

ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2006

**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, 2006

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Audit Highlights

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

Scope

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

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include a component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

Our audit resulted in three findings and recommendations, which we have reviewed with Sullivan County 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 approved by the County Commission in three major appropriations categories (the legal level of control) in the General Purpose School Fund.

OFFICE OF REGISTER

- ◆ Duties were not adequately segregated.

OFFICE OF SHERIFF

- ◆ Collections were not always deposited within three days of receipt, and some collections were not deposited intact.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2006

Officials

Richard Venable, County Mayor
John LeSueur, Jr., Commissioner of Roads
Glenn Arwood, Director of Schools
Frances Harrell, Trustee
Nelda Hulse, Purchasing Agent
Larry Bailey, Director of Accounts and Budgets
Jeanie Gammon, County Clerk
Raymond 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 Morrell
Clyde Groseclose	Howard Patrick
Larry Hall	Jack Sitgreaves
Ralph Harr	Michael Surgenor
Joe Herron	Mark 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 22, 2006

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, 2006, 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, 2006, 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, 2006, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

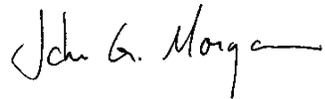
In accordance with Government Auditing Standards, we have also issued our report dated September 22, 2006, on our consideration of Sullivan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements 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.

The management's discussion and analysis on pages 13 through 20 and the budgetary comparison information on pages 75 through 81 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), and miscellaneous schedules 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 has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

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

As management of Sullivan County, Tennessee, we offer readers of Sullivan County's financial statements this narrative overview and analysis of the financial activities of the Sullivan County Government for the fiscal year ended June 30, 2006. 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 \$29.1 million (net assets). Of this amount, \$21.3 million is invested in capital assets, net of related debt. Unrestricted net assets were a negative \$1.2 million on June 30, 2006.
- The government's total net assets increased by \$.9 million. Most of this increase is attributable to current year increases in capital assets.
- As of the close of the current fiscal year, Sullivan County's governmental funds reported combined ending fund balances of \$26.1 million, a decrease of \$1.8 million in comparison with the prior year. Most of this total amount, \$19.4 million, is available for spending at the government's discretion (unreserved fund balance). However, \$1.5 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 \$9.7 million, or 28 percent of total General Fund expenditures.
- Sullivan County's total debt decreased by \$1 million during the current fiscal year, due to normal retirements and savings from a refunding issue.

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 department – 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 from other auditors in time to be included in this report.

The government-wide financial statements can be found as Exhibits A and 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 13 individual governmental funds. Information is presented separately in the governmental fund balance sheet and in the governmental fund statement of revenues, expenditures, and changes in fund balances for the General Fund, Highway/Public Works Fund, and General Debt Service Fund, all of which are considered to be major funds. Data from the other ten 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 Exhibits C-1 through 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 Exhibits D-1, D-2, and 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 Exhibits G-1 through 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 \$29.1 million at the close of the most recent fiscal year.

By far the largest portion of the Sullivan County Government's net assets (73%) 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	
	2006	2005
Assets:		
Current and other assets	\$ 61,644	\$ 60,436
Capital assets	30,794	29,413
Total Assets	\$ 92,438	\$ 89,849
Liabilities:		
Long-term liabilities outstanding	\$ 34,822	\$ 35,681
Other liabilities	28,469	25,925
Total Liabilities	\$ 63,291	\$ 61,606
Net Assets:		
Invested in capital assets, net of related debt	\$ 21,324	\$ 19,825
Restricted	8,975	6,700
Unrestricted	(1,153)	1,718
Total Net Assets	\$ 29,147	\$ 28,243

The remaining portion of the Sullivan County Government's net assets (30.8%) represents resources that are subject to external restrictions on how they may be used, leaving a negative unrestricted net asset balance of (\$1,153).

Unrestricted net assets reflect a decrease from the prior fiscal year of approximately \$2.8 million. Total net assets increased by approximately \$.9 million; however, increases to restricted net assets of approximately \$2.3 million resulted in the decrease to the unrestricted portion of net assets.

Sullivan County, Tennessee - Changes in Net Assets

	Governmental Activities	
	<u>2006</u>	<u>2005</u>
Revenues:		
Program Revenues:		
Charges for services	\$ 16,389	\$ 16,125
Operating grants and contributions	6,211	6,469
Capital grants and contributions	2,111	1,708
General Revenues:		
Property taxes	24,510	23,666
Other taxes	5,936	5,558
Grants and contributions not restricted to specific programs	974	782
Unrestricted investment earnings	1,647	656
Other	76	110
Total Revenues	<u>\$ 57,854</u>	<u>\$ 55,074</u>
Expenses:		
General government	\$ 4,111	\$ 3,902
Finance	4,591	4,558
Administration of justice	4,007	3,689
Public safety	18,037	16,295
Public health and welfare	13,018	11,591
Social, cultural, and recreation services	1,212	1,310
Agriculture and natural resources	149	136
Other operations	1,703	2,291
Highways	7,542	7,557
Education	1,093	1,337
Interest on long-term debt	1,484	1,196
Other debt service	3	48
Total Expenses	<u>\$ 56,950</u>	<u>\$ 53,910</u>
Increase (decrease) in net assets	\$ 904	\$ 1,164
Net assets, July 1	28,423	26,830
Prior-period adjustment	0	249
Net Assets, June 30	<u><u>\$ 29,147</u></u>	<u><u>\$ 28,423</u></u>

Revenues increased by approximately \$2.8 million due largely to increases in property taxes (\$.9 million) and investment earnings (\$1 million).

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 \$26.1 million, a decrease of \$1.8 million in comparison with the prior year. Most of this amount (\$19.4 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 (\$5.6 million), and 2) for a variety of other restricted purposes that are listed on the governmental fund balance sheet (\$1.1 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 \$9.7 million, while total fund balance was \$12.7 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 28 percent of total General Fund expenditures, while total fund balance represents 36 percent of that same amount.

The fund balance of the Sullivan County Government's General Fund decreased by \$1.3 million during the current fiscal year. The key factor in this decrease being only \$1.3 million, although the commission approved a budgeted decrease of \$7.1 million, was General Fund departments showing fiscal responsibility by turning back unspent budget amounts totaling approximately \$4.4 million.

The fund balance for the Sullivan County Government's Highway/Public Works Fund increased by approximately \$1.8 million during the current fiscal year. This is due to expenditures being held below budgeted amounts (\$1 million) and revenues exceeding estimates (\$.7 million).

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 \$3,388 and \$1,477 respectively. The Self-Insurance Fund is used to administer the Sullivan County Government's risk management efforts.

Capital Assets and Debt Administration

Capital assets: The county's investment in capital assets for its governmental activities as of June 30, 2006, amounts to \$21,324 (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 \$25.8 million. This entire amount of bonded debt is backed by the full faith and credit of the Sullivan County Government. Of this amount, \$16.3 million is debt that the Sullivan County Government issued on behalf of the Board of Education. The county's bonded debt decreased by \$345 due to the payment of regular scheduled principal reduction and by another \$680 due to a refunding of debt.

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 on Exhibit L-1 of this report.

Economic Factors and Next Year's Budgets and Rates

When preparing the budget for the 2006-2007 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, 2006

	Primary Government Governmental Activities and Total	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 220,589	\$ 141,491
Equity in Pooled Cash and Investments	31,095,836	6,076,738
Inventories	176,959	503,918
Investments	208,951	0
Accounts Receivable	2,116,861	16,230
Allowance for Uncollectibles	(309,970)	0
Due from Other Governments	3,038,772	2,630,372
Due from Component Units	160,650	0
Property Taxes Receivable	25,230,224	27,335,772
Allowance for Uncollectible Property Taxes	(628,168)	(680,592)
Deferred Charges - Debt Issuance Cost	332,920	149,339
Capital Assets:		
Assets Not Depreciated:		
Land	1,939,721	1,070,261
Construction in Progress	1,160,065	163,000
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	19,952,866	55,639,003
Other Capital Assets	<u>7,741,807</u>	<u>3,358,078</u>
Total Assets	<u>\$ 92,438,083</u>	<u>\$ 96,403,610</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,129,504	\$ 269,021
Accrued Payroll	1,059,905	0
Accrued Interest Payable	347,998	157,267
Payroll Deductions Payable	0	412,632
Contracts Payable	420,561	11,800
Retainage Payable	57,657	0
Claims and Judgments Payable	332,347	0
Due to Primary Government	0	160,650
Due to State of Tennessee	0	24
Other Current Liabilities	1,067,754	11,300
Customer Deposits Payable	1,000	0
Deferred Revenue - Property Taxes	24,052,144	26,059,377
Noncurrent Liabilities:		
Due Within One Year	1,996,595	1,669,791
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	<u>32,825,485</u>	<u>21,603,574</u>
Total Liabilities	<u>\$ 63,290,950</u>	<u>\$ 50,355,436</u>

