0	(14,514,695)	0
Total Other Financing Sources (Uses)	\$ 2,328,854	\$ 2,163,863	\$ 2,334,717	\$ (5,863)
Net Change in Fund Balance	\$ 6,122	\$ 0	\$ 0	\$ 6,122
Fund Balance, July 1, 2004	3,975	0	0	3,975
Fund Balance, June 30, 2005	\$ 10,097	\$ 0	\$ 0	\$ 10,097

MISCELLANEOUS SCHEDULES

Sullivan County, Tennessee
Schedule of Changes in Long-term Notes, Capitalized Leases, and Bonds
Primary Government and Discretely Presented
Sullivan County School Department
For the Year Ended June 30, 2005

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Matured During Period	Refunded/ Adjusted	Outstanding 6-30-05
PRIMARY GOVERNMENT									
NOTES PAYABLE									
<u>Payable through Ambulance Service Fund</u>									
EMS Building	\$ 120,000	2.65%	6-22-04	6-22-07	\$ 120,000	\$ 0	\$ 30,000	\$ 0	\$ 90,000
EMS Vehicles	130,000	2.8	9-10-04	9-10-07		130,000	21,667	0	108,333
Total Payable through Ambulance Service Fund					<u>\$ 120,000</u>	<u>\$ 130,000</u>	<u>\$ 51,667</u>	<u>\$ 0</u>	<u>\$ 198,333</u>
<u>Payable through Highway/Public Works Fund</u>									
State Aid Projects	1,000,000	2.73	6-22-04	6-22-06	\$ 1,000,000	\$ 0	\$ 540,087	\$ 0	\$ 459,913
Total Payable through Highway/Public Works Fund					<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 540,087</u>	<u>\$ 0</u>	<u>\$ 459,913</u>
<u>Payable through General Debt Service Fund</u>									
Building Renovations	3,000,000	4.2 to 4.75	12-1-1998	4-1-10	\$ 2,350,000	\$ 0	\$ 275,000	\$ 0	\$ 2,075,000
Jail Expansion/Renovations	4,750,000	4.25 to 5.15	2-1-00	2-1-05	350,000	0	350,000	0	0
General Obligation Refunding Capital Outlay Notes, Series 2003	3,330,000	3.2	12-1-03	4-1-11	3,295,000	0	50,000	0	3,245,000
Industrial Park	1,995,000	4.5 to 5.05	6-1-05	4-1-17	0	1,995,000	0	0	1,995,000
Total Payable through General Debt Service Fund					<u>\$ 5,995,000</u>	<u>\$ 1,995,000</u>	<u>\$ 675,000</u>	<u>\$ 0</u>	<u>\$ 7,315,000</u>
Total Notes Payable					<u>\$ 7,115,000</u>	<u>\$ 2,125,000</u>	<u>\$ 1,266,754</u>	<u>\$ 0</u>	<u>\$ 7,973,246</u>
GENERAL BONDED DEBT									
<u>Payable through General Debt Service Fund</u>									
Schools	7,000,000	4.25 to 4.875	12-30-1998	4-1-24	\$ 7,000,000	\$ 0	\$ 0	\$ 0	\$ 7,000,000
Schools	10,000,000	4.35	1-7-1999	4-1-24	10,000,000	0	0	0	10,000,000
General Obligation Public Improvement Bonds, Series 2002	4,465,000	2.5 to 3.5	10-1-02	8-1-14	4,180,000	0	335,000	0	3,845,000
General Obligation Public Improvement Bonds, Series 2005	6,000,000	3.25 to 4.1	6-1-05	5-1-25	0	6,000,000	0	0	6,000,000
Total General Bonded Debt					<u>\$ 21,180,000</u>	<u>\$ 6,000,000</u>	<u>\$ 335,000</u>	<u>\$ 0</u>	<u>\$ 26,845,000</u>

(Continued)

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-04	Issued During Period	Matured During Period	Refunded/ Adjusted	Outstanding 6-30-05
<u>SULLIVAN COUNTY SCHOOL DEPARTMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through Special Purpose Fund</u>									
Asbestos Hazards Abatement Loan	\$ 252,834	0%	Various	6-30-05	\$ 7,023	\$ 0	\$ 7,023	\$ 0	\$ 0
Asbestos Hazards Abatement Loan	427,823	0	Various	6-30-07	59,420	0	23,768	0	35,652
Total Notes Payable					<u>\$ 66,443</u>	<u>\$ 0</u>	<u>\$ 30,791</u>	<u>\$ 0</u>	<u>\$ 35,652</u>
<u>CAPITALIZED LEASES</u>									
<u>Payable through General Purpose School Fund</u>									
Copier	13,432	0	11-1-01	10-4-04	\$ 1,492	\$ 0	\$ 1,492	\$ 0	\$ 0
Total Capitalized Leases					<u>\$ 1,492</u>	<u>\$ 0</u>	<u>\$ 1,492</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>GENERAL BONDED DEBT</u>									
<u>Payable through Education Debt Service Fund</u>									
Schools	24,200,000	4 to 5	5-1-01	5-1-19	\$ 22,140,000	\$ 0	\$ 1,085,000	\$ 13,585,000	\$ 7,470,000
Schools Refunding	13,220,000	5	11-1-04	5-1-19	0	13,220,000	0	0	13,220,000
Total General Bonded Debt					<u>\$ 22,140,000</u>	<u>\$ 13,220,000</u>	<u>\$ 1,085,000</u>	<u>\$ 13,585,000</u>	<u>\$ 20,690,000</u>

Exhibit L-2

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

Year Ending June 30	Primary Government			Sullivan County School Department		
	Bond Requirements	Interest Requirements	Total Requirements	Bond Requirements	Interest Requirements	Total Requirements
2006	\$ 345,000	\$ 1,132,279	\$ 1,477,279	\$ 1,125,000	\$ 991,412	\$ 2,116,412
2007	505,000	1,142,886	1,647,886	1,170,000	943,600	2,113,600
2008	520,000	1,128,937	1,648,937	1,215,000	893,875	2,108,875
2009	540,000	1,113,661	1,653,661	1,265,000	839,200	2,104,200
2010	555,000	1,096,874	1,651,874	1,320,000	782,275	2,102,275
2011	570,000	1,079,384	1,649,384	1,375,000	722,875	2,097,875
2012	1,320,000	1,060,724	2,380,724	1,395,000	661,000	2,056,000
2013	1,410,000	1,009,496	2,419,496	1,460,000	591,250	2,051,250
2014	1,535,000	953,631	2,488,631	1,530,000	518,250	2,048,250
2015	1,635,000	890,181	2,525,181	1,605,000	441,750	2,046,750
2016	1,305,000	829,431	2,134,431	1,680,000	361,500	2,041,500
2017	1,390,000	770,606	2,160,606	1,750,000	277,500	2,027,500
2018	1,680,000	707,094	2,387,094	1,850,000	190,000	2,040,000
2019	1,800,000	631,625	2,431,625	1,950,000	97,500	2,047,500
2020	1,920,000	549,894	2,469,894	0	0	0
2021	2,065,000	460,717	2,525,717	0	0	0
2022	2,240,000	364,694	2,604,694	0	0	0
2023	2,385,000	258,500	2,643,500	0	0	0
2024	2,560,000	145,319	2,705,319	0	0	0
2025	565,000	23,165	588,165	0	0	0
Total	\$ 26,845,000	\$ 15,349,098	\$ 42,194,098	\$ 20,690,000	\$ 8,311,987	\$ 29,001,987

Sullivan County, Tennessee
Schedule of Investments - All Funds
June 30, 2005

<u>Type</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>	
<u>General Fund</u>	
Local Government Investment Pool	<u>\$ 43,181</u>
Total	<u><u>\$ 43,181</u></u>

Sullivan County, Tennessee
Schedule of Transfers - All Funds and Discretely Presented Component Unit
For the Year Ended June 30, 2005

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
Other Capital Projects	General Debt Service	To provide funds for retirement of debt	\$ 641
Drug Control	Judicial District Drug	To provide funds for matching	10,555
Special Purpose (School Dept.)	General Purpose School (School Dept.)	To provide funds for retirement of debt	412,000
General Purpose School (School Dept.)	Education Debt Service (School Dept.)	To provide funds for retirement of debt	2,158,000
School Federal Projects (School Dept.)	General Purpose School (School Dept.)	Indirect costs	<u>23,458</u>
Total Transfers			<u>\$ 2,604,654</u>

Exhibit L-5

Sullivan County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
For the Year Ended June 30, 2005

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 88,948	\$ 50,000	Cincinnati Insurance Company
Commissioner of Roads	Section 8-24-102, <u>TCA</u>	82,700	100,000	"
Director of Schools	State Board of Education and County Board of Education	104,763 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	68,969	2,502,300	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	68,969	10,000	"
Director of Accounts and Budgets	Section 5-13-101, et. seq., <u>TCA</u>	68,969	25,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	51,075	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	68,969	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	68,969	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	72,789 (2)	80,000	"
Register	Section 8-24-102, <u>TCA</u>	68,969	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	83,219 (3)	26,000	"
Employee Blanket Bonds - All County Employees:				
	Public Employee Dishonesty (Self-Insured to \$50,000 through County Self-Insurance Fund)		250,000	Landmark American Insurance Company

(1) Includes chief executive officer training supplement of \$1,000.

(2) Includes special commissioner fees of \$3,820.

(3) Includes \$6,835 supplement as workhouse superintendent and \$519 law enforcement training supplement.

Exhibit L-6

Sullivan County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2005

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 17,711,170	\$ 621,185	\$ 998,455	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	365,522	0	23,969	0	0	0
Circuit/Clerk & Master Collections - Prior Years	244,996	0	16,065	0	0	0
Interest and Penalty	172,739	644	11,158	0	0	0
Pick-up Taxes	111,153	2,748	6,568	0	0	0
Payments in Lieu of Taxes - T.V.A.	5,905	0	0	0	0	0
Payments in Lieu of Taxes - Local Utilities	272,363	0	0	0	0	0
Payments in Lieu of Taxes - Other	3,831	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Litigation Tax - General	289,237	0	0	0	0	0
Litigation Tax - Office of Public Defender	162,957	0	0	0	0	0
Business Tax	1,625,892	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	32,171	1,133	1,812	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 20,997,936	\$ 625,710	\$ 1,058,027	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 19,295	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	248,310	0	0	0	0	0
<u>Permits</u>						
Beer Permits	3,088	0	0	0	0	0
Building Permits	88,750	0	0	0	0	0
Total Licenses and Permits	\$ 359,443	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 35,702	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation
<u>Fines, Forfeitures and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
District Attorney General Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Criminal Court</u>						
Drug Court Fees	561	0	0	0	0	0
DUI Treatment Fines	94,296	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	117,049	0	0	0	0	0
Officers Costs	160,998	0	0	0	0	0
Game and Fish Fines	1,312	0	0	0	0	0
Drug Control Fines	760	0	0	0	12,161	0
Drug Court Fees	10,150	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	19,810	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	7,500	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	6,420	0	0	0	1,252	0
Total Fines, Forfeitures and Penalties	\$ 447,058	\$ 0	\$ 0	\$ 0	\$ 20,913	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 939,916	\$ 0	\$ 0	\$ 0	0
Patient Charges	0	0	401,668	3,707,542	0	0
Zoning Studies	9,965	0	0	0	0	0
Work Release Charges for Board	39,490	0	0	0	0	0
Health Department Collections	0	0	304,185	0	0	0
Other General Service Charges	7,700	0	0	0	0	0
Backflow Charges	5,630	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	247,313
Copy Fees	4,464	0	0	0	0	0
Library Fees	10,637	0	0	0	0	0
Telephone Commissions	161,401	0	0	0	0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	61,820	0	0	0	0	0
Sexual Offender Registration Fee	3,060	0	0	0	0	0
Total Charges for Current Services	\$ 304,167	\$ 939,916	\$ 705,853	\$ 3,707,542	\$ 0	\$ 247,313
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,013	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	42,690	0	0	0	0	0
Sale of Materials and Supplies	895	0	0	0	0	0
Commissary Sales	44,536	0	0	0	0	0
Sale of Maps	586	0	0	0	0	0
Sale of Recycled Materials	0	72,792	0	0	0	0
Miscellaneous Refunds	24,392	0	29,804	36	0	0
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	0
Sale of Property	287,466	0	0	0	0	0
Damages Recovered from Individuals	4,422	0	0	0	0	0
Contributions & Gifts	550	0	0	0	0	0
Total Other Local Revenues	\$ 406,550	\$ 72,792	\$ 29,804	\$ 36	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 1,353,965	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	411,322	0	0	0	0	0
General Sessions Court Clerk	621,647	0	0	0	0	0
Clerk and Master	447,041	0	0	0	0	0
Register	902,142	0	0	0	0	0
Sheriff	31,412	0	0	0	0	0
Trustee	2,117,341	0	0	0	0	0
Total Fees Received from County Officials	\$ 5,884,870	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 77,441	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	51,351	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	500,975	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	18,149	18,907	0	0	0	0
Tennessee Industrial Infrastructure Program	50,589	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	2,962,428	0	0	0	0	0
Beer Tax	16,778	0	0	0	0	0
Alcoholic Beverage Tax	124,960	0	0	0	0	0
Mixed Drink Tax	5,358	0	0	0	0	0
Prisoner Transportation	13,511	0	0	0	0	0
Contracted Prisoner Boarding	1,647,200	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Reappraisal Program Reimbursement	51,236	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	2,900	0	154,615	0	0	0
Other State Revenues	578,385	14,288	0	0	0	8,994
Total State of Tennessee	\$ 5,616,666	\$ 33,195	\$ 655,590	\$ 0	\$ 0	8,994
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 61,532	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	126,669	0	0	0	0	0
Law Enforcement Grants	21,915	0	0	0	0	0
Other Federal through State	707,714	0	1,534,645	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	32,502	0	0	0	0	0

(Continued)

Exhibit L-6

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Medicare	\$ 0	\$ 0	\$ 37,676	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	31,664	0	0	0	0	0
Total Federal Government	<u>\$ 981,996</u>	<u>\$ 0</u>	<u>\$ 1,572,321</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 33,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contracted Services	261,984	101,690	420,259	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	725	7,516	0	0
<u>Other</u>						
Other	50,321	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 345,305</u>	<u>\$ 101,690</u>	<u>\$ 420,984</u>	<u>\$ 7,516</u>	<u>\$ 0</u>	<u>\$ 0</u>
Total	<u>\$ 35,343,991</u>	<u>\$ 1,773,303</u>	<u>\$ 4,442,579</u>	<u>\$ 3,715,094</u>	<u>\$ 20,913</u>	<u>\$ 256,307</u>

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 0	\$ 0	\$ 1,242,369	\$ 2,118,866	\$ 0	\$ 22,692,045
Trustee's Collections - Prior Year	0	0	0	35,953	0	425,444
Circuit/Clerk & Master Collections - Prior Years	0	0	0	24,098	0	285,159
Interest and Penalty	0	0	1,288	17,381	0	203,210
Pick-up Taxes	0	0	5,497	12,600	0	138,566
Payments in Lieu of Taxes - T.V.A.	0	0	0	0	0	5,905
Payments in Lieu of Taxes - Local Utilities	0	0	0	0	0	272,363
Payments in Lieu of Taxes - Other	0	0	0	0	0	3,831
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	2,614,802	0	0	2,614,802
Litigation Tax - General	0	0	0	139,158	0	428,395
Litigation Tax - Office of Public Defender	0	0	0	0	0	162,957
Business Tax	0	0	0	0	0	1,625,892
Mineral Severance Tax	0	0	246,108	0	0	246,108
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	2,266	3,851	0	41,233
Wholesale Beer Tax	0	0	446,214	0	0	446,214
Interstate Telecommunications Tax	0	0	19,790	0	0	19,790
Total Local Taxes	\$ 0	\$ 0	\$ 4,578,334	\$ 2,351,907	\$ 0	\$ 29,611,914
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 19,295
Cable TV Franchise	0	0	184,431	0	0	432,741
<u>Permits</u>						
Beer Permits	0	0	0	0	0	3,088
Building Permits	0	0	0	0	0	88,750
Total Licenses and Permits	\$ 0	\$ 0	\$ 184,431	\$ 0	\$ 0	\$ 543,874
<u>Fines, Forfeitures and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,702

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>Fines, Forfeitures and Penalties (Cont.)</u>						
<u>Circuit Court (Cont.)</u>						
District Attorney General Fees	\$ 19,766	\$ 0	\$ 0	\$ 0	\$ 0	19,766
<u>Criminal Court</u>						
Drug Court Fees	0	0	0	0	0	561
DUI Treatment Fines	0	0	0	0	0	94,296
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	117,049
Officers Costs	0	0	0	0	0	160,998
Game and Fish Fines	0	0	0	0	0	1,312
Drug Control Fines	0	0	0	0	0	12,921
Drug Court Fees	0	0	0	0	0	10,150
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	19,810
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	7,500
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	7,672
Total Fines, Forfeitures and Penalties	\$ 19,766	\$ 0	\$ 0	\$ 0	\$ 0	487,737
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	939,916
Patient Charges	0	0	0	0	0	4,109,210
Zoning Studies	0	0	0	0	0	9,965
Work Release Charges for Board	0	0	0	0	0	39,490
Health Department Collections	0	0	0	0	0	304,185
Other General Service Charges	0	0	0	0	0	7,700
Backflow Charges	0	0	0	0	0	5,630
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	247,313
Copy Fees	0	0	0	0	0	4,464
Library Fees	0	0	0	0	0	10,637
Telephone Commissions	0	0	0	0	0	161,401

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt	Capital	Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	Service Fund	Projects Fund	
Charges for Current Services (Cont.)						
<u>Fees (Cont.)</u>						
Constitutional Officers' Fees and Commissions	\$ 0	\$ 581	\$ 0	\$ 0	\$ 0	\$ 581
Special Commissioner Fees/Special Master Fees	0	3,820	0	0	0	3,820
Data Processing Fee - Register	0	0	0	0	0	61,820
Sexual Offender Registration Fee	0	0	0	0	0	3,060
Total Charges for Current Services	\$ 0	\$ 4,401	\$ 0	\$ 0	\$ 0	\$ 5,909,192
Other Local Revenues						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 642,298	\$ 7,272	\$ 0	\$ 650,583
Lease/Rentals	0	0	0	0	0	42,690
Sale of Materials and Supplies	0	0	1,113	0	0	2,008
Commissary Sales	0	0	0	0	0	44,536
Sale of Maps	0	0	0	0	0	586
Sale of Recycled Materials	0	0	0	0	0	72,792
Miscellaneous Refunds	0	0	98	0	0	54,330
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	641	641
Sale of Property	0	0	0	0	0	287,466
Damages Recovered from Individuals	0	0	0	0	0	4,422
Contributions & Gifts	0	0	0	0	0	550
Total Other Local Revenues	\$ 0	\$ 0	\$ 643,509	\$ 7,272	\$ 641	\$ 1,160,604
Fees Received from County Officials						
<u>Fees In Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,353,965
Circuit Court Clerk	0	0	0	0	0	411,322
General Sessions Court Clerk	0	0	0	0	0	621,647
Clerk and Master	0	0	0	0	0	447,041
Register	0	0	0	0	0	902,142
Sheriff	0	0	0	0	0	31,412
Trustee	0	0	0	0	0	2,117,341
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,884,870

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt	Capital	Total
	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	Service Fund	Projects Fund	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	77,441
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	51,351
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	500,975
<u>Public Works Grants</u>						
State Aid Program	0	0	885,821	0	0	885,821
Litter Program	0	0	0	0	0	37,056
Tennessee Industrial Infrastructure Program	0	0	0	0	0	50,589
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	2,962,428
Beer Tax	0	0	0	0	0	16,778
Alcoholic Beverage Tax	0	0	0	0	0	124,960
Mixed Drink Tax	0	0	0	0	0	5,358
Prisoner Transportation	0	0	0	0	0	13,511
Contracted Prisoner Boarding	0	0	0	0	0	1,647,200
Gasoline and Motor Fuel Tax	0	0	2,676,310	0	0	2,676,310
Petroleum Special Tax	0	0	123,116	0	0	123,116
Reappraisal Program Reimbursement	0	0	0	0	0	51,236
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	157,515
Other State Revenues	0	0	9,324	0	0	610,991
Total State of Tennessee	\$ 0	\$ 0	\$ 3,694,571	\$ 0	\$ 0	\$ 10,009,016
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	61,532
Homeland Security Grants	0	0	0	0	0	126,669
Law Enforcement Grants	0	0	0	0	0	21,915
Other Federal through State	0	0	0	0	0	2,242,359
<u>Direct Federal Revenue</u>						
Forest Service	0	0	10,400	0	0	42,902

(Continued)

Exhibit L-6

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	
	District Attorney General	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Medicare	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	37,676
Other Direct Federal Revenue	0	0	0	0	0	31,664
Total Federal Government	\$ 0	\$ 0	10,400	\$ 0	\$ 0	2,564,717
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,000
Contracted Services	0	0	0	0	0	783,933
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	8,241
<u>Other</u>						
Other	0	0	107	0	0	50,428
Total Other Governments and Citizens Groups	\$ 0	\$ 0	107	\$ 0	\$ 0	875,602
Total	\$ 19,766	\$ 4,401	\$ 9,111,352	\$ 2,359,179	\$ 641	\$ 57,047,526

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2005

	Special Purpose	General Purpose School	School Federal Projects	Education Debt Service	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 853,549	\$ 24,024,587	\$ 0	\$ 0	\$ 24,878,136
Trustee's Collections - Prior Year	15,986	458,791	0	0	474,777
Circuit/Clerk & Master Collections - Prior Years	12,901	359,743	0	0	372,644
Interest and Penalty	8,943	251,341	0	0	260,284
Pick-up Taxes	5,436	154,020	0	0	159,456
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	11,820,969	0	0	11,820,969
<u>Statutory Local Taxes</u>					
Bank Excise Tax	1,535	43,483	0	0	45,018
Interstate Telecommunications Tax	0	11,163	0	0	11,163
Total Local Taxes	\$ 898,350	\$ 37,124,097	\$ 0	\$ 0	\$ 38,022,447
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 6,594	\$ 0	\$ 0	\$ 6,594
Total Licenses and Permits	\$ 0	\$ 6,594	\$ 0	\$ 0	\$ 6,594
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 0	\$ 17,315	\$ 0	\$ 0	\$ 17,315
Lunch Payments - Children	0	2,005,900	0	0	2,005,900
Lunch Payments - Adults	0	108,866	0	0	108,866
Income from Breakfast	0	44,143	0	0	44,143
A la carte Sales	0	305,324	0	0	305,324
Receipts from Individual Schools	0	78,657	0	0	78,657
TBI Criminal Background Fee	0	6,077	0	0	6,077
<u>Other Charges for Services</u>					
Other Charges for Services	0	318,761	0	0	318,761
Total Charges for Current Services	\$ 0	\$ 2,885,043	\$ 0	\$ 0	\$ 2,885,043
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 431	\$ 0	\$ 0	\$ 431
Sale of Materials and Supplies	0	1,144	0	0	1,144
Retirees' Insurance Payments	0	472,680	0	0	472,680
Cobra Insurance Payments	0	800	0	0	800
Miscellaneous Refunds	0	41,169	0	0	41,169
<u>Nonrecurring Items</u>					
Accrued Interest on Debt Issues	0	0	0	51,411	51,411
Insurance Recovery	0	19,249	0	0	19,249
Damages Recovered from Individuals	0	5,374	0	0	5,374
<u>Other Local Revenues</u>					
Other Local Revenues	0	1,137	0	0	1,137
Total Other Local Revenues	\$ 0	\$ 541,984	\$ 0	\$ 51,411	\$ 593,395
<u>State of Tennessee</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 0	\$ 34,542,920	\$ 0	\$ 0	\$ 34,542,920

(Continued)

Exhibit L-7

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

	Special Purpose	General Purpose School	School Federal Projects	Education Debt Service	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds (Cont.)</u>					
School Food Service	\$ 0	\$ 66,507	\$ 0	\$ 0	\$ 66,507
Driver Education	0	17,280	0	0	17,280
Other State Education Funds	0	545,574	0	0	545,574
Career Ladder Program	0	916,821	0	0	916,821
Career Ladder - Extended Contract	0	328,490	0	0	328,490
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	0	1,052,980	0	0	1,052,980
Total State of Tennessee	\$ 0	\$ 37,470,572	\$ 0	\$ 0	\$ 37,470,572
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 1,699,617	\$ 0	\$ 0	\$ 1,699,617
Breakfast	0	502,846	0	0	502,846
USDA - Other	0	2,852	0	0	2,852
Adult Education State Grant Program	0	70,635	0	0	70,635
Vocational Education - Basic Grants to States	0	0	213,923	0	213,923
Other Vocational	0	20,000	0	0	20,000
Title I Grants to Local Education Agencies	0	0	1,834,817	0	1,834,817
Innovative Education Program Strategies	0	0	54,538	0	54,538
Special Education - Grants to States	0	58,752	2,705,131	0	2,763,883
Special Education Preschool Grants	0	0	117,748	0	117,748
Eisenhower Professional Development State Grants	0	0	617,116	0	617,116
Other Federal through State	0	218,448	71,596	0	290,044
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	0	148,096	0	0	148,096
Forest Service	0	21,000	0	0	21,000
Other Direct Federal Revenue	0	64,893	0	0	64,893
Total Federal Government	\$ 0	\$ 2,807,139	\$ 5,614,869	\$ 0	\$ 8,422,008
<u>Other Governments and Citizens Groups</u>					
<u>Other</u>					
Other	\$ 0	\$ 44,739	\$ 0	\$ 0	\$ 44,739
Total Other Governments and Citizens Groups	\$ 0	\$ 44,739	\$ 0	\$ 0	\$ 44,739
Total	\$ 898,350	\$ 80,880,168	\$ 5,614,869	\$ 51,411	\$ 87,444,798

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2005

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	79,200	
Social Security		4,790	
Unemployment Compensation		161	
Employer Medicare		1,149	
Contracts with Government Agencies		91,414	
Freight Expenses		35	
Legal Notices, Recording and Court Costs		849	
Maintenance & Repair Services- Office Equipment		1,637	
Postal Charges		863	
Printing, Stationery and Forms		148	
Travel		10,379	
Tuition		3,185	
Data Processing Supplies		212	
Office Supplies		998	
Total County Commission			\$ 195,020

County Mayor

County Official/Administrative Officer	\$	88,948	
Secretary(s)		26,155	
Social Security		7,045	
State Retirement		13,931	
Life Insurance		105	
Medical Insurance		8,269	
Dental Insurance		551	
Employer Medicare		1,620	
Communication		2,436	
Dues and Memberships		2,783	
Legal Notices, Recording and Court Costs		574	
Maintenance & Repair Services- Office Equipment		382	
Postal Charges		390	
Travel		549	
Tuition		495	
Data Processing Supplies		141	
Gasoline		1,084	
Office Supplies		398	
Periodicals		300	
Total County Mayor			156,156

County Attorney

County Official/Administrative Officer	\$	89,594	
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(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

Secretary(s)	\$	32,961	
Social Security		7,406	
State Retirement		15,104	
Life Insurance		105	
Medical Insurance		16,394	
Dental Insurance		744	
Employer Medicare		1,732	
Communication		1,304	
Data Processing Services		1,824	
Dues and Memberships		620	
Legal Notices, Recording and Court Costs		12	
Licenses		400	
Maintenance & Repair Services- Office Equipment		604	
Postal Charges		328	
Travel		1,457	
Tuition		414	
Data Processing Supplies		2,484	
Office Supplies		1,142	
Periodicals		6,430	
Data Processing Equipment		2,000	
Office Equipment		175	
Total County Attorney			\$ 183,234

Election Commission

County Official/Administrative Officer	\$	62,072
Clerical Personnel		74,189
Temporary Personnel		23,193
Part-time Personnel		10,373
Election Commission		8,217
Election Workers		67,486
Social Security		10,884
State Retirement		16,992
Life Insurance		211
Medical Insurance		30,217
Dental Insurance		1,294
Unemployment Compensation		523
Employer Medicare		2,545
Communication		6,591
Data Processing Services		8,000
Dues and Memberships		175