(Continued)

Exhibit A

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

	<u>Primary Government 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	\$ 21,324,393	\$ 41,078,679
Restricted for:		
Highways	4,821,017	0
Debt Service	1,752,056	19,546
Health Department	1,226,352	0
Alcohol and Drug Treatment	472,456	0
Inventory	176,959	503,918
Capital Projects	390,992	0
Federal Assistance Programs	0	152,563
Other Purposes	135,480	167,273
Unrestricted	<u>(1,152,572)</u>	<u>4,126,195</u>
Total Net Assets	<u>\$ 29,147,133</u>	<u>\$ 46,048,174</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, 2006

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 Activities and Total	Unit Sullivan County School Department
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 4,110,451	\$ 907,035	\$ 16,380	\$ 0	\$ (3,187,036)	\$ 0
Finance	4,591,076	3,529,242	51,432	255,000	(755,402)	0
Administration of Justice	4,007,116	2,423,632	290,884	0	(1,292,600)	0
Public Safety	18,036,863	2,196,655	223,009	758,870	(14,858,329)	0
Public Health and Welfare	13,018,183	6,545,368	2,820,072	0	(3,652,743)	0
Social, Cultural, and Recreational Services	1,212,349	278,624	6,500	170,500	(756,725)	0
Agricultural and Natural Resources	149,125	0	0	0	(149,125)	0
Other Operations	1,702,984	0	0	374,207	(1,328,777)	0
Highways	7,542,117	4,455	2,803,100	552,051	(4,182,511)	0
Education	1,093,212	504,282	0	0	(588,930)	0
Debt Service:						
Interest	1,484,388	0	0	0	(1,484,388)	0
Other Debt Service	3,048	0	0	0	(3,048)	0
Total Primary Government	\$ 56,950,912	\$ 16,389,293	\$ 6,211,377	\$ 2,110,628	\$ (32,239,614)	\$ 0
<u>Component Unit:</u>						
Sullivan County School Department	\$ 86,945,686	\$ 2,022,828	\$ 7,954,486	\$ 649,847	\$ 0	\$ (76,318,525)
Total Component Unit	\$ 86,945,686	\$ 2,022,828	\$ 7,954,486	\$ 649,847	\$ 0	\$ (76,318,525)

(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 Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
						Sullivan County School Department
General Revenues:						
Property Taxes Levied for General Purposes					\$ 22,209,956	\$ 26,553,180
Property Taxes Levied for Debt Service					2,300,284	0
Sales Taxes					2,838,499	11,873,891
Other Taxes					3,098,497	11,358
Grants and Contributions not restricted to specific programs					973,791	38,389,719
Unrestricted Investment Income					1,646,767	627
Miscellaneous					76,266	427,868
Total General Revenues					<u>\$ 33,144,060</u>	<u>\$ 77,256,643</u>
Change in Net Assets					\$ 904,446	\$ 938,118
Net Assets - July 1, 2005					<u>28,242,687</u>	<u>45,110,056</u>
Net Assets - June 30, 2006					<u>\$ 29,147,133</u>	<u>\$ 46,048,174</u>

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, 2006

	Major Funds			Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>ASSETS</u>					
Cash	\$ 100	\$ 0	\$ 0	\$ 162,424	\$ 162,524
Equity in Pooled Cash and Investments	12,864,576	3,547,834	2,768,196	7,257,374	26,437,980
Inventories	176,959	0	0	0	176,959
Investments	208,951	0	0	0	208,951
Accounts Receivable	334,060	230,085	0	1,242,746	1,806,891
Due from Other Governments	1,123,018	1,364,254	0	551,500	3,038,772
Due from Other Funds	178,860	0	0	11,075	189,935
Due from Component Units	18,822	0	0	13,305	32,127
Property Taxes Receivable	19,675,481	1,374,068	2,368,075	1,812,600	25,230,224
Allowance for Uncollectible Property Taxes	(489,869)	(34,211)	(58,959)	(45,129)	(628,168)
Total Assets	\$ 34,090,958	\$ 6,482,030	\$ 5,077,312	\$ 11,005,895	\$ 56,656,195
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 930,641	\$ 7,034	\$ 0	\$ 136,408	\$ 1,074,083
Accrued Payroll	711,000	164,451	0	184,454	1,059,905
Contracts Payable	0	0	0	420,561	420,561
Retainage Payable	17,054	0	0	40,603	57,657
Due to Other Funds	282,973	117,882	0	196,807	597,662
Other Current Liabilities	0	0	1,067,754	0	1,067,754
Current Liabilities Payable from Restricted Assets:					
Customer Deposits Payable	1,000	0	0	0	1,000
Deferred Revenue - Current Property Taxes	18,756,770	1,309,908	2,257,502	1,727,964	24,052,144
Deferred Revenue - Delinquent Property Taxes	375,748	26,241	45,224	34,616	481,829
Other Deferred Revenues	329,297	507,812	0	907,194	1,744,303
Total Liabilities	\$ 21,404,483	\$ 2,133,328	\$ 3,370,480	\$ 3,648,607	\$ 30,556,898
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 1,884,136	\$ 131,221	\$ 0	\$ 3,601,418	\$ 5,616,775
Reserved for Alcohol and Drug Treatment	472,456	0	0	0	472,456
Reserved for Litigation Tax - Office of Public Defender	73,160	0	0	0	73,160
Reserved for Drug Court	21,449	0	0	0	21,449
Reserved for Courtroom Security	1,074	0	0	0	1,074
Reserved for Inventory	176,959	0	0	0	176,959
Reserved for Other General Purposes	350,000	0	1,641	0	351,641
Unreserved, Reported In:					
General Fund	9,707,241	0	0	0	9,707,241
Special Revenue Funds	0	4,217,481	0	2,340,804	6,558,285
Debt Service Funds	0	0	1,705,191	0	1,705,191
Capital Projects Funds	0	0	0	1,415,066	1,415,066
Total Fund Balances	\$ 12,686,475	\$ 4,348,702	\$ 1,706,832	\$ 7,357,288	\$ 26,099,297
Total Liabilities and Fund Balances	\$ 34,090,958	\$ 6,482,030	\$ 5,077,312	\$ 11,005,895	\$ 56,656,195

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

Exhibit C-2

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

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 26,099,297
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,939,721	
Add: construction in progress	1,160,065	
Add: buildings and improvements net of accumulated depreciation	19,952,866	
Add: other capital assets net of accumulated depreciation	<u>7,741,807</u>	30,794,459
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,226,132
(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.		4,864,403
(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.		332,920
(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.		(347,998)
(6) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (7,220,000)	
Less: bonds payable	(25,820,000)	
Add: deferred amount on refunded notes	103,774	
Add: deferred amount on refunded bonds	462,838	
Less: compensated absences payable	(1,018,896)	
Less: other deferred revenue - premium on bonds	<u>(1,329,796)</u>	<u>(34,822,080)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 29,147,133</u>

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

Exhibit C-3

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

	Major Funds			Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	
<u>Revenues</u>					
Local Taxes	\$ 21,642,733	\$ 4,893,217	\$ 2,466,984	\$ 1,763,836	\$ 30,766,770
Licenses and Permits	256,536	184,000	0	0	440,536
Fines, Forfeitures, and Penalties	506,070	0	0	56,041	562,111
Charges for Current Services	296,236	0	0	5,769,757	6,065,993
Other Local Revenues	179,247	1,453,398	243,418	90,768	1,966,831
Fees Received from County Officials	6,359,948	0	0	0	6,359,948
State of Tennessee	2,964,760	3,291,439	0	1,034,945	7,291,144
Federal Government	1,730,532	10,400	0	1,908,882	3,649,814
Other Governments and Citizens Groups	373,233	0	0	627,887	1,001,120
Total Revenues	\$ 34,309,295	\$ 9,832,454	\$ 2,710,402	\$ 11,252,116	\$ 58,104,267
<u>Expenditures</u>					
Current:					
General Government	\$ 4,245,985	\$ 0	\$ 0	\$ 4,455	\$ 4,250,440
Finance	4,568,167	0	49,746	393	4,618,306
Administration of Justice	3,790,886	0	0	12,448	3,803,334
Public Safety	16,836,681	0	0	18,378	16,855,059
Public Health and Welfare	609,772	0	0	10,858,231	11,468,003
Social, Cultural, and Recreational Services	999,716	0	0	812,696	1,812,412
Agricultural and Natural Resources	149,548	0	0	0	149,548
Other Operations	1,177,739	0	0	0	1,177,739
Highways	0	7,040,548	0	0	7,040,548
Instruction	135,772	0	0	0	135,772
Debt Service:					
Principal on Debt	0	459,913	1,070,000	73,333	1,603,246
Interest on Debt	0	13,218	1,459,813	5,002	1,478,033
Other Debt Service	0	0	229,317	0	229,317
Capital Projects	2,116,047	469,969	0	2,017,512	4,603,528
Capital Projects - Donated	311,294	0	0	1,135,225	1,446,519
Total Expenditures	\$ 34,941,607	\$ 7,983,648	\$ 2,808,876	\$ 14,937,673	\$ 60,671,804
Excess (Deficiency) of Revenues Over Expenditures					
	\$ (632,312)	\$ 1,848,806	\$ (98,474)	\$ (3,685,557)	\$ (2,567,537)
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 505,000	\$ 505,000
Refunding Debt Issued	0	0	16,320,000	0	16,320,000
Premiums on Debt Issued	0	0	1,389,562	0	1,389,562
Transfers In	0	0	0	640,330	640,330
Transfers Out	(640,330)	0	0	(10,555)	(650,885)
Payments to Refunded Debt Escrow Agent	0	0	(17,483,293)	0	(17,483,293)
Total Other Financing Sources (Uses)	\$ (640,330)	\$ 0	\$ 226,269	\$ 1,134,775	\$ 720,714
Net Change in Fund Balances					
	\$ (1,272,642)	\$ 1,848,806	\$ 127,795	\$ (2,550,782)	\$ (1,846,823)
Fund Balance, July 1, 2005	13,959,117	2,499,896	1,579,037	9,908,070	27,946,120
Fund Balance, June 30, 2006	\$ 12,686,475	\$ 4,348,702	\$ 1,706,832	\$ 7,357,288	\$ 26,099,297

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

Exhibit C-4

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, 2006

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (1,846,823)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital outlays in the current period	\$ 3,501,164	
Less: current year depreciation	<u>(2,119,559)</u>	1,381,605
(2) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2005	\$ (2,286,091)	
For the year ended June 30, 2006	<u>2,226,132</u>	(59,959)
(3) 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. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: note proceeds	\$ (505,000)	
Less: refunding bond proceeds	(16,320,000)	
Less: premium on refunding bonds	(1,389,562)	
Add: premium on debt issuance amortized during year	59,766	
Add: change in deferred debt issuance costs	202,682	
Add: principal payment on bonds	345,000	
Add: principal payment on notes	1,258,246	
Add: debt principal refunded	17,000,000	
Less: change in deferred amount on refunding debt	<u>432,215</u>	1,083,347
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (51,511)	
Change in compensated absences	<u>(21,264)</u>	(72,775)

(Continued)

Exhibit C-4

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

(5) 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>\$ 419,051</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 904,446</u></u>

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

Exhibit D-1

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

Governmental
 Activities -
 Internal
Service Funds

ASSETS

Current Assets:

Cash	\$ 58,065
Equity in Pooled Cash and Investments	4,657,856
Due from Other Funds	407,727
Due from Component Units	<u>128,523</u>
Total Assets	<u>\$ 5,252,171</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$ 55,421
Claims and Judgments Payable	<u>332,347</u>
Total Liabilities	<u>\$ 387,768</u>

NET ASSETS

Unrestricted	<u>\$ 4,864,403</u>
Total Net Assets	<u>\$ 4,864,403</u>

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

Exhibit D-2

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

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,700,192
Cobra Insurance Payments	3,938
Total Operating Revenues	<u>\$ 1,704,130</u>
<u>Operating Expenses</u>	
Handling Charges & Administrative Costs	\$ 81,218
Dental Insurance	278,533
Contracts with Private Agencies	2,182
Building and Contents Insurance	41,661
Liability Insurance	33,695
Medical Claims	219,429
Trustee Commission	96
Vehicle and Equipment Insurance	97,094
Workers' Compensation Insurance	521,464
Liability Claims	19,294
Premiums on Corporate Surety Bonds	12
Total Operating Expenses	<u>\$ 1,294,678</u>
Operating Income (Loss)	<u>\$ 409,452</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 9,599
Total Nonoperating Revenues (Expenses)	<u>\$ 9,599</u>
Change in Net Assets	\$ 419,051
Net Assets, July 1, 2005	<u>4,445,352</u>
Net Assets, June 30, 2006	<u><u>\$ 4,864,403</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, 2006

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 1,508,794
Payments to Insurers	(951,522)
Payments for Claims	(454,665)
Payments for Administrative Costs	(83,400)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 19,207</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 9,599</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 9,599</u>
Increase (Decrease) in Cash	\$ 28,806
Cash, July 1, 2005	<u>4,687,115</u>
Cash, June 30, 2006	<u><u>\$ 4,715,921</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ 409,452
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	(195,336)
Increase (Decrease) in Other Current Liabilities	<u>(194,909)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ 19,207</u></u>

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

Exhibit E

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

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 8,259,688
Equity in Pooled Cash and Investments	1,263,898
Accounts Receivable	14,167
Due from Other Governments	4,609,928
Taxes Receivable	21,399,780
Allowance for Uncollectible Taxes	<u>(532,799)</u>
Total Assets	<u>\$ 35,014,662</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 402
Due to Other Taxing Units	26,402,198
Due to Litigants, Heirs, and Others	8,273,185
Due to Joint Ventures	<u>338,877</u>
Total Liabilities	<u>\$ 35,014,662</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, 2006

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 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. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the statement of activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of 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 \$16,320,000 of refunding bonds for school purposes. These transactions are being accounted for in the General Debt Service Fund (major fund) of the primary government.

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, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of 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 grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

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’s Highway Department.

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

Additionally, Sullivan County reports the following fund types:

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

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, the 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.

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

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 funds’ 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 1.3 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.

Most payables are disaggregated on the face of the financial statements. The balance of \$420,561 in the Contracts Payable account on the Statement of Net Assets for the primary government and

\$11,800 for the discretely presented School Department, represents amounts due to contractors on construction projects for percentage completed.

The balance in the account Other Current Liabilities (\$1,067,754) 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 (\$1,000) on the Statement of Net Assets for the primary government consists of a liability for amounts being held in escrow for a contractor to ensure completion of a construction project in-lieu-of a performance bond.

Retainage payable in the primary government funds represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the governmental funds.

3. Inventories

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 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>
Building 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 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, 2006, Sullivan County had \$17,820,000 in outstanding debt for capital purposes of the discretely presented Sullivan County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Bristol School System and City of Kingsport School System) based on an average daily attendance proration. This

debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the Sullivan County School Department, the City of Bristol School System, and the City of Kingsport School System. In addition, Sullivan County had outstanding debt totaling \$2,500,000 on June 30, 2006, related to capital purposes of the Sullivan County Economic Development Partnership (a joint venture described in Note V.F.). This debt is also a liability of Sullivan County, but the 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 (\$135,480), with the primary restrictions being for drug court (\$21,449); the public defender (\$73,160); and the drug control program (\$27,871). For the discretely presented Sullivan County School Department, the account balance in Restricted for Other Purposes (\$167,273) consists primarily of the career ladder program (\$131,328).

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Sullivan County School Department

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

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

Primary Government

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

Discretely Presented Sullivan County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

B. Fund Deficit

The Other Capital Projects Fund had an unreserved fund balance deficit of \$208,605 as of June 30, 2006. This fund deficit resulted from the recognition of the unperformed portion of construction contracts totaling \$3,264,256 being reserved as encumbrances in the financial statements of this report. Funding for these future expenditures will be received subsequent to year-end with requests for funds from an approved grant agreement.

C. Expenditures Exceeded Appropriations

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

<u>Fund/Major Category</u>	<u>Amount Overspent</u>
General Purpose School Fund:	
Support Services:	
Board of Education	\$ 25,939
Maintenance of Plant	1,001
Transportation	488
Special Purpose Fund:	
Support Services:	
Board of Education	274

In addition, salaries exceeded line-item appropriations approved by the Board of Education in four salary accounts in the General Purpose School Fund in amounts ranging from \$110 to \$38,667.

Such over expenditures are a violation of state statutes. These overexpenditures were funded by available fund balance.

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, 2006, Sullivan County had the following investments carried at 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>Cost</u>
State Treasurer's Investment Pool	Daily	<u>\$ 16,122,034</u>
Total Pooled Investments		<u><u>\$ 16,122,034</u></u>

NONPOOLED INVESTMENTS

Investment	Maturities	Cost
General Fund:		
State Treasurer's Investment Pool	Daily	\$ 208,951
Total Nonpooled Investments		\$ 208,951

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. State statutes limit the maturities of certain investments as previously disclosed. 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, 2006, 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, 2006, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 1,867,021	\$ 72,700	\$ 0	\$ 1,939,721
Construction in Progress	42,322	2,264,997	(1,147,254)	1,160,065
Total Capital Assets Not Depreciated	\$ 1,909,343	\$ 2,337,697	\$ (1,147,254)	\$ 3,099,786
Capital Assets Depreciated:				
Buildings and Improvements	\$ 25,867,721	\$ 1,074,554	\$ (20,000)	\$ 26,922,275
Other Capital Assets	21,369,823	1,236,167	(626,715)	21,979,275
Total Capital Assets Depreciated	\$ 47,237,544	\$ 2,310,721	\$ (646,715)	\$ 48,901,550

Governmental Activities: (Cont.)