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Freight Expenses	\$	40	
Janitorial Services		173	
Legal Notices, Recording and Court Costs		9,582	
Licenses		568	
Maintenance & Repair Services- Equipment		3,730	
Maintenance & Repair Services- Office Equipment		2,456	
Postal Charges		5,795	
Printing, Stationery and Forms		2,199	
Rentals		46	
Travel		3,872	
Tuition		980	
Data Processing Supplies		3,525	
Office Supplies		3,728	
Other Supplies and Materials		52	
Other Charges		22,643	
Communication Equipment		331	
Data Processing Equipment		2,029	
Furniture and Fixtures		651	
Office Equipment		65	
Total Election Commission			\$ 385,427

Register of Deeds

County Official/Administrative Officer	\$	68,969
Clerical Personnel		175,947
Part-time Personnel		2,863
Social Security		14,576
State Retirement		25,394
Life Insurance		369
Medical Insurance		41,684
Dental Insurance		2,231
Employer Medicare		3,409
Communication		2,491
Data Processing Services		143,605
Dues and Memberships		1,296
Maintenance & Repair Services- Office Equipment		6,601
Postal Charges		1,957
Printing, Stationery and Forms		21,359
Data Processing Supplies		157
Office Supplies		2,793
Furniture and Fixtures		23,431

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Other Equipment	\$	413	
Total Register of Deeds			\$ 539,545

Planning

Supervisor/Director	\$	52,127	
Clerical Personnel		25,332	
Other Salaries & Wages		73,349	
Board and Committee Members Fees		3,325	
Social Security		9,340	
State Retirement		18,526	
Life Insurance		222	
Medical Insurance		18,172	
Dental Insurance		919	
Employer Medicare		2,185	
Communication		2,572	
Contracts with Government Agencies		17,980	
Dues and Memberships		1,062	
Engineering Services		400	
Legal Notices, Recording and Court Costs		858	
Licenses		8	
Maintenance & Repair Services- Office Equipment		376	
Postal Charges		859	
Printing, Stationery and Forms		164	
Tow-in Services		45	
Travel		3,864	
Tuition		1,205	
Permits		2,500	
Other Contracted Services		141	
Data Processing Supplies		1,275	
Equipment Parts - Light		54	
Gasoline		2,472	
Lubricants		34	
Office Supplies		823	
Small Tools		13	
Tires and Tubes		343	
Vehicle Parts		838	
Other Supplies and Materials		692	
Other Charges		75	
Furniture and Fixtures		903	
Other Equipment		925	
Total Planning			243,978

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	36,815
Mechanic(s)		22,797
Guards		48,131
Clerical Personnel		37,644
Custodial Personnel		116,220
Maintenance Personnel		137,637
Social Security		23,449
State Retirement		40,551
Life Insurance		629
Medical Insurance		69,057
Dental Insurance		3,368
Unemployment Compensation		4,660
Employer Medicare		5,484
Communication		5,111
Janitorial Services		500
Licenses		151
Maintenance Agreements		290
Maintenance & Repair Services- Buildings		300
Maintenance & Repair Services- Equipment		16,485
Maintenance & Repair Services- Vehicles		104
Pest Control		540
Rentals		3,168
Travel		201
Disposal Fees		8,788
Permits		875
Custodial Supplies		14,476
Data Processing Supplies		1,342
Electricity		221,291
Equipment Parts - Light		8,286
Equipment and Machinery Parts		3,316
Food Supplies		118
Garage Supplies		1,681
Gasoline		7,199
General Construction Materials		5,011
Lubricants		646
Natural Gas		15,080
Office Supplies		145
Salt		450
Small Tools		1,455
Tires and Tubes		1,288

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Uniforms	\$	151	
Vehicle Parts		8,673	
Water and Sewer		12,059	
Wire		354	
Chemicals		1,482	
Other Supplies and Materials		12,337	
Attendance Equipment		698	
Building Improvements		32,358	
Communication Equipment		6,103	
Furniture and Fixtures		760	
Heating and Air Conditioning Equipment		12,750	
Motor Vehicles		38,741	
Traffic Control Equipment		1,060	
Other Equipment		15,800	
Other Capital Outlay		16,020	
Total County Buildings			\$ 1,024,085

Other Facilities

Contracts with Government Agencies	\$	102,171	
Total Other Facilities			102,171

Preservation of Records

Part-time Personnel	\$	13,245	
Social Security		809	
Employer Medicare		189	
Communication		891	
Data Processing Services		195	
Freight Expenses		16	
Postal Charges		37	
Printing, Stationery and Forms		17	
Rentals		26	
Travel		324	
Tuition		85	
Data Processing Supplies		306	
General Construction Materials		605	
Library Books/Media		2,906	
Office Supplies		3,894	
Other Charges		300	
Data Processing Equipment		2,306	
Furniture and Fixtures		5,897	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Other Equipment	\$ 882	
Total Preservation of Records		\$ 32,930

Risk Management

Supervisor/Director	\$ 39,758	
Social Security	2,391	
State Retirement	4,883	
Life Insurance	53	
Medical Insurance	2,852	
Dental Insurance	179	
Employer Medicare	559	
Communication	847	
Data Processing Services	27	
Freight Expenses	23	
Maintenance & Repair Services- Equipment	66	
Postal Charges	132	
Travel	631	
Tuition	295	
Data Processing Supplies	114	
Office Supplies	462	
Periodicals	347	
Uniforms	75	
Boiler Insurance	14,452	
Building and Contents Insurance	13,047	
Liability Insurance	426,607	
Premiums on Corporate Surety Bonds	322	
Workers' Compensation Insurance	34,218	
Other Self-Insured Claims	550,000	
Total Risk Management		1,092,340

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$ 68,969
Supervisor/Director	126,057
Clerical Personnel	149,153
Part-time Personnel	800
Other Salaries & Wages	10,392
Social Security	20,597
State Retirement	33,330
Life Insurance	489

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Medical Insurance	\$	41,045	
Dental Insurance		2,313	
Employer Medicare		4,817	
Communication		5,562	
Dues and Memberships		272	
Freight Expenses		63	
Licenses		17	
Maintenance & Repair Services- Office Equipment		2,672	
Postal Charges		6,974	
Printing, Stationery and Forms		925	
Travel		682	
Tuition		1,335	
Custodial Supplies		30	
Data Processing Supplies		1,852	
Food Supplies		38	
Gasoline		1,352	
Office Supplies		3,074	
Periodicals		464	
Vehicle Parts		8	
Other Supplies and Materials		73	
Data Processing Equipment		1,025	
Furniture and Fixtures		370	
Total Accounting and Budgeting			\$ 484,750

Purchasing

County Official/Administrative Officer	\$	51,075
Assistant(s)		37,495
Supervisor/Director		66,134
Purchasing Personnel		102,358
Equipment Operators		52,334
Clerical Personnel		54,696
Maintenance Personnel		27,371
Part-time Personnel		2,112
Social Security		23,297
State Retirement		48,101
Life Insurance		658
Medical Insurance		54,060
Dental Insurance		2,968
Employer Medicare		5,449
Advertising		67

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Communication	\$	5,251	
Dues and Memberships		310	
Freight Expenses		28	
Legal Notices, Recording and Court Costs		4,306	
Licenses		150	
Maintenance & Repair Services- Equipment		492	
Maintenance & Repair Services- Office Equipment		2,955	
Maintenance & Repair Services- Vehicles		67	
Pest Control		100	
Postal Charges		1,218	
Printing, Stationery and Forms		436	
Rentals		6,312	
Travel		999	
Tuition		30	
Other Contracted Services		1,472	
Custodial Supplies		294	
Data Processing Supplies		1,830	
Drugs and Medical Supplies		65	
Duplicating Supplies		1,101	
Electricity		570	
Equipment Parts - Light		2,917	
Equipment and Machinery Parts		291	
Food Supplies		620	
Garage Supplies		339	
Gasoline		1,565	
General Construction Materials		305	
Lubricants		43	
Office Supplies		6,349	
Periodicals		284	
Small Tools		27	
Tires and Tubes		82	
Uniforms		593	
Vehicle Parts		146	
Other Supplies and Materials		3,457	
Total Purchasing			\$ 573,179

Property Assessor's Office

County Official/Administrative Officer	\$	68,969
Assistant(s)		38,502
Supervisor/Director		42,081

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Deputy(ies)	\$	253,312	
Internal Audit Personnel		37,605	
Clerical Personnel		397,650	
Board and Committee Members Fees		1,570	
Social Security		49,744	
State Retirement		102,701	
Life Insurance		1,422	
Medical Insurance		143,940	
Dental Insurance		7,707	
Employer Medicare		11,633	
Audit Services		14,581	
Communication		9,949	
Dues and Memberships		1,687	
Freight Expenses		240	
Legal Notices, Recording and Court Costs		123	
Licenses		34	
Maintenance & Repair Services- Office Equipment		3,310	
Maintenance & Repair Services- Vehicles		4,098	
Postal Charges		20,167	
Printing, Stationery and Forms		269	
Travel		753	
Tuition		330	
Other Contracted Services		306	
Data Processing Supplies		1,242	
Gasoline		7,453	
Lubricants		279	
Office Supplies		5,148	
Periodicals		390	
Tires and Tubes		563	
Vehicle Parts		1,484	
Other Supplies and Materials		480	
Other Charges		4,234	
Data Processing Equipment		3,550	
Motor Vehicles		32,300	
Office Equipment		2,150	
Total Property Assessor's Office			\$ 1,271,956

County Trustee's Office

County Official/Administrative Officer	\$	68,969
Assistant(s)		36,916

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Deputy(ies)	\$	144,941	
Part-time Personnel		21,464	
Social Security		15,808	
State Retirement		26,111	
Life Insurance		369	
Medical Insurance		47,382	
Dental Insurance		2,602	
Unemployment Compensation		3,375	
Employer Medicare		3,697	
Communication		9,406	
Data Processing Services		2,500	
Dues and Memberships		793	
Maintenance Agreements		311	
Maintenance & Repair Services- Office Equipment		935	
Postal Charges		32,023	
Printing, Stationery and Forms		11,919	
Rentals		46	
Travel		566	
Data Processing Supplies		509	
Food Supplies		201	
Office Supplies		1,525	
Periodicals		286	
Office Equipment		6,790	
Total County Trustee's Office			\$ 439,444

County Clerk's Office

County Official/Administrative Officer	\$	68,969	
Deputy(ies)		562,101	
Part-time Personnel		32,674	
Board and Committee Members Fees		480	
Social Security		38,564	
State Retirement		77,809	
Life Insurance		1,166	
Medical Insurance		122,775	
Dental Insurance		6,439	
Unemployment Compensation		924	
Employer Medicare		9,019	
Communication		10,488	
Data Processing Services		30,076	
Dues and Memberships		1,111	

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Legal Notices, Recording and Court Costs	\$	322	
Licenses		5,150	
Maintenance & Repair Services- Office Equipment		3,548	
Postal Charges		36,124	
Printing, Stationery and Forms		3,479	
Travel		526	
Other Contracted Services		1,162	
Data Processing Supplies		3,251	
Office Supplies		4,286	
Communication Equipment		4,950	
Data Processing Equipment		58,550	
Office Equipment		758	
Total County Clerk's Office			\$ 1,084,701

Data Processing

Communication	\$	95	
Data Processing Services		8,917	
Licenses		399	
Maintenance Agreements		54,735	
Printing, Stationery and Forms		338	
Data Processing Supplies		2,533	
Data Processing Equipment		26,920	
Total Data Processing			93,937

Other Finance

Refunds	\$	972	
Trustee's Commission		442,910	
Total Other Finance			443,882

Administration of Justice

Circuit Court Judge

Communication	\$	6,671	
Contracts with Private Agencies		50	
Postal Charges		1,008	
Office Supplies		590	
Total Circuit Court Judge			8,319

Circuit Court Clerk

County Official/Administrative Officer	\$	68,969	
Assistant(s)		38,890	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Clerical Personnel	\$	604,852	
Part-time Personnel		13,591	
Jury and Witness Fees		44	
Social Security		42,920	
State Retirement		82,540	
Life Insurance		1,230	
Medical Insurance		103,585	
Dental Insurance		6,088	
Employer Medicare		10,038	
Communication		16,157	
Data Processing Services		2,033	
Dues and Memberships		741	
Maintenance & Repair Services- Office Equipment		5,817	
Postal Charges		10,353	
Printing, Stationery and Forms		8,066	
Rentals		46	
Travel		1,066	
Data Processing Supplies		905	
Equipment Parts - Light		245	
Food Supplies		122	
Office Supplies		7,218	
Periodicals		343	
Data Processing Equipment		20,353	
Food Service Equipment		543	
Office Equipment		7,799	
Total Circuit Court Clerk			\$ 1,054,554

General Sessions Court

Judge(s)	\$	229,954	
Secretary(s)		58,612	
Social Security		14,296	
State Retirement		27,674	
Life Insurance		211	
Medical Insurance		22,097	
Dental Insurance		1,294	
Employer Medicare		4,057	
Communication		4,210	
Dues and Memberships		305	
Licenses		800	
Maintenance & Repair Services- Office Equipment		492	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Postal Charges	\$	1,937	
Printing, Stationery and Forms		518	
Travel		2,779	
Tuition		655	
Data Processing Supplies		104	
Office Supplies		322	
Periodicals		2,596	
Other Supplies and Materials		360	
Data Processing Equipment		498	
Total General Sessions Court			\$ 373,771

General Sessions Judge

Judge(s)	\$	225,026	
Assistant(s)		51,290	
Secretary(s)		27,127	
Social Security		15,727	
State Retirement		37,444	
Life Insurance		257	
Medical Insurance		27,557	
Dental Insurance		1,265	
Employer Medicare		4,281	
Communication		4,293	
Dues and Memberships		185	
Legal Services		150	
Licenses		866	
Maintenance & Repair Services- Office Equipment		1,247	
Postal Charges		553	
Printing, Stationery and Forms		901	
Travel		2,472	
Tuition		520	
Data Processing Supplies		182	
Office Supplies		842	
Periodicals		629	
Data Processing Equipment		498	
Total General Sessions Judge			403,312