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Less Accumulated Depreciation For: Buildings and Improvements	\$ 6,472,781	\$ 516,528	\$ (19,900)	\$ 6,969,409
Other Capital Assets	13,261,252	1,541,947	(565,731)	14,237,468
Total Accumulated Depreciation	<u>\$ 19,734,033</u>	<u>\$ 2,058,475</u>	<u>\$ (585,631)</u>	<u>\$ 21,206,877</u>
Total Capital Assets Depreciated, Net	<u>\$ 27,503,511</u>	<u>\$ 252,246</u>	<u>\$ (61,084)</u>	<u>\$ 27,694,673</u>
Governmental Activities Capital Assets, Net	<u>\$ 29,412,854</u>	<u>\$ 2,589,943</u>	<u>\$ (1,208,338)</u>	<u>\$ 30,794,459</u>

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

Governmental Activities:

General Government	\$ 23,282
Administration of Justice	206,228
Public Safety	1,280,307
Public Health and Welfare	288,982
Social, Cultural, and Recreational	27,263
Other Operations	2,116
Highways	<u>291,381</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,119,559</u>

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-05	Increases	Decreases	Balance 6-30-06
Capital Assets Not Depreciated:				
Land	\$ 1,071,949	\$ 0	\$ (1,688)	\$ 1,070,261
Construction in Progress	0	163,000	0	163,000
Total Capital Assets Not Depreciated	\$ 1,071,949	\$ 163,000	\$ (1,688)	\$ 1,233,261
Capital Assets Depreciated:				
Buildings and Improvements	\$ 93,910,187	\$ 788,025	\$ (764,847)	\$ 93,933,365
Other Capital Assets	6,772,684	194,749	(73,831)	6,893,602
Total Capital Assets Depreciated	\$ 100,682,871	\$ 982,774	\$ (838,678)	\$ 100,826,967
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 37,033,572	\$ 1,717,654	\$ (456,864)	\$ 38,294,362
Other Capital Assets	3,071,764	516,243	(52,483)	3,535,524
Total Accumulated Depreciation	\$ 40,105,336	\$ 2,233,897	\$ (509,347)	\$ 41,829,886
Total Capital Assets Depreciated, Net	\$ 60,577,535	\$ (1,251,123)	\$ (329,331)	\$ 58,997,081
Governmental Activities Capital Assets, Net	\$ 61,649,484	\$ (1,088,123)	\$ (331,019)	\$ 60,230,342

Depreciation expense totaling \$2,233,897 was charged by the discretely presented Sullivan County School Department.

C. Construction Commitments

At June 30, 2006, the county had uncompleted construction contracts of \$521,777 for a fire booster protection pump project in the General Fund, and \$2,810,246 for jail extension/improvements and \$329,254 for building improvements in the Other Capital Projects Fund. Funding has been provided for these expenditures through approved state grants and the issuance of debt.

The discretely presented Sullivan County School Department had uncompleted school renovation contracts of \$65,431 as of June 30, 2006. 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, 2006, is as follows:

Due to/from other funds:

Primary Government:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Highway/Public Works	\$ 3,254
"	Nonmajor governmental	175,606
Nonmajor governmental	General	9,983
"	Nonmajor governmental	1,092
Internal Service	General	272,990
"	Highway/Public Works	114,628
"	Nonmajor governmental	<u>20,109</u>
Total		<u>\$ 597,662</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	\$ 18,822
Nonmajor governmental	General Purpose School	13,305
Internal Service	General Purpose School	<u>128,523</u>
Total		<u>\$ 160,650</u>

Interfund Transfers:

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

Primary Government

Transfers Out	Transfers In	
	Nonmajor Governmental Funds	Agency Fund
General Fund	\$ 640,330	\$ 0
Nonmajor governmental funds	0	10,555
Total	\$ 640,330	\$ 10,555

Discretely Presented Sullivan County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 2,145,872
Nonmajor governmental funds	412,000	0
Total	\$ 412,000	\$ 2,145,872

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. Long-term Debt

Primary Government

General Obligation Bonds and Notes

The county issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds. Capital outlay notes 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, 2006, will be retired from the General Debt Service Fund and the Ambulance Service Fund.

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

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	2.5 to 4.1 %	\$ 10,465,000	\$ 9,500,000
General Obligation Bonds - Refunding	4.75 to 5	16,320,000	16,320,000
Capital Outlay Notes	2.65 to 5.54	5,750,000	4,375,000
Refunding Notes	3.2	3,330,000	2,845,000

The annual requirements to amortize all general obligation bonds and capital outlay notes outstanding as of June 30, 2006, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2007	\$ 505,000	\$ 1,135,130	\$ 953,333	\$ 288,528
2008	520,000	1,121,180	951,667	256,811
2009	540,000	1,105,905	1,030,000	221,790
2010	555,000	1,089,117	1,135,000	182,142
2011	570,000	1,071,627	1,200,000	139,708
2012-2016	6,965,000	4,679,758	1,575,000	347,148
2017-2021	8,595,000	3,057,462	375,000	19,305
2022-2025	7,570,000	779,615	0	0
Total	\$ 25,820,000	\$ 14,039,794	\$ 7,220,000	\$ 1,455,432

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 2005-06 fiscal year, the county issued Industrial Park Capital Outlay Notes, Series 2006, of \$505,000 on behalf of the Sullivan County Economic Development Partnership (a joint venture described in Note V.F.). As per contract, the other governments participating in the joint venture have agreed to pay 49 percent of the principal and interest requirements.

There is \$1,705,191 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita for the primary government and School Department combined amounted to \$404, based on the 2000 federal census for residents living outside the Bristol and Kingsport school districts and \$169 for residents living inside the these school districts. Total debt per capita for the primary government and School Department combined, including bonds and notes, amounted to \$452, for residents living outside the Bristol and Kingsport districts and \$217, 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, 2006, was as follows:

	<u>Bonds</u>	<u>Notes</u>
Balance, July 1, 2005	\$ 26,845,000	\$ 7,973,246
Additions	16,320,000	505,000
Deductions	<u>(17,345,000)</u>	<u>(1,258,246)</u>
Balance, June 30, 2006	<u>\$ 25,820,000</u>	<u>\$ 7,220,000</u>
Balance Due Within One Year	<u>\$ 505,000</u>	<u>\$ 953,333</u>

	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 997,632
Additions	1,170,589
Deductions	<u>(1,149,325)</u>
Balance, June 30, 2006	<u>\$ 1,018,896</u>
Balance Due Within One Year	<u>\$ 601,149</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 34,058,896
Less: Balance Due Within One Year	(1,996,595)
Add: Unamortized Premium on Debt	1,329,796
Less: Deferred Amount on Refunding	<u>(566,612)</u>
Noncurrent Liabilities - Due In	
More Than One Year - Exhibit A	<u><u>\$ 32,825,485</u></u>

Compensated absences payable will be paid from the employing funds.

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.

Advance Refunding

On September 1, 2005, Sullivan County advance refunded two general obligation bond issues with a separate general obligation bond issue. The county issued \$16,320,000 of general obligation refunding bonds to provide resources to purchase U.S. government securities that were placed in an irrevocable trust to generate resources for all future debt service payments of the refunded debt. As a result, the refunded bonds are considered defeased, and the liability has been removed from the county's long-term debt. As a result of the advance refunding, total debt service payments over the next 18 years will be reduced by \$854,352, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding bonds) of \$537,787 was obtained.

Discretely Presented 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, 2006, will be retired from the Special Purpose Fund.

County district school bonds and capital outlay notes outstanding as of June 30, 2006, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-06
General Obligation Bonds	4 to 5 %	\$ 24,200,000	\$ 6,345,000
General Obligation Bonds - Refunding	5	13,220,000	13,220,000
Capital Outlay Notes	0	427,823	11,884

The annual requirements to amortize all general obligation bonds and capital outlay notes (interest free) outstanding as of June 30, 2006, including bond interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes
	Principal	Interest	Principal
2007	\$ 1,170,000	\$ 943,600	\$ 11,884
2008	1,215,000	893,875	0
2009	1,265,000	839,200	0
2010	1,320,000	782,275	0
2011	1,375,000	722,875	0
2012-2016	7,670,000	2,573,750	0
2017-2019	5,550,000	565,000	0
Total	\$ 19,565,000	\$ 7,320,575	\$ 11,884

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

Changes in Long-term Liabilities

	Bonds	Notes
Balance, July 1, 2005	\$ 20,690,000	\$ 35,652
Deductions	(1,125,000)	(23,768)
Balance June 30, 2006	\$ 19,565,000	\$ 11,884
Balance Due Within One Year	\$ 1,170,000	\$ 11,884

	<u>Compensated Absences</u>
Balance, July 1, 2005	\$ 2,716,599
Additions	721,756
Deductions	<u>(597,652)</u>
Balance, June 30, 2006	<u>\$ 2,840,703</u>
Balance Due Within One Year	<u>\$ 624,955</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2006	\$ 22,417,587
Less: Balance Due Within One Year	(1,669,791)
Add: Unamortized Premium	1,280,999
Less: Deferred Amount on Refunding	<u>(425,221)</u>
Noncurrent Liabilities - Due In More Than One Year - Exhibit A	<u>\$ 21,603,574</u>

Compensated absences payable will be paid from the employing funds.

Defeasance of Prior Debt

In prior years, Sullivan County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2006, these bonds, totaling \$13,585,000 and a call date of May 1, 2015, are considered defeased.

F. 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 and the Health Department 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, 2006, was as follows:

	Balance 7-1-05	Issued	Redeemed	Balance 6-30-06
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 3,000,000	\$ (3,000,000)	\$ 0
Health Department Fund	0	400,000	(400,000)	0

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. The county decided to discontinue the self-insurance health plan and 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 and the retirees’ supplemental health and employee dental plans.

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

Sullivan County 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 the self-insurance 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
2004-2005	\$ 400,121	\$ 1,129,937	\$ (992,814)	\$ 537,244
2005-2006	537,244	713,208	(918,105)	332,347

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2004-2005	\$ 8,741	\$ 211,057	\$ (209,266)	\$ 10,532
2005-2006	10,532	219,429	(229,961)	0

B. Accounting Changes

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

The provisions of GASB Statement No. 44, Economic Condition Reporting: The Statistical Section (an amendment of NCGA Statement 1) became effective for the year ended June 30, 2006. GASB Statement No. 44 applies to the preparation of the statistical section. State and local governments may, but are not required to, prepare a statistical section to accompany basic financial statements. However, a statistical section is required to accompany a comprehensive annual financial report. Since Sullivan County is not presenting a comprehensive annual financial report, it has elected not to prepare a statistical section. A limited statistical section was presented in the prior year's report. GASB Statement No. 44 amends guidance related to the preparation of the statistical section. This statement improves the understandability and usefulness of statistical information by addressing the comparability problems that have developed in practice and by adding information from the new financial reporting model for state and local governments required by GASB Statement No. 34. GASB Statement No. 44 establishes the objectives of the statistical section and the five categories it contains: financial trends, revenue capacity, and debt capacity, demographic and economic, and operating. It is reasonably expected that Sullivan County will prepare and present a statistical section in subsequent years that follows the requirements of GASB Statement No. 44.

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

The provisions of GASB Statement No. 47, Accounting for Termination Benefits became effective for the year ended June 30, 2006. GASB Statement No. 47 provides accounting and reporting guidance for state and local governments that offer benefits such as early retirement incentives or severance to employees who are involuntarily terminated. Statement No. 47 specifies when governments should recognize the cost of termination benefits they offer in accrual basis financial statements. Sullivan County was not offering any termination benefits to employees as of June 30, 2006. But it is reasonably expected that Sullivan County will offer termination benefits in subsequent years subject to the accounting and reporting requirements of GASB Statement No. 47.

C. Subsequent Event

On July 17, 2006, the County Commission approved a state library and archive grant totaling \$22,000 to purchase computers and other equipment for programs for the disadvantaged.

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.F.). 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. Changes in Administration

On August 31, 2006, Richard Venable left the Office of County Mayor and was succeeded by Steve Godsey, John LeSueur left the Office of Commissioner of Roads and was succeeded by Allen Pope, and Raymond Winters left the Office of Circuit, General Sessions, and Law Courts Clerk and was succeeded by Tommy Kerns.

F. 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, 12 members appointed collectively by the four mayors, and four members appointed by the other 20 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 the 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, 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, 2006. 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
Second 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

G. 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, Cocke, 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, Cocke 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.

H. 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 ended June 30, 2006, 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 ended June 30, 2006, Sullivan County's annual pension cost of \$3,931,270 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
6-30-06	\$3,931,270	100%	\$0
6-30-05	3,787,278	100	0
6-30-04	2,928,615	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)
6-30-05	\$99,692	\$105,700	\$6,008	94.32%	\$30,151	19.93%
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

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, 2006, 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, 2006, 2005, and 2004, were \$2,176,697, \$2,141,933, and \$1,307,249, respectively, equal to the required contributions for each year.

I. Other Post-employment Benefits

In addition to the retirement commitments described above, 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, 2006, 34 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 \$147,342 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 116 individuals are participating in the program. During the year, expenditures of \$258,589 were recognized for participants in the program.

In addition to the retirement commitments described above, 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, 2006, 333 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 \$1,163,729 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, 550 individuals are participating in the program. During the year, expenditures of \$630,281 were recognized for participants in the program.

J. 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.

K. 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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 21,642,733	\$ 0	\$ 0	\$ 21,642,733	\$ 21,153,226	\$ 21,153,226	\$ 489,507
Licenses and Permits	256,536	0	0	256,536	276,000	276,000	(19,464)
Fines, Forfeitures, and Penalties	506,070	0	0	506,070	264,062	434,062	72,008
Charges for Current Services	296,236	0	0	296,236	441,233	441,233	(144,997)
Other Local Revenues	179,247	0	0	179,247	355,391	398,591	(219,344)
Fees Received from County Officials	6,359,948	0	0	6,359,948	6,088,000	5,894,200	465,748
State of Tennessee	2,964,760	0	0	2,964,760	2,874,606	3,418,281	(453,521)
Federal Government	1,730,532	0	0	1,730,532	800,454	1,671,182	59,350
Other Governments and Citizens Groups	373,233	0	0	373,233	26,190	224,409	148,824
Total Revenues	\$ 34,309,295	\$ 0	\$ 0	\$ 34,309,295	\$ 32,279,162	\$ 33,911,184	\$ 398,111
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 197,290	\$ (18)	\$ 346	\$ 197,618	\$ 200,455	\$ 200,455	\$ 2,837
County Mayor/Executive	163,029	(253)	1,201	163,977	172,740	172,740	8,763
County Attorney	187,365	(42)	446	187,769	193,670	193,670	5,901
Election Commission	320,694	(669)	370,511	690,536	337,342	703,342	12,806
Register of Deeds	534,230	(7,869)	96,283	622,644	595,896	670,896	48,252
Planning	288,886	(1,936)	401	287,351	332,125	332,125	44,774
Geographical Information Systems	62,960	0	266,914	329,874	0	329,874	0
County Buildings	1,089,360	(39,040)	78,724	1,129,044	1,209,140	1,357,800	228,756
Other Facilities	160,094	0	0	160,094	144,470	160,470	376
Preservation of Records	60,609	(1,425)	5,487	64,671	65,875	68,375	3,704
Risk Management	1,181,468	(1,766)	831	1,180,533	1,197,779	1,197,779	17,246
<u>Finance</u>							
Accounting and Budgeting	546,410	(2,676)	1,521	545,255	573,900	573,900	28,645
Purchasing	622,504	(9,520)	3,167	616,151	648,083	648,083	31,932

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Property Assessor's Office	\$ 1,349,506	\$ (2,093)	\$ 12,693	\$ 1,360,106	\$ 1,417,493	\$ 1,417,493	\$ 57,387
County Trustee's Office	449,862	(739)	4,370	453,493	525,491	525,491	71,998
County Clerk's Office	1,101,654	(5,680)	7,511	1,103,485	1,258,306	1,258,306	154,821
Data Processing	51,659	(20,821)	69,050	99,888	110,000	110,000	10,112
Other Finance	446,572	0	0	446,572	475,000	475,000	28,428
<u>Administration of Justice</u>							
Circuit Court Judge	9,821	(620)	694	9,895	13,000	13,000	3,105
Circuit Court Clerk	1,146,694	(4,807)	13,821	1,155,708	1,173,327	1,173,327	17,619
General Sessions Court	390,105	(1,744)	443	388,804	402,448	402,448	13,644
General Sessions Judge	420,212	(123)	156	420,245	427,745	427,745	7,500
Drug Court	126,085	0	0	126,085	125,344	141,178	15,093
Chancery Court	454,090	(10,445)	4,751	448,396	453,824	453,824	5,428
Juvenile Court	653,505	(2,071)	2,711	654,145	722,926	692,926	38,781
District Attorney General	293,444	0	0	293,444	298,284	298,284	4,840
Office of Public Defender	156,191	0	0	156,191	162,244	162,244	6,053
Other Administration of Justice	140,739	0	0	140,739	161,250	161,250	20,511
<u>Public Safety</u>							
Sheriff's Department	7,684,838	(1,234)	1,012	7,684,616	7,525,627	7,726,358	41,742
Administration of the Sexual Offender Registry	11,721	0	100	11,821	12,000	12,000	179
Jail	5,799,124	(2,591)	38,982	5,835,515	5,439,493	5,860,041	24,526
Workhouse	73,732	0	363	74,095	85,024	85,024	10,929
Juvenile Services	652,897	0	0	652,897	548,552	653,552	655
Fire Prevention and Control	1,440,509	0	0	1,440,509	1,440,509	1,440,509	0
Civil Defense	422,015	(6,845)	12,570	427,740	437,133	439,202	11,462
Rescue Squad	235,620	0	0	235,620	275,620	275,620	40,000
Disaster Relief	243,268	(92,142)	185,460	336,586	759,805	636,814	300,228