Drug Court

Contracts with Private Agencies	\$	120,559	
Total Drug Court			120,559

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	68,969	
Clerical Personnel		212,846	
Part-time Personnel		3,344	
Social Security		16,692	
State Retirement		34,785	
Life Insurance		466	
Medical Insurance		39,196	
Dental Insurance		1,638	
Employer Medicare		3,904	
Communication		5,140	
Data Processing Services		883	
Dues and Memberships		845	
Freight Expenses		64	
Maintenance Agreements		2,342	
Maintenance & Repair Services- Office Equipment		323	
Postal Charges		3,352	
Printing, Stationery and Forms		6,447	
Rentals		8,249	
Travel		549	
Data Processing Supplies		98	
Office Supplies		1,659	
Periodicals		182	
Data Processing Equipment		1,386	
Furniture and Fixtures		2,530	
Total Chancery Court			\$ 415,889

Juvenile Court

Supervisor/Director	\$	80,040
Probation Officer(s)		30,661
Guidance Personnel		153,771
Secretary(s)		30,505
Clerical Personnel		50,082
Social Security		20,167
State Retirement		42,050
Life Insurance		557
Medical Insurance		49,120
Dental Insurance		3,015
Employer Medicare		4,717
Advertising		169
Communication		1,124

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Contracts with Other Public Agencies	\$	340	
Contributions		40,978	
Data Processing Services		100	
Dues and Memberships		220	
Legal Services		22,950	
Licenses		200	
Maintenance & Repair Services- Office Equipment		252	
Maintenance & Repair Services- Vehicles		573	
Medical and Dental Services		1,445	
Printing, Stationery and Forms		136	
Travel		7,546	
Tuition		640	
Other Contracted Services		55,727	
Data Processing Supplies		999	
Food Supplies		100	
Gasoline		948	
Office Supplies		1,076	
Vehicle Parts		431	
Data Processing Equipment		2,550	
Furniture and Fixtures		383	
Other Capital Outlay		927	
Total Juvenile Court			\$ 604,499

District Attorney General

Assistant(s)	\$	170,347	
Salary Supplements		4,387	
Secretary(s)		23,361	
Part-time Personnel		2,280	
Social Security		11,760	
State Retirement		23,709	
Life Insurance		211	
Medical Insurance		29,872	
Dental Insurance		1,487	
Employer Medicare		2,751	
Travel		1,027	
Tuition		135	
Total District Attorney General			271,327

Office of Public Defender

Paraprofessionals	\$	85,802	
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(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Office of Public Defender (Cont.)

Social Security	\$	5,099	
State Retirement		10,486	
Life Insurance		105	
Medical Insurance		13,661	
Dental Insurance		679	
Employer Medicare		1,192	
Licenses		800	
Matching Share		12,165	
Travel		727	
Tuition		110	
Total Office of Public Defender			\$ 130,826

Other Administration of Justice

Board and Committee Members Fees	\$	150	
Jury and Witness Fees		90,317	
Other Per Diem & Fees		36,054	
Legal Services		911	
Total Other Administration of Justice			127,432

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	83,219	
Assistant(s)		183,065	
Supervisor/Director		36,806	
Deputy(ies)		1,965,499	
Captain(s)		120,979	
Lieutenant(s)		600,868	
Sergeant(s)		625,422	
Mechanic(s)		63,855	
Dispatchers/Radio Operators		489,647	
Guards		1,750	
Secretary(s)		304,092	
Social Security		263,584	
State Retirement		535,644	
Life Insurance		6,814	
Medical Insurance		715,401	
Dental Insurance		37,033	
Unemployment Compensation		5,090	
Employer Medicare		61,644	
Advertising		73	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Communication	\$	76,680
Data Processing Services		5,049
Dues and Memberships		10,805
Financial Advisory Services		600
Freight Expenses		7
Operating Lease Payments		408
Licenses		634
Maintenance & Repair Services- Buildings		3,025
Maintenance & Repair Services- Equipment		19,019
Maintenance & Repair Services- Office Equipment		27,199
Maintenance & Repair Services- Vehicles		2,363
Matching Share		1,431
Medical and Dental Services		97
Pest Control		480
Postal Charges		5,515
Printing, Stationery and Forms		3,508
Rentals		1,415
Tow-in Services		3,818
Travel		31,216
Tuition		14,095
Veterinary Services		3,933
Disposal Fees		4,114
Other Contracted Services		9,667
Animal Food and Supplies		1,136
Crushed Stone		1,954
Custodial Supplies		3,373
Data Processing Supplies		9,074
Electricity		6,244
Equipment Parts - Light		758
Equipment and Machinery Parts		2,675
Garage Supplies		1,766
Gasoline		222,211
General Construction Materials		8,603
Instructional Supplies and Materials		10
Law Enforcement Supplies		33,862
Lubricants		4,587
Office Supplies		14,901
Periodicals		1,056
Small Tools		240
Tires and Tubes		14,066

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Uniforms	\$	41,262	
Vehicle Parts		52,314	
Water and Sewer		116	
Other Supplies and Materials		5,977	
Data Processing Equipment		31,447	
Law Enforcement Equipment		85,471	
Maintenance Equipment		5,733	
Motor Vehicles		275,581	
Office Equipment		17,069	
Total Sheriff's Department			\$ 7,167,049

Jail

Assistant(s)	\$	44,790
Deputy(ies)		1,575,842
Captain(s)		43,066
Lieutenant(s)		178,497
Sergeant(s)		271,587
Medical Personnel		264,607
Guards		34
Secretary(s)		24,433
Cafeteria Personnel		91,896
Board and Committee Members Fees		22,858
Social Security		151,340
State Retirement		310,905
Life Insurance		4,355
Medical Insurance		456,325
Dental Insurance		24,839
Unemployment Compensation		8,925
Employer Medicare		35,393
Advertising		1,560
Communication		8,128
Data Processing Services		1,952
Dues and Memberships		1,692
Evaluation and Testing		2,560
Licenses		682
Maintenance & Repair Services- Buildings		2,258
Maintenance & Repair Services- Equipment		26,944
Maintenance & Repair Services- Office Equipment		13,667
Medical and Dental Services		319,889
Pest Control		1,990

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Postal Charges	\$	753	
Printing, Stationery and Forms		2,804	
Rentals		3,118	
Transportation - Other than Students		27,281	
Travel		4,459	
Tuition		7,377	
Disposal Fees		14,598	
Other Contracted Services		81	
Custodial Supplies		54,443	
Data Processing Supplies		3,292	
Drugs and Medical Supplies		118,274	
Electricity		149,132	
Equipment Parts - Light		1,386	
Equipment and Machinery Parts		21,475	
Food Preparation Supplies		20,354	
Food Supplies		416,095	
Garage Supplies		156	
Gasoline		27,296	
General Construction Materials		19,423	
Instructional Supplies and Materials		237	
Law Enforcement Supplies		9,238	
Lubricants		923	
Natural Gas		59,188	
Office Supplies		6,536	
Periodicals		1,637	
Prisoners Clothing		23,186	
Structural Steel		434	
Uniforms		22,728	
Vehicle Parts		2,584	
Water and Sewer		130,022	
Liner Materials		14,552	
Other Supplies and Materials		12,758	
Building Improvements		4,702	
Communication Equipment		7,975	
Data Processing Equipment		10,443	
Motor Vehicles		39,800	
Health Equipment		2,080	
Total Jail			\$ 5,131,834

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Deputy(ies)	\$	60,081	
Social Security		3,618	
State Retirement		7,452	
Life Insurance		98	
Medical Insurance		7,581	
Dental Insurance		328	
Employer Medicare		846	
Communication		215	
Licenses		17	
Custodial Supplies		1,908	
Garage Supplies		399	
Gasoline		61	
Periodicals		82	
Tires and Tubes		850	
Vehicle Parts		434	
Other Supplies and Materials		22	
Total Workhouse			\$ 83,992

Juvenile Services

Contracts with Government Agencies	\$	271,333	
Contributions		292,552	
Total Juvenile Services			563,885

Fire Prevention and Control

Contributions	\$	1,254,742	
Total Fire Prevention and Control			1,254,742

Civil Defense

Supervisor/Director	\$	42,820	
Medical Personnel		217,803	
Secretary(s)		23,253	
Social Security		16,807	
State Retirement		32,783	
Life Insurance		417	
Medical Insurance		50,880	
Dental Insurance		2,559	
Employer Medicare		3,610	
Advertising		12	
Communication		1,920	
Dues and Memberships		35	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Legal Notices, Recording and Court Costs	\$	172	
Licenses		34	
Maintenance & Repair Services- Equipment		35	
Maintenance & Repair Services- Office Equipment		2,352	
Maintenance & Repair Services- Vehicles		42	
Postal Charges		111	
Printing, Stationery and Forms		118	
Travel		569	
Tuition		50	
Data Processing Supplies		388	
Diesel Fuel		107	
Equipment and Machinery Parts		36	
Food Supplies		119	
Garage Supplies		41	
Gasoline		1,440	
Lubricants		20	
Office Supplies		2,302	
Periodicals		265	
Tires and Tubes		402	
Uniforms		1,022	
Vehicle Parts		502	
Communication Equipment		2,317	
Data Processing Equipment		2,064	
Office Equipment		684	
Other Equipment		1,595	
Total Civil Defense			\$ 409,686

Rescue Squad

Contributions	\$	204,875	
Total Rescue Squad			204,875

Disaster Relief

Contributions	\$	6,000	
Drugs and Medical Supplies		3,613	
Other Supplies and Materials		4,000	
Other Equipment		29,369	
Other Capital Outlay		3,522	
Total Disaster Relief			46,504

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Emergency Management

Communication Equipment	\$	13,733	
Data Processing Equipment		7,843	
Motor Vehicles		9,898	
Other Equipment		68,325	
Other Capital Outlay		13,600	
Total Other Emergency Management			\$ 113,399

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	17,500	
Communication		172	
Contributions		77,633	
Maintenance & Repair Services- Vehicles		301	
Other Contracted Services		24,000	
Custodial Supplies		83	
Drugs and Medical Supplies		2,848	
Gasoline		1,611	
Lubricants		19	
Tires and Tubes		83	
Vehicle Parts		567	
Other Charges		3,600	
Other Construction		500	
Other Capital Outlay		1,500	
Total County Coroner/Medical Examiner			130,417

Other Public Safety

Communication	\$	1,976	
Maintenance & Repair Services- Equipment		125,107	
Electricity		7,088	
Equipment Parts - Light		2,038	
Equipment and Machinery Parts		38	
Natural Gas		395	
Propane Gas		441	
Total Other Public Safety			137,083

Public Health and Welfare

Rabies and Animal Control

Truck Drivers	\$	109,214	
Social Security		6,370	
State Retirement		13,305	
Life Insurance		211	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Medical Insurance	\$	28,495	
Dental Insurance		1,471	
Employer Medicare		1,490	
Communication		2,328	
Licenses		398	
Maintenance & Repair Services- Buildings		576	
Maintenance & Repair Services- Equipment		216	
Maintenance & Repair Services- Office Equipment		169	
Medical and Dental Services		12,666	
Pest Control		600	
Postal Charges		3	
Printing, Stationery and Forms		923	
Veterinary Services		680	
Disposal Fees		1,743	
Animal Food and Supplies		3,122	
Custodial Supplies		4,276	
Drugs and Medical Supplies		2,044	
Electricity		5,564	
Equipment Parts - Light		1,672	
Equipment and Machinery Parts		501	
Gasoline		7,467	
General Construction Materials		2,884	
Lubricants		7	
Natural Gas		3,849	
Office Supplies		209	
Periodicals		248	
Tires and Tubes		577	
Uniforms		1,916	
Vehicle Parts		3,038	
Water and Sewer		1,333	
Other Supplies and Materials		2,275	
Other Charges		335	
Motor Vehicles		26,300	
Total Rabies and Animal Control			\$ 248,475
<u>Other Local Health Services</u>			
Contributions	\$	30,000	
Total Other Local Health Services			30,000

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

Contributions	\$	69,359	
Total Regional Mental Health Center			\$ 69,359

Aid to Dependent Children

Contributions	\$	25,000	
Total Aid to Dependent Children			25,000

Other Local Welfare Services

Contributions	\$	5,760	
Pauper Burials		5,500	
Other Contracted Services		240	
Other Capital Outlay		400	
Total Other Local Welfare Services			11,900

Social, Cultural and Recreational Services

Senior Citizens Assistance

Contributions	\$	10,000	
Total Senior Citizens Assistance			10,000

Libraries

Supervisor/Director	\$	36,943	
Clerical Personnel		193,167	
Custodial Personnel		39,005	
Part-time Personnel		25,228	
Social Security		17,595	
State Retirement		28,234	
Life Insurance		431	
Medical Insurance		31,242	
Dental Insurance		1,847	
Employer Medicare		4,115	
Advertising		985	
Communication		10,422	
Contributions		30,000	
Data Processing Services		7,386	
Dues and Memberships		500	
Freight Expenses		46	
Janitorial Services		1,685	
Legal Notices, Recording and Court Costs		144	
Licenses		1,879	
Maintenance & Repair Services- Equipment		124	

(Continued)

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

General Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance & Repair Services- Office Equipment	\$	16,499	
Pest Control		420	
Postal Charges		3,793	
Printing, Stationery and Forms		96	
Rentals		1,464	
Travel		3,077	
Tuition		454	
Disposal Fees		337	
Other Contracted Services		952	
Custodial Supplies		433	
Data Processing Supplies		3,925	
Electricity		14,676	
Equipment Parts - Light		515	
Equipment and Machinery Parts		146	
General Construction Materials		80	
Instructional Supplies and Materials		663	
Library Books/Media		94,886	
Natural Gas		3,374	
Office Supplies		10,288	
Periodicals		4,913	
Water and Sewer		1,197	
Building and Contents Insurance		1,696	
Other Charges		19,608	
Communication Equipment		5,130	
Data Processing Equipment		23,558	
Office Equipment		8,260	
Total Libraries			\$ 651,418

Parks and Fair Boards

Contributions	\$	62,500	
Payments to Schools - Other		300,000	
Total Parks and Fair Boards			362,500