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Other Emergency Management	\$ 9,035	\$ (8,458)	\$ 0	\$ 577	\$ 15,519	\$ 15,519	\$ 14,942
County Coroner/Medical Examiner	130,898	(1,348)	525	130,075	134,233	134,233	4,158
Other Public Safety	133,024	0	136	133,160	143,200	143,200	10,040
<u>Public Health and Welfare</u>							
Rabies and Animal Control	241,056	(708)	50	240,398	239,520	253,520	13,122
Ambulance/Emergency Medical Services	219,957	0	0	219,957	0	220,000	43
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	26,000	0	0	26,000	26,000	26,000	0
Other Local Welfare Services	13,400	(160)	880	14,120	14,260	14,260	140
Other Public Health and Welfare	10,000	0	0	10,000	10,000	10,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	10,000	0	0	10,000	10,000	10,000	0
Libraries	627,216	(2,086)	16,623	641,753	720,220	724,220	82,467
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	105,699	0	0	105,699	112,623	112,623	6,924
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	42,849	0	0	42,849	42,849	42,849	0
<u>Other Operations</u>							
Tourism	34,467	0	461	34,928	62,000	87,000	52,072
Industrial Development	633,754	0	521,777	1,155,531	453,940	1,328,493	172,962
Housing and Urban Development	20,000	0	0	20,000	20,000	20,000	0
Other Economic and Community Development	33,000	0	0	33,000	35,285	35,285	2,285
Veterans' Services	11,900	0	0	11,900	11,900	11,900	0
Contributions to Other Agencies	25,000	0	0	25,000	25,000	25,000	0

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations (Cont.)</u>							
Employee Benefits	\$ 387,265	\$ 0	\$ 0	\$ 387,265	\$ 387,265	\$ 387,265	\$ 0
Miscellaneous	32,353	0	20,600	52,953	69,990	73,060	20,107
<u>Instruction</u>							
Vocational Education Program	10,239	0	0	10,239	10,239	10,239	0
Other	125,533	0	0	125,533	200,000	200,000	74,467
<u>Support Services</u>							
Fiscal Services	0	0	0	0	0	12,000	12,000
<u>Capital Projects</u>							
Administration of Justice Projects	79,000	0	0	79,000	79,000	79,000	0
Public Utility Projects	2,017,688	0	0	2,017,688	4,571,027	4,571,027	2,553,339
Highway & Street Capital Projects	19,359	0	0	19,359	73,000	73,000	53,641
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	311,294	(13,118)	138,065	436,241	0	436,241	0
Total Expenditures	\$ 34,941,607	\$ (247,547)	\$ 1,884,136	\$ 36,578,196	\$ 37,851,849	\$ 40,969,938	\$ 4,391,742
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (632,312)	\$ 247,547	\$ (1,884,136)	\$ (2,268,901)	\$ (5,572,687)	\$ (7,058,754)	\$ 4,789,853
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (640,330)	\$ 0	\$ 0	\$ (640,330)	\$ 0	\$ (640,330)	\$ 0
Total Other Financing Sources (Uses)	\$ (640,330)	\$ 0	\$ 0	\$ (640,330)	\$ 0	\$ (640,330)	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 13,959,117	(247,547)	0	13,711,570	7,000,000	9,126,397	4,585,173
Fund Balance, June 30, 2006	\$ 12,686,475	\$ 0	\$ (1,884,136)	\$ 10,802,339	\$ 1,427,313	\$ 1,427,313	\$ 9,375,026

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,893,217	\$ 0	\$ 0	\$ 4,893,217	\$ 4,547,000	\$ 4,547,000	\$ 346,217
Licenses and Permits	184,000	0	0	184,000	184,000	184,000	0
Other Local Revenues	1,453,398	0	0	1,453,398	700,550	700,550	752,848
State of Tennessee	3,291,439	0	0	3,291,439	3,661,015	3,661,015	(369,576)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Total Revenues	\$ 9,832,454	\$ 0	\$ 0	\$ 9,832,454	\$ 9,102,965	\$ 9,102,965	\$ 729,489
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 279,397	\$ (273)	\$ 278	\$ 279,402	\$ 292,462	\$ 292,462	\$ 13,060
Highway and Bridge Maintenance	5,557,600	(1,285)	13,075	5,569,390	6,005,048	6,005,048	435,658
Operation and Maintenance of Equipment	446,483	(3,816)	2,961	445,628	475,000	475,000	29,372
Asphalt Plant Operations	501,762	0	44,022	545,784	704,000	695,869	150,085
Traffic Control	8,419	0	1,576	9,995	10,000	10,000	5
Other Charges	116,551	0	1,067	117,618	125,000	125,000	7,382
Capital Outlay	130,336	(39,141)	6,504	97,699	104,000	104,000	6,301
<u>Principal on Debt</u>							
Highways and Streets	459,913	0	0	459,913	459,913	459,913	0
<u>Interest on Debt</u>							
Highways and Streets	13,218	0	0	13,218	5,087	13,218	0
<u>Capital Projects</u>							
Highway & Street Capital Projects	469,969	0	61,738	531,707	900,000	900,000	368,293
Total Expenditures	\$ 7,983,648	\$ (44,515)	\$ 131,221	\$ 8,070,354	\$ 9,080,510	\$ 9,080,510	\$ 1,010,156
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,848,806	\$ 44,515	\$ (131,221)	\$ 1,762,100	\$ 22,455	\$ 22,455	\$ 1,739,645
Net Change in Fund Balance	\$ 1,848,806	\$ 44,515	\$ (131,221)	\$ 1,762,100	\$ 22,455	\$ 22,455	\$ 1,739,645
Fund Balance, July 1, 2005	2,499,896	(44,515)	0	2,455,381	1,850,000	1,850,000	605,381
Fund Balance, June 30, 2006	\$ 4,348,702	\$ 0	\$ (131,221)	\$ 4,217,481	\$ 1,872,455	\$ 1,872,455	\$ 2,345,026

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

BUDGETARY INFORMATION

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

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

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

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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 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.

Other Capital Projects Fund – The Other Capital Projects Fund is used to account 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.

Exhibit G-1

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

	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	\$ 1,075	\$ 0
Equity in Pooled Cash and Investments	690,072	880,094	359,207	27,871	147,069	12,575
Accounts Receivable	21,831	9,947	1,207,194	0	0	0
Due from Other Governments	122,431	429,069	0	0	0	0
Due from Other Funds	10,964	0	0	0	0	111
Due from Component Units	1,274	12,031	0	0	0	0
Property Taxes Receivable	701,652	1,110,948	0	0	0	0
Allowance for Uncollectible Property Taxes	(17,469)	(27,660)	0	0	0	0
Total Assets	\$ 1,531,055	\$ 2,414,629	\$ 1,566,401	\$ 27,871	\$ 148,144	\$ 12,686
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 78,712	\$ 42,374	\$ 10,733	\$ 0	\$ 3,829	\$ 760
Accrued Payroll	22,546	60,889	97,051	0	3,968	0
Contracts Payable	0	0	0	0	0	0
Retainage Payable	0	0	0	0	0	0
Due to Other Funds	17,139	4,724	9,128	0	1,193	0
Deferred Revenue - Current Property Taxes	668,890	1,059,074	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	13,400	21,216	0	0	0	0
Other Deferred Revenues	0	0	907,194	0	0	0
Total Liabilities	\$ 800,687	\$ 1,188,277	\$ 1,024,106	\$ 0	\$ 8,990	\$ 760
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 183,869	\$ 60,059	\$ 64,527	\$ 1,477	\$ 27,230	\$ 0
Unreserved (Deficit)	546,499	1,166,293	477,768	26,394	111,924	11,926
Total Fund Balances	\$ 730,368	\$ 1,226,352	\$ 542,295	\$ 27,871	\$ 139,154	\$ 11,926
Total Liabilities and Fund Balances	\$ 1,531,055	\$ 2,414,629	\$ 1,566,401	\$ 27,871	\$ 148,144	\$ 12,686