Agriculture & Natural Resources

Agriculture Extension Service

Communication	\$	2,195	
Matching Share		91,467	
Postal Charges		401	
Printing, Stationery and Forms		36	
Other Contracted Services		280	

(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Data Processing Supplies	\$	121	
Office Supplies		532	
Total Agriculture Extension Service			\$ 95,032

Forest Service

Contributions	\$	1,000	
Total Forest Service			1,000

Soil Conservation

Secretary(s)	\$	22,544	
Social Security		1,329	
State Retirement		2,766	
Life Insurance		53	
Medical Insurance		8,197	
Employer Medicare		311	
Contributions		5,100	
Total Soil Conservation			40,300

Other Operations

Tourism

Contributions	\$	10,000	
Total Tourism			10,000

Industrial Development

Life Insurance	\$	38	
Medical Insurance		4,748	
Dental Insurance		310	
Other Fringe Benefits		12,719	
Contributions		315,105	
Legal Services		2,931	
Other Construction		76,524	
Other Capital Outlay		31,515	
Total Industrial Development			443,890

Other Economic and Community Development

Contributions	\$	13,000	
Other Charges		22,285	
Total Other Economic and Community Development			35,285

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Rentals	\$ 10,500	
Total Veterans' Services		\$ 10,500

Employee Benefits

Handling Charges & Administrative Costs	\$ 4,392	
Medical Insurance	255,290	
Total Employee Benefits		259,682

Miscellaneous

Dues and Memberships	\$ 19,730	
Other Charges	20,280	
Total Miscellaneous		40,010

Highways

Highway and Bridge Maintenance

Highway Construction	\$ 124,494	
Total Highway and Bridge Maintenance		124,494

Capital Outlay

Bridge Construction	\$ 162,500	
Total Capital Outlay		162,500

Instruction

Vocational Education Program

Contributions	\$ 10,239	
Total Vocational Education Program		10,239

Other

Contracts with Other Public Agencies	\$ 50,978	
Tuition	79,155	
Total Other		130,133

Capital Projects

Public Health and Welfare Projects

Other Construction	\$ 48,000	
Total Public Health and Welfare Projects		48,000

Public Utility Projects

Other Capital Outlay	\$ 899,575	
Total Public Utility Projects		899,575

(Continued)

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

General Fund (Cont.)

Capital Projects (Cont.)

Other General Government Projects

Building Improvements	\$ 263,391	
Total Other General Government Projects		\$ 263,391

Highway & Street Capital Projects

Legal Notices, Recording and Court Costs	\$ 34	
Other Road Supplies	3,011	
Road Signs	8,871	
Right-of-Way	2,715	
Other Capital Outlay	800	
Total Highway & Street Capital Projects		15,431

Capital Projects - Donated

Capital Projects Donated to Other Entities

Building Improvements	\$ 11,716	
Communication Equipment	6,559	
Data Processing Equipment	1,183	
Motor Vehicles	33,200	
Transportation Equipment	18,700	
Health Equipment	23,772	
Other Equipment	212,386	
Total Capital Projects Donated to Other Entities		307,516

Total General Fund		\$ 31,406,319
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 1,106	
Printing, Stationery and Forms	26	
Tuition	260	
Other Contracted Services	13,080	
Custodial Supplies	294	
Instructional Supplies and Materials	379	
Other Supplies and Materials	898	
Other Charges	6,009	
Total Sanitation Education/Information		\$ 22,052

Transfer Stations

Supervisor/Director	\$ 46,994
Mechanic(s)	25,708

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Equipment Operators	\$	27,515
Truck Drivers		214,483
Clerical Personnel		22,544
Maintenance Personnel		128,758
Part-time Personnel		16,459
Social Security		28,265
Handling Charges & Administrative Costs		170
State Retirement		55,639
Life Insurance		861
Medical Insurance		84,756
Dental Insurance		4,625
Unemployment Compensation		768
Employer Medicare		6,610
Communication		4,752
Contracts with Government Agencies		790
Evaluation and Testing		757
Legal Services		4,423
Licenses		2,000
Maintenance & Repair Services- Equipment		48,308
Maintenance & Repair Services- Vehicles		10,584
Postal Charges		47
Printing, Stationery and Forms		140
Rentals		4,352
Travel		2,478
Tuition		1,045
Disposal Fees		576,911
Permits		75
Custodial Supplies		4,913
Data Processing Supplies		491
Diesel Fuel		43,081
Electricity		11,880
Equipment Parts - Heavy		7,784
Equipment Parts - Light		5,645
Fuel Oil		1,771
Garage Supplies		4,714
Gasoline		5,341
General Construction Materials		5,788
Lubricants		4,499
Office Supplies		1,028
Periodicals		315

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)
Public Health and Welfare (Cont.)
Transfer Stations (Cont.)

Propane Gas	\$	5,275	
Sand		54	
Small Tools		226	
Tires and Tubes		21,030	
Vehicle Parts		17,022	
Water and Sewer		2,491	
Other Supplies and Materials		2,086	
Trustee's Commission		21,941	
Data Processing Equipment		500	
Furniture and Fixtures		3,154	
Maintenance Equipment		3,070	
Office Equipment		72	
Total Transfer Stations			\$ 1,494,988
Total Solid Waste/Sanitation Fund			\$ 1,517,040

Health Department Fund
Public Health and Welfare

<u>Local Health Center</u>	
County Official/Administrative Officer	\$ 56,549
Assistant(s)	86,759
Supervisor/Director	112,953
Medical Personnel	793,680
Instructional Computer Personnel	38,847
Clerical Personnel	251,253
Custodial Personnel	25,608
Part-time Personnel	120,473
Social Security	83,630
Handling Charges & Administrative Costs	304
State Retirement	118,426
Life Insurance	1,528
Medical Insurance	169,707
Dental Insurance	7,407
Unemployment Compensation	615
Employer Medicare	19,558
Other Fringe Benefits	4,247
Advertising	5,849
Communication	38,376
Consultants	5,020
Data Processing Services	1,535

(Continued)

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

Health Department Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Dues and Memberships	\$	2,043
Freight Expenses		843
Janitorial Services		55,780
Licenses		559
Maintenance & Repair Services- Equipment		5,987
Maintenance & Repair Services- Office Equipment		7,577
Medical and Dental Services		25,546
Pest Control		1,090
Postal Charges		8,953
Printing, Stationery and Forms		2,068
Rentals		18,749
Travel		16,572
Tuition		925
Disposal Fees		987
Permits		50
Other Contracted Services		1,911
Custodial Supplies		3,947
Data Processing Supplies		7,106
Drugs and Medical Supplies		216,594
Electricity		48,007
Equipment Parts - Light		383
Equipment and Machinery Parts		45
Food Supplies		1,851
Gasoline		4,562
General Construction Materials		1,047
Instructional Supplies and Materials		1,897
Lubricants		147
Natural Gas		3,925
Office Supplies		17,447
Periodicals		3,071
Tires and Tubes		238
Uniforms		553
Vehicle Parts		298
Water and Sewer		3,434
Chemicals		113
Other Supplies and Materials		1,803
Trustee's Commission		20,754
Building Improvements		4,631
Data Processing Equipment		27,352
Furniture and Fixtures		1,023

(Continued)

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

Health Department Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Motor Vehicles	\$	38,000	
Office Equipment		2,878	
Total Local Health Center			\$ 2,503,070

Dental Health Program

Medical Personnel	\$	160,873
Social Security		9,525
State Retirement		19,573
Life Insurance		154
Medical Insurance		25,992
Dental Insurance		1,048
Employer Medicare		2,228
Advertising		1,195
Bank Charges		71
Communication		825
Contracts with Private Agencies		484
Freight Expenses		288
Janitorial Services		5,648
Licenses		150
Maintenance & Repair Services- Equipment		215
Maintenance & Repair Services- Office Equipment		155
Printing, Stationery and Forms		650
Rentals		18
Travel		1,062
Tuition		1,279
Disposal Fees		270
Custodial Supplies		89
Data Processing Supplies		220
Drugs and Medical Supplies		12,486
Food Supplies		572
General Construction Materials		656
Instructional Supplies and Materials		751
Office Supplies		3,479
Periodicals		20
Uniforms		383
Other Supplies and Materials		815
Building Construction		37,571
Communication Equipment		13,107
Furniture and Fixtures		8,515
Office Equipment		5,786

(Continued)

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

Health Department Fund (Cont.)

Public Health and Welfare (Cont.)

Dental Health Program (Cont.)

Health Equipment	\$	91,193	
Other Capital Outlay		382	
Total Dental Health Program			\$ 407,728

Crippled Children Services

Medical Personnel	\$	32,135	
Clerical Personnel		42,941	
Social Security		4,437	
State Retirement		7,354	
Life Insurance		90	
Medical Insurance		12,276	
Dental Insurance		647	
Employer Medicare		1,038	
Advertising		72	
Dues and Memberships		50	
Travel		2,677	
Tuition		30	
Other Supplies and Materials		8	
Total Crippled Children Services			103,755

Other Local Health Services

Supervisor/Director	\$	49,091	
Teachers		174,297	
Medical Personnel		581,975	
Education Media Personnel		22,672	
Instructional Computer Personnel		28,000	
Clerical Personnel		223,672	
Part-time Personnel		12,415	
Other Salaries & Wages		41,414	
Social Security		67,454	
State Retirement		125,422	
Life Insurance		1,736	
Medical Insurance		123,745	
Dental Insurance		9,325	
Unemployment Compensation		6,875	
Employer Medicare		15,775	
Advertising		2,030	
Communication		22,491	
Dues and Memberships		495	
Freight Expenses		787	

(Continued)

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

Health Department Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services (Cont.)

Maintenance & Repair Services- Equipment	\$	7,236	
Maintenance & Repair Services- Office Equipment		1,752	
Medical and Dental Services		4,025	
Pest Control		70	
Postal Charges		1,000	
Printing, Stationery and Forms		1,527	
Rentals		2,545	
Travel		30,372	
Tuition		2,165	
Other Contracted Services		3,160	
Custodial Supplies		8	
Data Processing Supplies		25,391	
Drugs and Medical Supplies		19,603	
Electricity		197	
Equipment Parts - Light		50	
Equipment and Machinery Parts		35	
Food Supplies		685	
General Construction Materials		58	
Instructional Supplies and Materials		48,506	
Office Supplies		14,997	
Periodicals		123	
Small Tools		81	
Uniforms		1,120	
Other Supplies and Materials		7,665	
Total Other Local Health Services			\$ 1,682,042

Total Health Department Fund \$ 4,696,595

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	41,818
Captain(s)		106,355
Lieutenant(s)		116,038
Medical Personnel		1,409,515
Mechanic(s)		7,252
Clerical Personnel		108,823
Part-time Personnel		498,473
Social Security		135,837
Handling Charges & Administrative Costs		252

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

State Retirement	\$	221,593
Life Insurance		2,674
Medical Insurance		323,099
Dental Insurance		15,121
Unemployment Compensation		191
Employer Medicare		32,089
Other Fringe Benefits		971
Advertising		958
Bank Charges		269
Communication		15,112
Data Processing Services		75
Dues and Memberships		490
Freight Expenses		5
Legal Notices, Recording and Court Costs		472
Licenses		2,474
Maintenance Agreements		3,600
Maintenance & Repair Services- Buildings		7
Maintenance & Repair Services- Equipment		4,145
Maintenance & Repair Services- Office Equipment		75
Maintenance & Repair Services- Vehicles		1,547
Postal Charges		17,062
Printing, Stationery and Forms		2,190
Rentals		12,026
Tow-in Services		365
Travel		2,523
Tuition		4,664
Disposal Fees		890
Other Contracted Services		994
Custodial Supplies		2,031
Data Processing Supplies		2,520
Diesel Fuel		72,324
Drugs and Medical Supplies		79,451
Electricity		11,204
Equipment Parts - Light		3,241
Garage Supplies		502
Gasoline		2,193
General Construction Materials		270
Instructional Supplies and Materials		71
Lubricants		2,409
Natural Gas		6,506

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Office Supplies	\$	3,082	
Periodicals		325	
Small Tools		8	
Tires and Tubes		12,860	
Uniforms		6,722	
Vehicle Parts		24,936	
Water and Sewer		1,738	
Chemicals		174	
Other Supplies and Materials		3,361	
Liability Insurance		19,695	
Trustee's Commission		36,508	
Vehicle and Equipment Insurance		34,589	
Workers' Compensation Insurance		41,408	
Building Construction		1,726	
Communication Equipment		4,373	
Data Processing Equipment		2,530	
Furniture and Fixtures		2,716	
Motor Vehicles		173,300	
Other Equipment		29,274	
Other Capital Outlay		5,871	
Total Ambulance/Emergency Medical Services			\$ 3,677,962

Principal

General Government

Principal on Notes	\$	51,667	
Total General Government			51,667

Interest

General Government

Interest on Notes	\$	4,745	
Total General Government			4,745

Capital Projects

Public Safety Projects

Building Construction	\$	17,789	
Total Public Safety Projects			17,789

Total Ambulance Service Fund \$ 3,752,163

(Continued)

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

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 210	
Total Other Finance		\$ 210

Public Safety

Sheriff's Department

Communication	\$ 3,293	
Licenses	100	
Rentals	2,010	
Travel	1,463	
Other Contracted Services	5,000	
Law Enforcement Supplies	199	
Office Supplies	382	
Vehicle Parts	501	
Other Charges	2,177	
Total Sheriff's Department		<u>15,125</u>

Total Drug Control Fund		\$ 15,335
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Sports and Recreation Fund

Social, Cultural and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$ 29,291
Laborers	22,877
Temporary Personnel	39,410
Social Security	5,454
Handling Charges & Administrative Costs	10
State Retirement	6,390
Life Insurance	105
Medical Insurance	16,393
Dental Insurance	744
Unemployment Compensation	6,193
Employer Medicare	1,276
Communication	552
Licenses	230
Postal Charges	18
Printing, Stationery and Forms	74
Rentals	40
Disposal Fees	2,618
Other Contracted Services	604
Custodial Supplies	1,028

(Continued)

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

Sports and Recreation Fund (Cont.)

Social, Cultural and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Diesel Fuel	\$	198	
Electricity		41,506	
Equipment Parts - Light		2,853	
Equipment and Machinery Parts		88	
Fertilizer, Lime and Seed		87	
Garage Supplies		49	
Gasoline		3,222	
General Construction Materials		4,232	
Ice		604	
Lubricants		139	
Propane Gas		958	
Small Tools		765	
Tires and Tubes		118	
Uniforms		200	
Utilities		2,316	
Vehicle Parts		511	
Water and Sewer		18,454	
Chemicals		179	
Other Supplies and Materials		161	
Trustee's Commission		2,563	
Total Parks and Fair Boards			\$ 212,510

Total Sports and Recreation Fund \$ 212,510

District Attorney General Fund

Administration of Justice

District Attorney General

Temporary Personnel	\$	2,320	
Part-time Personnel		30	
Communication		418	
Dues and Memberships		2,040	
Janitorial Services		1,500	
Legal Services		27	
Printing, Stationery and Forms		928	
Travel		6,148	
Tuition		4,554	
Other Contracted Services		20	
Data Processing Supplies		818	
Food Supplies		50	
Library Books/Media		976	

(Continued)

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Office Supplies	\$	297	
Uniforms		87	
Trustee's Commission		199	
Total District Attorney General			\$ 20,412

Total District Attorney General Fund \$ 20,412

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	3,820	
Other Charges		581	
Total Other General Administration			\$ 4,401

Total Constitutional Officers - Fees Fund 4,401

Highway/Public Works Fund

Finance

Other Finance

Trustee's Commission	\$	91,952	
Total Other Finance			\$ 91,952

Highways

Administration

County Official/Administrative Officer	\$	82,700	
Social Security		4,973	
State Retirement		10,205	
Life Insurance		53	
Medical Insurance		8,197	
Dental Insurance		372	
Employer Medicare		1,163	
Communication		9,277	
Dues and Memberships		3,100	
Evaluation and Testing		528	
Licenses		3,585	
Maintenance Agreements		1,315	
Maintenance & Repair Services- Buildings		125	
Postal Charges		174	
Rentals		1,246	
Travel		147	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Tuition	\$	928	
Other Contracted Services		1,620	
Custodial Supplies		293	
Data Processing Supplies		214	
Electricity		22,708	
Equipment Parts - Light		275	
Garage Supplies		64	
General Construction Materials		176	
Natural Gas		9,839	
Office Supplies		1,155	
Small Tools		282	
Water and Sewer		2,830	
Other Supplies and Materials		732	
Total Administration			\$ 168,276

Highway and Bridge Maintenance

Assistant(s)	\$	78,311
Supervisor/Director		134,934
Paraprofessionals		58,238
Foremen		301,852
Mechanic(s)		230,656
Equipment Operators		1,085,106
Equipment Operators - Heavy		544,222
Truck Drivers		906,028
Dispatchers/Radio Operators		34,443
Laborers		165,298
Secretary(s)		31,911
Social Security		208,662
Handling Charges & Administrative Costs		1,544
State Retirement		439,298
Life Insurance		7,305
Medical Insurance		936,679
Dental Insurance		38,334
Unemployment Compensation		281
Employer Medicare		48,799
Other Fringe Benefits		5,714
Engineering Services		18,732
Evaluation and Testing		1,094
Rentals		24,015
Disposal Fees		518

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Contracted Services	\$	152,493	
Asphalt - Hot Mix		84,747	
Concrete		5,156	
Crushed Stone		53,799	
Equipment Parts - Heavy		4,490	
Fertilizer, Lime and Seed		2,655	
General Construction Materials		29,876	
Other Road Supplies		269	
Pipe		520	
Pipe - Concrete		1,023	
Pipe - Metal		27,547	
Salt		56,448	
Small Tools		1,777	
Structural Steel		2,316	
Uniforms		14,105	
Wood Products		183	
Other Supplies and Materials		263	
Total Highway and Bridge Maintenance			\$ 5,739,641

Operation and Maintenance of Equipment

Licenses	\$	34
Maintenance & Repair Services- Buildings		425
Maintenance & Repair Services- Equipment		15,022
Maintenance & Repair Services- Vehicles		12,377
Disposal Fees		2,478
Custodial Supplies		4,051
Diesel Fuel		118,778
Drugs and Medical Supplies		179
Equipment Parts - Heavy		50,627
Equipment Parts - Light		5,239
Equipment and Machinery Parts		2,354
Fertilizer, Lime and Seed		12
Fuel Oil		1,230
Garage Supplies		6,673
Gasoline		99,700
General Construction Materials		451
Lubricants		16,212
Office Supplies		20
Small Tools		3,068
Structural Steel		4,751

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Tires and Tubes	\$	29,635	
Vehicle Parts		33,162	
Wood Products		410	
Other Supplies and Materials		6,857	
Total Operation and Maintenance of Equipment			\$ 413,745

Asphalt Plant Operations

Licenses	\$	362	
Maintenance & Repair Services- Equipment		330	
Asphalt		56,924	
Asphalt - Hot Mix		72,645	
Crushed Stone		48,174	
Electricity		10,545	
Equipment Parts - Heavy		901	
Equipment Parts - Light		170	
Equipment and Machinery Parts		237	
Lubricants		1,085	
Natural Gas		18,951	
Water and Sewer		1,348	
Total Asphalt Plant Operations			211,672

Traffic Control

Lubricants	\$	162	
Other Road Supplies		3,084	
Road Signs		271	
Other Supplies and Materials		50	
Total Traffic Control			3,567

Other Charges

Liability Insurance	\$	111,192	
Total Other Charges			111,192

Capital Outlay

Communication Equipment	\$	1,070	
Data Processing Equipment		1,111	
Highway Equipment		19,124	
Motor Vehicles		37,650	
Office Equipment		162	
Other Equipment		398	
Total Capital Outlay			59,515

(Continued)

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

Highway/Public Works Fund (Cont.)

Principal

Highways and Streets

Principal on Notes	\$ 540,087	
Total Highways and Streets		\$ 540,087

Interest

Highways and Streets

Interest on Notes	\$ 19,737	
Total Highways and Streets		19,737

Capital Projects

Highway & Street Capital Projects

Bridge Construction	\$ 139,734	
Other Construction	8,138	
Other Capital Outlay	413,929	
Total Highway & Street Capital Projects		<u>561,801</u>

Total Highway/Public Works Fund		\$ 7,921,185
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General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 45,061	
Total Other Finance		\$ 45,061

Principal

General Government

Principal on Bonds	\$ 335,000	
Principal on Notes	675,000	
Total General Government		1,010,000

Interest

General Government

Interest on Bonds	\$ 938,211	
Interest on Notes	214,438	
Total General Government		1,152,649

Other Debt Service

General Government

Other Debt Service	\$ 3,240	
Total General Government		<u>3,240</u>

Total General Debt Service Fund		2,210,950
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(Continued)

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

<u>Community Development/Industrial Park Fund</u>		
<u>Other Debt Service</u>		
<u>General Government</u>		
Other Debt Issuance Charges	\$ 10,000	
Total General Government		\$ 10,000
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to Other Entities</u>		
Contributions	\$ 1,487,358	
Total Other General Government Projects		<u>1,487,358</u>
Total Community Development/Industrial Park Fund		\$ 1,497,358
<u>Other Capital Projects Fund</u>		
<u>Social, Cultural and Recreational Services</u>		
<u>Other Social, Cultural and Recreational</u>		
Architects	\$ 54,900	
Evaluation and Testing	<u>8,092</u>	
Total Other Social, Cultural and Recreational		\$ 62,992
<u>Other Debt Service</u>		
<u>General Government</u>		
Underwriter's Discount	\$ 23,100	
Other Debt Issuance Charges	<u>48,411</u>	
Total General Government		71,511
<u>Capital Projects</u>		
<u>Public Safety Projects</u>		
Building Construction	\$ 17,401	
Building Improvements	<u>25,265</u>	
Total Public Safety Projects		42,666
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to Other Entities</u>		
Contributions	\$ 653,250	
Total Capital Projects Donated to Other Entities		<u>653,250</u>
Total Other Capital Projects Fund		<u>830,419</u>
Total Governmental Funds - Primary Government		<u>\$ 54,084,687</u>

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2005

Special Purpose FundSupport ServicesBoard of Education

Trustee's Commission	\$ 17,523	
Total Board of Education		\$ 17,523

Capital OutlayRegular Capital Outlay

Architects	\$ 14,374	
Engineering Services	12,068	
Building Improvements	450,618	
Heating and Air Conditioning Equipment	387	
Other Capital Outlay	53,399	
Total Regular Capital Outlay		530,846

PrincipalEducation

Principal on Notes	\$ 30,791	
Total Education		30,791

Total Special Purpose Fund		\$ 579,160
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General Purpose School FundInstructionRegular Instruction Program

Teachers	\$ 25,934,740
Career Ladder Program	527,480
Career Ladder Extended Contracts	180,500
Homebound Teachers	98,341
Education Media Personnel	74,199
Salary Supplements	336,303
Educational Assistants	1,224,044
Overtime Pay	20
Other Salaries & Wages	294,875
Certified Substitute Teachers	390,900
Social Security	1,738,181
Handling Charges & Administrative Costs	35,849
State Retirement	1,604,186
Life Insurance	39,156
Medical Insurance	4,425,983
Dental Insurance	95,005
Unemployment Compensation	17,810

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	406,514	
Communication		18	
Contracts with Government Agencies		420,653	
Evaluation and Testing		21,844	
Maintenance & Repair Services- Equipment		33,614	
Other Contracted Services		3,549	
Basic Skills Materials		14,323	
Equipment and Machinery Parts		2,383	
Instructional Supplies and Materials		421,048	
Office Supplies		207	
Textbooks		1,006,943	
Other Supplies and Materials		649	
Medical Claims		38,740	
Other Charges		74,609	
Data Processing Equipment		34,342	
Regular Instruction Equipment		28,538	
Total Regular Instruction Program			\$ 39,525,546

Special Education Program

Teachers	\$	2,708,553
Career Ladder Program		68,080
Psychological Personnel		33,965
Career Ladder Extended Contracts		29,000
Homebound Teachers		55,547
Assessment Personnel		25,986
Secretary(s)		17,372
Educational Assistants		254,455
Certified Substitute Teachers		46,164
Social Security		193,137
Handling Charges & Administrative Costs		4,729
State Retirement		191,447
Life Insurance		5,192
Medical Insurance		526,870
Dental Insurance		12,348
Unemployment Compensation		2,142
Employer Medicare		45,169
Contracts with Private Agencies		20,236
Evaluation and Testing		9,961
Maintenance & Repair Services- Equipment		872

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	14,766	
Instructional Supplies and Materials		60,770	
Other Supplies and Materials		953	
Medical Claims		5,111	
In Service/Staff Development		6,172	
Special Education Equipment		22,855	
Total Special Education Program			\$ 4,361,852

Vocational Education Program

Teachers	\$	1,715,420	
Career Ladder Program		21,925	
Career Ladder Extended Contracts		9,500	
Other Salaries & Wages		4,000	
Certified Substitute Teachers		20,962	
Social Security		105,563	
Handling Charges & Administrative Costs		2,560	
State Retirement		94,634	
Life Insurance		2,344	
Medical Insurance		300,274	
Dental Insurance		6,580	
Unemployment Compensation		935	
Employer Medicare		24,688	
Maintenance & Repair Services- Equipment		3,866	
Equipment and Machinery Parts		269	
Instructional Supplies and Materials		114,657	
Medical Claims		2,788	
Vocational Instruction Equipment		19,281	
Total Vocational Education Program			2,450,246

Adult Education Program

Teachers	\$	36,772	
Social Security		2,280	
State Retirement		1,376	
Unemployment Compensation		63	
Employer Medicare		533	
Instructional Supplies and Materials		9,149	
Total Adult Education Program			50,173

(Continued)

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

General Purpose School Fund (Cont.)

Support Services

Health Services

Other Contracted Services	\$ 1,917	
Total Health Services		\$ 1,917

Other Student Support

Career Ladder Program	\$ 23,620	
Guidance Personnel	1,005,591	
Secretary(s)	63,326	
Social Security	64,752	
Handling Charges & Administrative Costs	1,720	
State Retirement	63,312	
Life Insurance	1,527	
Medical Insurance	174,987	
Dental Insurance	4,144	
Unemployment Compensation	560	
Employer Medicare	15,143	
Medical Claims	1,858	
Total Other Student Support		1,420,540

Regular Instruction Program

Supervisor/Director	\$ 181,789
Career Ladder Program	38,000
Career Ladder Extended Contracts	30,000
Librarians	1,085,559
Materials Supervisor	100,501
Truck Drivers	38,903
Secretary(s)	113,885
Educational Assistants	33,045
Other Salaries & Wages	163,082
Social Security	108,301
Handling Charges & Administrative Costs	2,183
State Retirement	118,098
Life Insurance	2,363
Medical Insurance	278,711
Dental Insurance	6,300
Unemployment Compensation	1,006
Employer Medicare	25,329
Advertising	3,150
Communication	32,495
Consultants	5,000

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Dues and Memberships	\$	6,818	
Freight Expenses		160	
Maintenance & Repair Services- Equipment		30,318	
Postal Charges		304	
Printing, Stationery and Forms		13,063	
Rentals		9,453	
Travel		49,195	
Other Contracted Services		16,570	
Instructional Supplies and Materials		81,601	
Library Books/Media		75,651	
Office Supplies		8,871	
Periodicals		24,637	
Propane Gas		283	
Medical Claims		2,359	
In Service/Staff Development		273,053	
Administration Equipment		1,276	
Data Processing Equipment		2,484	
Motor Vehicles		5,506	
Total Regular Instruction Program			\$ 2,969,302

Special Education Program

Supervisor/Director	\$	69,224
Teachers		11,559
Career Ladder Program		1,000
Career Ladder Extended Contracts		4,000
Social Security		5,299
Handling Charges & Administrative Costs		66
State Retirement		4,718
Life Insurance		93
Medical Insurance		10,197
Dental Insurance		308
Unemployment Compensation		38
Employer Medicare		1,239
Communication		949
Maintenance & Repair Services- Equipment		1,263
Postal Charges		296
Rentals		262
Travel		36,590
Office Supplies		825

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Medical Claims	\$ 71	
Total Special Education Program		\$ 147,997