(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	Other Capital Projects	Total	
<u>ASSETS</u>							
Cash	\$ 160,849	\$ 162,424	\$ 0	\$ 0	\$ 0	\$ 0	\$ 162,424
Equity in Pooled Cash and Investments	0	2,116,888	472,487	1,151,184	3,516,815	5,140,486	7,257,374
Accounts Receivable	3,774	1,242,746	0	0	0	0	1,242,746
Due from Other Governments	0	551,500	0	0	0	0	551,500
Due from Other Funds	0	11,075	0	0	0	0	11,075
Due from Component Units	0	13,305	0	0	0	0	13,305
Property Taxes Receivable	0	1,812,600	0	0	0	0	1,812,600
Allowance for Uncollectible Property Taxes	0	(45,129)	0	0	0	0	(45,129)
Total Assets	\$ 164,623	\$ 5,865,409	\$ 472,487	\$ 1,151,184	\$ 3,516,815	\$ 5,140,486	\$ 11,005,895
<u>LIABILITIES AND FUND BALANCES</u>							
<u>Liabilities</u>							
Accounts Payable	\$ 0	\$ 136,408	\$ 0	\$ 0	\$ 0	\$ 0	\$ 136,408
Accrued Payroll	0	184,454	0	0	0	0	184,454
Contracts Payable	0	0	0	0	420,561	420,561	420,561
Retainage Payable	0	0	0	0	40,603	40,603	40,603
Due to Other Funds	164,623	196,807	0	0	0	0	196,807
Deferred Revenue - Current Property Taxes	0	1,727,964	0	0	0	0	1,727,964
Deferred Revenue - Delinquent Property Taxes	0	34,616	0	0	0	0	34,616
Other Deferred Revenues	0	907,194	0	0	0	0	907,194
Total Liabilities	\$ 164,623	\$ 3,187,443	\$ 0	\$ 0	\$ 461,164	\$ 461,164	\$ 3,648,607
<u>Fund Balances</u>							
Reserved for Encumbrances	\$ 0	\$ 337,162	\$ 0	\$ 0	\$ 3,264,256	\$ 3,264,256	\$ 3,601,418
Unreserved (Deficit)	0	2,340,804	472,487	1,151,184	(208,605)	1,415,066	3,755,870
Total Fund Balances	\$ 0	\$ 2,677,966	\$ 472,487	\$ 1,151,184	\$ 3,055,651	\$ 4,679,322	\$ 7,357,288
Total Liabilities and Fund Balances	\$ 164,623	\$ 5,865,409	\$ 472,487	\$ 1,151,184	\$ 3,516,815	\$ 5,140,486	\$ 11,005,895

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, 2006

	Special Revenue Funds					
	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 682,612	\$ 1,081,224	\$ 0	\$ 0	\$ 0	\$ 0
Fines, Forfeitures, and Penalties	0	0	0	39,191	0	16,850
Charges for Current Services	825,409	758,104	3,912,782	0	269,007	0
Other Local Revenues	85,754	3,153	86	1,775	0	0
State of Tennessee	160,120	874,825	0	0	0	0
Federal Government	0	1,738,382	0	0	0	0
Other Governments and Citizens Groups	109,114	512,203	6,570	0	0	0
Total Revenues	<u>\$ 1,863,009</u>	<u>\$ 4,967,891</u>	<u>\$ 3,919,438</u>	<u>\$ 40,966</u>	<u>\$ 269,007</u>	<u>\$ 16,850</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	0	0	0	393	0	0
Administration of Justice	0	0	0	0	0	12,448
Public Safety	0	0	0	18,378	0	0
Public Health and Welfare	1,855,229	5,323,123	3,679,879	0	0	0
Social, Cultural, and Recreational Services	0	0	0	0	222,300	0
Debt Service:						
Principal on Debt	0	0	73,333	0	0	0
Interest on Debt	0	0	5,002	0	0	0
Capital Projects	0	0	85,227	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	<u>\$ 1,855,229</u>	<u>\$ 5,323,123</u>	<u>\$ 3,843,441</u>	<u>\$ 18,771</u>	<u>\$ 222,300</u>	<u>\$ 12,448</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,780</u>	<u>\$ (355,232)</u>	<u>\$ 75,997</u>	<u>\$ 22,195</u>	<u>\$ 46,707</u>	<u>\$ 4,402</u>
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Transfers In	0	0	0	0	0	0
Transfers Out	0	0	0	(10,555)	0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (10,555)</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balances	<u>\$ 7,780</u>	<u>\$ (355,232)</u>	<u>\$ 75,997</u>	<u>\$ 11,640</u>	<u>\$ 46,707</u>	<u>\$ 4,402</u>
Fund Balance, July 1, 2005	722,588	1,581,584	466,298	16,231	92,447	7,524
Fund Balance, June 30, 2006	<u>\$ 730,368</u>	<u>\$ 1,226,352</u>	<u>\$ 542,295</u>	<u>\$ 27,871</u>	<u>\$ 139,154</u>	<u>\$ 11,926</u>

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	Other Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 0	\$ 1,763,836	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,763,836
Fines, Forfeitures, and Penalties	0	56,041	0	0	0	0	56,041
Charges for Current Services	4,455	5,769,757	0	0	0	0	5,769,757
Other Local Revenues	0	90,768	0	0	0	0	90,768
State of Tennessee	0	1,034,945	0	0	0	0	1,034,945
Federal Government	0	1,738,382	0	0	170,500	170,500	1,908,882
Other Governments and Citizens Groups	0	627,887	0	0	0	0	627,887
Total Revenues	\$ 4,455	\$ 11,081,616	\$ 0	\$ 0	\$ 170,500	\$ 170,500	\$ 11,252,116
<u>Expenditures</u>							
Current:							
General Government	\$ 4,455	\$ 4,455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,455
Finance	0	393	0	0	0	0	393
Administration of Justice	0	12,448	0	0	0	0	12,448
Public Safety	0	18,378	0	0	0	0	18,378
Public Health and Welfare	0	10,858,231	0	0	0	0	10,858,231
Social, Cultural, and Recreational Services	0	222,300	0	0	590,396	590,396	812,696
Debt Service:							
Principal on Debt	0	73,333	0	0	0	0	73,333
Interest on Debt	0	5,002	0	0	0	0	5,002
Capital Projects	0	85,227	0	0	1,932,285	1,932,285	2,017,512
Capital Projects - Donated	0	0	530,155	0	605,070	1,135,225	1,135,225
Total Expenditures	\$ 4,455	\$ 11,279,767	\$ 530,155	\$ 0	\$ 3,127,751	\$ 3,657,906	\$ 14,937,673
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (198,151)	\$ (530,155)	\$ 0	\$ (2,957,251)	\$ (3,487,406)	\$ (3,685,557)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 505,000	\$ 0	\$ 0	\$ 505,000	\$ 505,000
Transfers In	0	0	0	0	640,330	640,330	640,330
Transfers Out	0	(10,555)	0	0	0	0	(10,555)
Total Other Financing Sources (Uses)	\$ 0	\$ (10,555)	\$ 505,000	\$ 0	\$ 640,330	\$ 1,145,330	\$ 1,134,775
Net Change in Fund Balances	\$ 0	\$ (208,706)	\$ (25,155)	\$ 0	\$ (2,316,921)	\$ (2,342,076)	\$ (2,550,782)
Fund Balance, July 1, 2005	0	2,886,672	497,642	1,151,184	5,372,572	7,021,398	9,908,070
Fund Balance, June 30, 2006	\$ 0	\$ 2,677,966	\$ 472,487	\$ 1,151,184	\$ 3,055,651	\$ 4,679,322	\$ 7,357,288

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 682,612	\$ 0	\$ 0	\$ 682,612	\$ 664,700	\$ 664,700	\$ 17,912
Charges for Current Services	825,409	0	0	825,409	1,035,000	1,035,000	(209,591)
Other Local Revenues	85,754	0	0	85,754	30,000	30,000	55,754
State of Tennessee	160,120	0	0	160,120	177,090	191,590	(31,470)
Other Governments and Citizens Groups	109,114	0	0	109,114	104,000	104,000	5,114
Total Revenues	\$ 1,863,009	\$ 0	\$ 0	\$ 1,863,009	\$ 2,010,790	\$ 2,025,290	\$ (162,281)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 20,813	\$ 0	\$ 0	\$ 20,813	\$ 37,500	\$ 37,500	\$ 16,687
Transfer Stations	1,819,916	(213,955)	183,869	1,789,830	1,959,745	1,959,745	169,915
Other Waste Disposal	14,500	0	0	14,500	0	14,500	0
Total Expenditures	\$ 1,855,229	\$ (213,955)	\$ 183,869	\$ 1,825,143	\$ 1,997,245	\$ 2,011,745	\$ 186,602
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 7,780	\$ 213,955	\$ (183,869)	\$ 37,866	\$ 13,545	\$ 13,545	\$ 24,321
<u>Net Change in Fund Balance</u>							
Fund Balance, July 1, 2005	\$ 722,588	(213,955)	0	508,633	500,000	500,000	8,633
Fund Balance, June 30, 2006	\$ 730,368	\$ 0	\$ (183,869)	\$ 546,499	\$ 513,545	\$ 513,545	\$ 32,954