Vocational Education Program

Supervisor/Director	\$ 40,702	
Career Ladder Program	2,000	
Secretary(s)	60,953	
Other Salaries & Wages	1,000	
Social Security	6,939	
Handling Charges & Administrative Costs	66	
State Retirement	10,514	
Life Insurance	139	
Medical Insurance	20,914	
Dental Insurance	294	
Unemployment Compensation	40	
Employer Medicare	1,623	
Travel	15,721	
Other Contracted Services	146	
Propane Gas	37	
Medical Claims	71	
Total Vocational Education Program		161,159

Adult Programs

Supervisor/Director	\$ 48,676	
Social Security	3,006	
Handling Charges & Administrative Costs	66	
State Retirement	2,637	
Life Insurance	53	
Medical Insurance	4,006	
Dental Insurance	168	
Unemployment Compensation	22	
Employer Medicare	703	
Travel	289	
Medical Claims	72	
In Service/Staff Development	1,737	
Other Charges	1,020	
Total Adult Programs		62,455

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	3,480	
Social Security		216	
Handling Charges & Administrative Costs		198	
Medical Insurance		12,370	
Dental Insurance		504	
Unemployment Compensation		1	
Employer Medicare		50	
Advertising		1,148	
Audit Services		54,265	
Dues and Memberships		21,432	
Legal Services		89,634	
Travel		17,491	
Other Contracted Services		1,049	
Periodicals		329	
Other Supplies and Materials		752	
Building and Contents Insurance		148,118	
Liability Insurance		156,837	
Medical Claims		214	
Trustee's Commission		744,289	
Workers' Compensation Insurance		229,435	
Other Charges		25,000	
Total Board of Education			\$ 1,506,812

Director of Schools

County Official/Administrative Officer	\$	104,763
Assistant(s)		71,673
Career Ladder Program		1,000
Secretary(s)		90,000
Other Salaries & Wages		9,052
Social Security		15,420
Handling Charges & Administrative Costs		198
State Retirement		19,517
Life Insurance		158
Medical Insurance		51,267
Dental Insurance		504
Unemployment Compensation		63
Employer Medicare		3,833
Communication		169,008
Dues and Memberships		7,591

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Freight Expenses	\$	1,226	
Maintenance & Repair Services- Buildings		22	
Maintenance & Repair Services- Equipment		13,679	
Postal Charges		13,684	
Printing, Stationery and Forms		6,900	
Rentals		5,609	
Travel		7,939	
Other Contracted Services		2,042	
Equipment and Machinery Parts		723	
Office Supplies		4,753	
Periodicals		373	
Other Supplies and Materials		318	
Medical Claims		214	
Other Charges		525	
Administration Equipment		1,870	
Data Processing Equipment		3,312	
Total Director of Schools			\$ 607,236

Office of the Principal

Assistant(s)	\$	950,593	
Principals		1,693,953	
Career Ladder Program		72,000	
Accountants/Bookkeepers		268,196	
Career Ladder Extended Contracts		52,500	
Secretary(s)		704,121	
Other Salaries & Wages		3,443	
Social Security		223,019	
Handling Charges & Administrative Costs		4,829	
State Retirement		270,464	
Life Insurance		5,105	
Medical Insurance		659,332	
Dental Insurance		11,914	
Unemployment Compensation		1,927	
Employer Medicare		52,157	
Other Contracted Services		344	
Office Supplies		8,582	
Medical Claims		5,218	
Total Office of the Principal			4,987,697

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services

Supervisor/Director	\$	59,760	
Accountants/Bookkeepers		138,928	
Other Salaries & Wages		3,000	
Social Security		11,900	
Handling Charges & Administrative Costs		265	
State Retirement		19,996	
Life Insurance		300	
Medical Insurance		40,715	
Dental Insurance		574	
Unemployment Compensation		136	
Employer Medicare		2,785	
Communication		64	
Data Processing Services		200	
Maintenance & Repair Services- Equipment		507	
Printing, Stationery and Forms		855	
Travel		1,032	
Office Supplies		10,175	
Medical Claims		286	
Administration Equipment		589	
Total Fiscal Services			\$ 292,067

Operation of Plant

Custodial Personnel	\$	1,828,775
Social Security		109,820
Handling Charges & Administrative Costs		3,836
State Retirement		215,051
Life Insurance		4,291
Medical Insurance		506,956
Dental Insurance		9,216
Unemployment Compensation		1,910
Employer Medicare		25,684
Other Contracted Services		54,119
Coal		16,740
Custodial Supplies		79,876
Electricity		1,596,567
Fuel Oil		69,595
Natural Gas		273,947
Propane Gas		16,874
Water and Sewer		294,656

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Other Supplies and Materials	\$	2,939	
Medical Claims		4,146	
Plant Operation Equipment		5,977	
Total Operation of Plant			\$ 5,120,975

Maintenance of Plant

Supervisor/Director	\$	61,998
Foremen		174,730
Dispatchers/Radio Operators		34,892
Secretary(s)		58,825
Maintenance Personnel		1,583,291
Other Salaries & Wages		7,000
Social Security		113,461
Handling Charges & Administrative Costs		2,976
State Retirement		236,203
Life Insurance		3,415
Medical Insurance		393,562
Dental Insurance		7,910
Unemployment Compensation		1,276
Employer Medicare		26,534
Communication		6,519
Freight Expenses		914
Maintenance & Repair Services- Buildings		1,366
Maintenance & Repair Services- Equipment		12,673
Maintenance & Repair Services- Vehicles		3,781
Rentals		7,051
Travel		2,521
Other Contracted Services		158,134
Asphalt		904
Concrete		643
Crushed Stone		2,533
Diesel Fuel		7,428
Equipment and Machinery Parts		110,413
Garage Supplies		61,482
Gasoline		71,344
General Construction Materials		129,265
Office Supplies		1,677
Sand		30
Uniforms		11,216

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Other Supplies and Materials	\$	37,440	
Medical Claims		3,216	
Maintenance Equipment		24,439	
Total Maintenance of Plant			\$ 3,361,062

Transportation

Contracts with Vehicle Owners	\$	3,177,405	
Maintenance & Repair Services- Vehicles		240	
Garage Supplies		26,051	
Gasoline		57,497	
Other Supplies and Materials		321	
Total Transportation			3,261,514

Central and Other

Supervisor/Director	\$	68,805	
Career Ladder Program		3,000	
Career Ladder Extended Contracts		4,000	
Secretary(s)		21,387	
Other Salaries & Wages		98,749	
Social Security		11,702	
Handling Charges & Administrative Costs		331	
State Retirement		18,994	
Life Insurance		211	
Medical Insurance		23,338	
Dental Insurance		546	
Unemployment Compensation		118	
Employer Medicare		2,737	
Communication		755	
Maintenance & Repair Services- Equipment		903	
Travel		1,013	
Other Contracted Services		6,096	
Office Supplies		1,920	
Medical Claims		357	
Premiums on Corporate Surety Bonds		50	
Administration Equipment		1,192	
Data Processing Equipment		1,698	
Total Central and Other			267,902

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,530	
Career Ladder Program		3,000	
Accountants/Bookkeepers		6,355	
Career Ladder Extended Contracts		4,000	
Truck Drivers		25,158	
Secretary(s)		73,849	
Cafeteria Personnel		1,847,604	
Part-time Personnel		101,344	
Other Salaries & Wages		9,547	
Social Security		126,495	
Handling Charges & Administrative Costs		3,439	
State Retirement		182,906	
Life Insurance		5,455	
Medical Insurance		630,471	
Dental Insurance		8,372	
Unemployment Compensation		3,302	
Employer Medicare		29,584	
Communication		773	
Contracts with Other School Systems		7,362	
Data Processing Services		20,900	
Dues and Memberships		613	
Operating Lease Payments		2,455	
Maintenance & Repair Services- Equipment		17,249	
Pest Control		2,450	
Printing, Stationery and Forms		243	
Travel		14,460	
Other Contracted Services		208,619	
Equipment and Machinery Parts		34,215	
Food Preparation Supplies		297,602	
Food Supplies		1,443,348	
Garage Supplies		2,742	
Office Supplies		4,488	
Periodicals		147	
Other Supplies and Materials		20,994	
Medical Claims		3,717	
Refunds		2,296	
In Service/Staff Development		480	
Principal on Capitalized Leases		1,492	
Food Service Equipment		17,661	
Total Food Service			\$ 5,230,717

(Continued)

Exhibit L-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Community Services

Other Salaries & Wages	\$	49,909	
Social Security		3,081	
State Retirement		4,230	
Unemployment Compensation		55	
Employer Medicare		721	
Total Community Services			\$ 57,996

Capital Outlay

Regular Capital Outlay

Architects	\$	7,793	
General Construction Materials		3,480	
Total Regular Capital Outlay			11,273

Interest

Education

Interest on Notes	\$	17,550	
Total Education			17,550

Total General Purpose School Fund \$ 75,873,988

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	47,734	
Educational Assistants		543,728	
Other Salaries & Wages		588,423	
Certified Substitute Teachers		480	
Social Security		69,352	
State Retirement		100,212	
Life Insurance		2,987	
Medical Insurance		261,138	
Dental Insurance		6,930	
Unemployment Compensation		1,134	
Employer Medicare		16,219	
Maintenance & Repair Services- Equipment		1,215	
Other Contracted Services		77,769	
Instructional Supplies and Materials		69,586	
Other Supplies and Materials		32,000	
In Service/Staff Development		3,267	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Regular Instruction Equipment	\$ 37,708	
Total Regular Instruction Program		\$ 1,859,882

Special Education Program

Teachers	\$ 628,152	
Educational Assistants	796,254	
Other Salaries & Wages	86,648	
Certified Substitute Teachers	25,070	
Social Security	91,117	
State Retirement	121,989	
Life Insurance	3,408	
Medical Insurance	294,696	
Dental Insurance	6,468	
Unemployment Compensation	1,766	
Employer Medicare	21,308	
Contracts with Private Agencies	70,191	
Other Contracted Services	30,275	
Instructional Supplies and Materials	28,920	
Motor Vehicles	26,174	
Special Education Equipment	36,618	
Total Special Education Program		2,269,054

Vocational Education Program

Life Insurance	\$ 12	
Medical Insurance	319	
Dental Insurance	14	
Instructional Supplies and Materials	56,923	
Other Supplies and Materials	12,397	
Vocational Instruction Equipment	91,908	
Total Vocational Education Program		161,573

Support Services

Attendance

Social Workers	\$ 64,768
Social Security	3,960
State Retirement	3,562
Life Insurance	105
Medical Insurance	8,011
Dental Insurance	336

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Attendance (Cont.)

Unemployment Compensation	\$	39	
Employer Medicare		926	
Travel		7,997	
Other Supplies and Materials		1,055	
Other Charges		253	
Total Attendance			\$ 91,012

Health Services

Other Supplies and Materials	\$	304	
Total Health Services			304

Other Student Support

Travel	\$	22,991	
In Service/Staff Development		5,000	
Total Other Student Support			27,991

Regular Instruction Program

Supervisor/Director	\$	67,150	
Secretary(s)		20,866	
Other Salaries & Wages		52,942	
Social Security		8,453	
State Retirement		9,181	
Life Insurance		132	
Medical Insurance		16,218	
Dental Insurance		462	
Unemployment Compensation		59	
Employer Medicare		1,977	
Consultants		223,423	
Travel		21,057	
Instructional Supplies and Materials		14,266	
Library Books/Media		32,567	
Other Supplies and Materials		39,251	
Total Regular Instruction Program			508,004

Special Education Program

Secretary(s)	\$	27,114	
Social Security		1,443	
State Retirement		3,346	
Life Insurance		53	

(Continued)

Exhibit L-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Medical Insurance	\$	7,367	
Dental Insurance		168	
Unemployment Compensation		20	
Employer Medicare		338	
Total Special Education Program			\$ 39,849

Vocational Education Program

Supervisor/Director	\$	10,696	
Total Vocational Education Program			10,696

Transportation

Mechanic(s)	\$	63,443	
Bus Drivers		262,671	
Social Security		19,168	
State Retirement		31,186	
Life Insurance		895	
Medical Insurance		81,310	
Dental Insurance		1,792	
Unemployment Compensation		471	
Employer Medicare		4,483	
Total Transportation			465,419

Total School Federal Projects Fund \$ 5,433,784

Education Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$	21,580	
Total Other Finance			\$ 21,580

Principal

Education

Principal on Bonds	\$	1,085,000	
Total Education			1,085,000

Interest

Education

Interest on Bonds	\$	1,040,337	
Total Education			1,040,337

(Continued)

Exhibit L-9

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

<u>Education Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Underwriter's Discount	\$	85,930	
Other Debt Issuance Charges		136,335	
Other Debt Service		4,961	
Total Education		<u>227,226</u>	\$ <u>227,226</u>
Total Education Debt Service Fund			\$ <u>2,374,143</u>
Total Governmental Funds - Sullivan County School Department			\$ <u>84,261,075</u>

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Receipts, Disbursements
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2005

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total (Memorandum Only)
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 7,360,884	\$ 11,641,280	\$ 19,002,164
Trustee's Collections - Prior Years Circuit/Clerk and Master Collections - Prior Years	0	165,784	262,188	427,972
Interest and Penalty	0	110,451	175,582	286,033
Pick-up Taxes	0	77,466	122,828	200,294
Local Option Sales Tax	0	47,653	75,364	123,017
Bank Excise Tax	18,269,233	3,522,116	5,570,247	27,361,596
Interstate Telecommunication Tax	0	13,453	21,277	34,730
Marriage Licenses	0	3,279	5,186	8,465
Other Local Revenues	0	1,941	3,069	5,010
Total Cash Receipts	0	350	554	904
	<u>\$ 18,269,233</u>	<u>\$ 11,303,377</u>	<u>\$ 17,877,575</u>	<u>\$ 47,450,185</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 18,086,541	\$ 11,103,542	\$ 17,565,391	\$ 46,755,474
Trustee's Commission	182,692	188,907	298,752	670,351
Total Cash Disbursements	<u>\$ 18,269,233</u>	<u>\$ 11,292,449</u>	<u>\$ 17,864,143</u>	<u>\$ 47,425,825</u>
Excess of Cash Receipts				
Over (Under) Cash Disbursements	\$ 0	\$ 10,928	\$ 13,432	\$ 24,360
Cash Balance, July 1, 2004	0	371,286	592,346	963,632
Cash Balance, June 30, 2005	<u>\$ 0</u>	<u>\$ 382,214</u>	<u>\$ 605,778</u>	<u>\$ 987,992</u>

STATISTICAL SECTION

Table 1

Sullivan County, Tennessee
Uncollected Taxes Filed in Chancery Court
June 30, 2005

Year	Total
1994	\$ 29,818
1995	39,911
1996	50,840
1997	39,374
1998	53,634
1999	89,192
2000	149,365
2001	347,925
2002	500,347
2003	770,486
Total	\$ 2,070,892

Table 2

Sullivan County, Tennessee
Tax Rates and Assessments
Last Ten Years

Fund	1995	1996	1997	1998	1999	2000	2001	2002	2003	2004
General	\$ 0.84	\$ 0.79	\$ 0.68	\$ 0.31	\$ 0.68	\$ 0.68	\$ 0.61	\$ 0.61	\$ 0.61	0.71
Solid Waste/Sanitation	0.00	0.00	0.05	0.05	0.05	0.00	0.00	0.00	0.00	0.025
Health Department	0.08	0.08	0.05	0.05	0.05	0.05	0.04	0.04	0.04	0.04
Local Purpose Tax	0.03	0.05	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00
Other Special Revenue	0.00	0.00	0.06	0.43	0.00	0.00	0.00	0.00	0.00	0.00
Highway/Public Works	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.00	0.05
General Debt Service	0.00	0.00	0.00	0.00	0.06	0.06	0.06	0.06	0.06	0.085
Special Purpose	0.05	0.08	0.07	0.07	0.07	0.07	0.06	0.06	0.06	0.06
General Purpose School	1.86	1.86	1.67	1.67	1.67	1.77	1.58	1.58	1.58	1.70
Total Tax Rates	\$ 2.86	\$ 2.86	\$ 2.58	\$ 2.58	\$ 2.58	\$ 2.63	\$ 2.35	\$ 2.35	\$ 2.35	2.67
<u>Assessed Valuation</u>										
Real and Personal	\$ 1,607,703,527	\$ 1,639,410,580	\$ 1,906,710,238	\$ 1,956,957,004	\$ 1,973,025,406	\$ 2,046,529,915	\$ 2,331,877,496	\$ 2,371,510,751	\$ 2,424,318,047	\$ 2,475,605,719
Public Utilities	98,025,401	99,376,944	109,157,839	104,316,372	102,582,744	107,674,725	126,299,783	119,859,709	113,233,174	120,509,167
Total										
Assessed Valuation	\$ 1,705,728,928	\$ 1,738,787,524	\$ 2,015,868,077	\$ 2,061,273,376	\$ 2,075,608,150	\$ 2,154,204,640	\$ 2,458,177,279	\$ 2,491,370,460	\$ 2,537,551,221	\$ 2,596,114,886

SINGLE AUDIT SECTION



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

REPORT ON INTERNAL CONTROL OVER
FINANCIAL REPORTING AND ON COMPLIANCE
AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL
STATEMENTS PERFORMED IN ACCORDANCE WITH
GOVERNMENT AUDITING STANDARDS

September 20, 2005

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

To the County Mayor and Board of County Commissioners:

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2005, which collectively comprise Sullivan County's basic financial statements and have issued our report thereon dated September 20, 2005. Our report on the aggregate discretely presented component units' financial information was qualified because the financial statements did not include the financial information of the Sullivan County Emergency Communications District, which was not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Sullivan 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 a certain matter involving the internal control over financial reporting and its operation that we consider to be a

reportable condition. 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 Sullivan County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. The reportable condition is described in the accompanying Schedule of Findings and Questioned Costs as item 05.02.

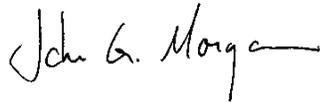
A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce to a relatively low level the risk that misstatements caused by error or fraud in amounts that would be material in relation to the financial statements being 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 the reportable condition described above is not a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County's statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed an instance of noncompliance or other matter that is required to be reported under Government Auditing Standards and is described in the accompanying Schedule of Findings and Questioned Costs as item 05.01.

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



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

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

September 20, 2005

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Sullivan County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2005. Sullivan 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 Sullivan County's management. Our responsibility is to express an opinion on Sullivan County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America, the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States, and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and

material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Sullivan 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 Sullivan County's compliance with those requirements.

In our opinion, Sullivan County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2005.

Internal Control Over Compliance

The management of Sullivan County is responsible for establishing and maintaining effective internal control over compliance with requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Sullivan County's internal control over compliance with requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on the internal control over compliance in accordance with OMB Circular A-133.

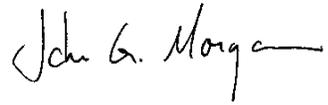
Our consideration of the internal control over compliance would not necessarily disclose all matters in the internal control that might be material weaknesses. A material weakness is a reportable condition in which the design or operation of one or more of the internal control components does not reduce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

Schedule of Federal Awards

We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2005, and have issued our report thereon dated September 20, 2005. Our report on the aggregate discretely presented component units' financial information was qualified because the financial statements did not include the financial information of the Sullivan County Emergency Communications District, which was not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming opinions on the basic financial statements taken as a whole. The accompanying Schedule of Expenditures of Federal Awards and State Grants is presented for purposes of additional analysis, as required by OMB Circular A-133, and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

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

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/sb

Sullivan County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2005

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	(2)	\$ 517,850
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	(2)	502,846
National School Lunch Program	10.555	(2)	1,702,469
Passed-through State Department of Health:			
Special Supplemental Food Program for Women, Infants and Children	10.557	Z-04-018271-00	124,886 (3)
Special Supplemental Food Program for Women, Infants and Children	10.557	GG-05-11728-00	378,264 (3)
Total U.S. Department of Agriculture			\$ 3,226,315
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
HOME Investment Partnerships Program	14.239	HM-03-64	\$ 263,391
Total U.S. Department of Housing and Urban Development			\$ 263,391
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grants Program	16.592	N/A	\$ 21,915
Bulletproof Vest Partnership Program	16.607	N/A	890
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-04-10511-00	23,832 (4)
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11468-00	42,899 (4)
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	9,000 (5)
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	GG-05-11247-00	71,727 (5)
Passed-through State Department of Finance and Administration:			
Drug Court Discretionary Grant Program	16.585	Z-99-08483-00	125,344
Total U.S. Department of Justice			\$ 295,607
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STPEN8200	\$ 106,200
State and Community Highway Safety	20.600	Z-05-024137-00	97,099
Total U.S. Department of Transportation			\$ 203,299
Federal Emergency Management Agency:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	83.552	Z-04-020303-00	\$ 20,511 (6)
Emergency Management Performance Grants	83.552	Z-05-025380-00	41,021 (6)
Total Federal Emergency Management Agency			\$ 61,532

(Continued)

Sullivan County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education :			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,778,840
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,715,324
Special Education - Preschool Grants	84.173	N/A	117,748
Vocational Education - Basic Grants to States	84.048	N/A	200,261 (7)
Vocational Education - Basic Grants to States	84.048	N/A	20,000 (7)
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	61,471
State Grants for Innovative Programs	84.298	N/A	44,311
Education Technology State Grants	84.318	(2)	23,205
English Language Acquisition Grants	84.365	N/A	8,580
Improving Teacher Quality State Grants	84.367	N/A	573,243
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	Z-05-022266-00	70,635
Passed-through state Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	(2)	60,813
Total U.S. Department of Education			<u>\$ 5,674,431</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	Z-05-022172-00	\$ 130,000 (8)
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-05-022353-00	20,645 (8)
Passed-through State Department of Health:			
Public Health and Social Services Emergency Fund	93.003	GG-05-10977-00	373,662 (11)
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-05-10977-00	63,666 (11)
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	GG-05-10977-00	28,770 (11)
Family Planning Services	93.217	GG-05-10977-00	244,608 (11)
Immunization Grants	93.268	Z-04-10718-00	29,734 (9)
Immunization Grants	93.268	GG-05-11715-00	28,568 (9)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-05-10977-00	39,378 (11)
Cancer Control	93.399	GG-05-10977-00	13,160 (11)
Temporary Assistance for Needy Families	93.558	GG-05-10977-00	38,500 (8,11)
HIV Prevention Activities - Health Department Based	93.940	Z-05-024058-00	37,100
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.943	Z-04-019747-00	38,873
Preventive Health and Health Services Block Grant	93.991	GG-05-10977-00	50,953 (11)
Maternal and Child Health Services Block Grant to the States	93.994	GG-05-10977-00	44,523 (11)
Passed-through Upper East Tennessee Development Agency:			
Head Start	93.600	(2)	64,893
Total U.S. Department of Health and Human Services			<u>\$ 1,247,033</u>

(Continued)

Sullivan County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	Z-03-017803-00	\$ 9,994 (10)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020148-00	371,578 (10)
State Domestic Preparedness Equipment Support Program	97.004	Z-04-020148-00	<u>26,471 (10)</u>
Total U.S. Department of Homeland Security			<u>\$ 408,043</u>
Total Expenditures of Federal Awards			<u>\$ 11,379,651</u>
<u>State Grants</u>			
Care and Coordination Services - State Department of Health	N/A	(2)	\$ 25,742
Child Health and Development - State Department of Health	N/A	(2)	29,155
HUG Program - State Department of Health	N/A	(2)	29,300
Adolescent Pregnancy - State Department of Health	N/A	(2)	48,531
TennCare Dental Prevention - State Department of Health	N/A	(2)	166,328
Home Visiting - State Department of Health	N/A	(2)	201,919
Juvenile Services Program - State Children's Services Commission	N/A	(2)	77,441
Litter Grant - State Department of Transportation	N/A	(2)	37,056
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	50,589
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	<u>51,236</u>
Total State Grants			<u>\$ 717,297</u>

CFDA - Catalog of Federal Domestic Assistance

N/A - Not Applicable

- (1) - Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) - Information not available.
- (3) - Total for CFDA No. 10.557 (Special Supp. Food Program for Women, Infants, and Children) from the U.S. Dept. of Agriculture was \$503,150.
- (4) - Total for CFDA No. 16.523 (Juvenile Accountability Block Grant) from the U.S. Dept. of Justice Programs was \$66,731.
- (5) - Total for CFDA No. 16.540 (Juvenile Justice and Delinquency Prevention) from the U.S. Dept. of Justice Programs was \$80,727.
- (6) - Total for CFDA No. 83.552 (Emergency Management Performance Grants) from the Federal Emergency Management Agency was \$61,532.
- (7) - Total for CFDA No. 84.048 (Vocational Education - Basic Grants to States) from the U.S. Dept. of Education was \$220,261.
- (8) - Total for CFDA No. 93.558 (Temporary Assistance for Needy Families) from the U.S. Dept. of Health and Human Services was \$189,145.
- (9) - Total for CFDA No. 93.268 (Immunization Grants) from the U.S. Dept. of Health and Human Services was \$58,302.
- (10) - Total for CFDA No. 97.004 (State Domestic Preparedness Equip. Support Program) from the U.S. Dept. of Homeland Security was \$408,043.
- (11) - Multi-service contract.

Sullivan County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2005

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is the finding from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2004, which has not been corrected.

OFFICE OF REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
04.01	220	Duties were not segregated adequately in the Office of Register

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2005

PART I, SUMMARY OF AUDITOR'S RESULTS

1. A qualified opinion was issued on the financial statements of Sullivan County.
2. The audit of the financial statements disclosed one reportable condition in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sullivan County.
4. The audit disclosed no reportable conditions in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no audit findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), the Special Education Cluster: the Special Education-Grants to States and the Special Education Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Domestic Preparedness Equipment Support Program (CFDA No. 97.004) were determined to be major programs.
8. A threshold of \$341,000 was used to distinguish between Type A and Type B federal programs.
9. Sullivan County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We have reviewed these findings and recommendations with management to provide an opportunity for their response. Officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 05.01 **EXPENDITURES EXCEEDED APPROPRIATIONS APPROVED BY THE COUNTY COMMISSION AT THE MAJOR CATEGORY LEVEL OF CONTROL, AND SALARIES EXCEEDED LINE-ITEM APPROPRIATIONS APPROVED BY THE BOARD OF EDUCATION**

(Noncompliance under Government Auditing Standards)

Our review of budgetary controls revealed the following deficiencies:

- A. Expenditures exceeded appropriations approved by the County Commission in several major categories (legal level of control) in the following funds:

<u>Fund/Major Category</u>	<u>Amount</u>
General Purpose School Fund:	
Support Services:	
Vocational Education Program	\$ 3,161
Board of Education	21,404
Maintenance of Plant	56,758
Transportation	7,888
School Federal Projects Fund:	
Support Services:	
Special Education Program	9,201

- B. Twenty-nine salary accounts ranging from \$20 to \$44,878 in the General Purpose School Fund and four salary accounts ranging from \$2,214 to \$70,214 in the School Federal Projects Fund exceeded line-item appropriations approved by the Board of Education.

Section 5-9-401, Tennessee Code Annotated, states that “all funds ... including, but not limited to ... taxes, county aid funds, federal funds and fines, which are to be used in the operation and respective programs of the various departments, commissions, institutions, boards, offices and agencies of county governments shall be appropriated to such use by the county legislative bodies.”

RECOMMENDATION

Expenditures should be held within appropriations as approved by the Board of Education and the County Commission.

OFFICE OF REGISTER

FINDING 05.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICE OF REGISTER**
(Internal Control – Reportable Condition under Government Auditing Standards)

Duties were not segregated adequately among the official and employees in the Office of Register. The official and employees responsible for maintaining the accounting records were also involved in receipting, depositing, and/or disbursing funds. We realize that due to limited resources and personnel, management may not be able to properly segregate duties among employees. However, our professional standards require that we bring this matter to the reader’s attention in this report.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

SULLIVAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2005

There were no audit findings relative to federal awards presented in the prior audit's Schedule of Findings and Questioned Costs or the current year's Schedule of Findings and Questioned Costs.