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,081,224	\$ 0	\$ 0	\$ 1,081,224	\$ 1,087,956	\$ 1,087,956	\$ (6,732)
Charges for Current Services	758,104	0	0	758,104	823,936	752,352	5,752
Other Local Revenues	3,153	0	0	3,153	3,000	3,000	153
State of Tennessee	874,825	0	0	874,825	1,003,405	953,619	(78,794)
Federal Government	1,738,382	0	0	1,738,382	1,509,735	1,874,562	(136,180)
Other Governments and Citizens Groups	512,203	0	0	512,203	539,051	539,051	(26,848)
Total Revenues	\$ 4,967,891	\$ 0	\$ 0	\$ 4,967,891	\$ 4,967,083	\$ 5,210,540	\$ (242,649)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 2,887,911	\$ (124,602)	\$ 17,131	\$ 2,780,440	\$ 2,948,527	\$ 2,948,527	\$ 168,087
Dental Health Program	318,334	(102)	19,063	337,295	329,015	353,015	15,720
Crippled Children Services	104,698	0	100	104,798	111,164	111,164	6,366
Other Local Health Services	2,012,180	(47,462)	23,765	1,988,483	2,294,296	2,513,753	525,270
Total Expenditures	\$ 5,323,123	\$ (172,166)	\$ 60,059	\$ 5,211,016	\$ 5,683,002	\$ 5,926,459	\$ 715,443
Excess (Deficiency) of Revenues Over Expenditures	\$ (355,232)	\$ 172,166	\$ (60,059)	\$ (243,125)	\$ (715,919)	\$ (715,919)	\$ 472,794
Net Change in Fund Balance	\$ (355,232)	\$ 172,166	\$ (60,059)	\$ (243,125)	\$ (715,919)	\$ (715,919)	\$ 472,794
Fund Balance, July 1, 2005	1,581,584	(172,166)	0	1,409,418	1,000,000	1,000,000	409,418
Fund Balance, June 30, 2006	\$ 1,226,352	\$ 0	\$ (60,059)	\$ 1,166,293	\$ 284,081	\$ 284,081	\$ 882,212

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 3,912,782	\$ 0	\$ 0	\$ 3,912,782	\$ 3,692,580	\$ 3,772,580	\$ 140,202
Other Local Revenues	86	0	0	86	0	0	86
Other Governments and Citizens Groups	6,570	0	0	6,570	13,424	13,424	(6,854)
Total Revenues	\$ 3,919,438	\$ 0	\$ 0	\$ 3,919,438	\$ 3,706,004	\$ 3,786,004	\$ 133,434
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 3,679,879	\$ (77,184)	\$ 64,527	\$ 3,667,222	\$ 3,706,004	\$ 3,708,204	\$ 40,982
<u>Principal on Debt</u>							
General Government	73,333	0	0	73,333	0	73,333	0
<u>Interest on Debt</u>							
General Government	5,002	0	0	5,002	0	5,667	665
<u>Capital Projects</u>							
Public Safety Projects	85,227	(85,227)	0	0	0	0	0
Total Expenditures	\$ 3,843,441	\$ (162,411)	\$ 64,527	\$ 3,745,557	\$ 3,706,004	\$ 3,787,204	\$ 41,647
Excess (Deficiency) of Revenues Over Expenditures	\$ 75,997	\$ 162,411	\$ (64,527)	\$ 173,881	\$ 0	\$ (1,200)	\$ 175,081
Net Change in Fund Balance	\$ 75,997	\$ 162,411	\$ (64,527)	\$ 173,881	\$ 0	\$ (1,200)	\$ 175,081
Fund Balance, July 1, 2005	466,298	(162,411)	0	303,887	133,000	134,200	169,687
Fund Balance, June 30, 2006	\$ 542,295	\$ 0	\$ (64,527)	\$ 477,768	\$ 133,000	\$ 133,000	\$ 344,768

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, 2006

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 39,191	\$ 0	\$ 39,191	\$ 40,000	\$ 40,000	\$ (809)
Other Local Revenues	1,775	0	1,775	500	500	1,275
Total Revenues	\$ 40,966	\$ 0	\$ 40,966	\$ 40,500	\$ 40,500	\$ 466
<u>Expenditures</u>						
<u>Finance</u>						
Other Finance	\$ 393	\$ 0	\$ 393	\$ 500	\$ 500	\$ 107
<u>Public Safety</u>						
Sheriff's Department	18,378	1,477	19,855	40,000	29,445	9,590
Total Expenditures	\$ 18,771	\$ 1,477	\$ 20,248	\$ 40,500	\$ 29,945	\$ 9,697
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,195	\$ (1,477)	\$ 20,718	\$ 0	\$ 10,555	\$ 10,163
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (10,555)	\$ 0	\$ (10,555)	\$ 0	\$ (10,555)	\$ 0
Total Other Financing Sources (Uses)	\$ (10,555)	\$ 0	\$ (10,555)	\$ 0	\$ (10,555)	\$ 0
Net Change in Fund Balance	\$ 11,640	\$ (1,477)	\$ 10,163	\$ 0	\$ 0	\$ 10,163
Fund Balance, July 1, 2005	16,231	0	16,231	20,000	20,000	(3,769)
Fund Balance, June 30, 2006	\$ 27,871	\$ (1,477)	\$ 26,394	\$ 20,000	\$ 20,000	\$ 6,394

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 269,007	\$ 0	\$ 0	\$ 269,007	\$ 230,000	\$ 230,000	\$ 39,007
Total Revenues	\$ 269,007	\$ 0	\$ 0	\$ 269,007	\$ 230,000	\$ 230,000	\$ 39,007
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 222,300	\$ (2,099)	\$ 27,230	\$ 247,431	\$ 229,987	\$ 257,987	\$ 10,556
Total Expenditures	\$ 222,300	\$ (2,099)	\$ 27,230	\$ 247,431	\$ 229,987	\$ 257,987	\$ 10,556
Excess (Deficiency) of Revenues Over Expenditures	\$ 46,707	\$ 2,099	\$ (27,230)	\$ 21,576	\$ 13	\$ (27,987)	\$ 49,563
Net Change in Fund Balance	\$ 46,707	\$ 2,099	\$ (27,230)	\$ 21,576	\$ 13	\$ (27,987)	\$ 49,563
Fund Balance, July 1, 2005	92,447	(2,099)	0	90,348	50,000	78,000	12,348
Fund Balance, June 30, 2006	\$ 139,154	\$ 0	\$ (27,230)	\$ 111,924	\$ 50,013	\$ 50,013	\$ 61,911

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,466,984	\$ 2,386,570	\$ 2,386,570	\$ 80,414
Other Local Revenues	243,418	101,000	161,055	82,363
Other Governments and Citizens Groups	0	1,039,500	0	0
Total Revenues	<u>\$ 2,710,402</u>	<u>\$ 3,527,070</u>	<u>\$ 2,547,625</u>	<u>\$ 162,777</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 49,746	\$ 50,000	\$ 50,000	\$ 254
<u>Principal on Debt</u>				
General Government	1,070,000	1,673,000	1,070,000	0
<u>Interest on Debt</u>				
General Government	1,459,813	1,844,000	1,461,500	1,687
<u>Other Debt Service</u>				
General Government	229,317	8,000	240,324	11,007
Total Expenditures	<u>\$ 2,808,876</u>	<u>\$ 3,575,000</u>	<u>\$ 2,821,824</u>	<u>\$ 12,948</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (98,474)</u>	<u>\$ (47,930)</u>	<u>\$ (274,199)</u>	<u>\$ 175,725</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 16,320,000	\$ 0	\$ 16,320,000	\$ 0
Premiums on Debt Issued	1,389,562	0	1,389,562	0
Payments to Refunded Debt Escrow Agent	(17,483,293)	0	(17,483,293)	0
Total Other Financing Sources (Uses)	<u>\$ 226,269</u>	<u>\$ 0</u>	<u>\$ 226,269</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 127,795	\$ (47,930)	\$ (47,930)	\$ 175,725
Fund Balance, July 1, 2005	<u>1,579,037</u>	<u>1,300,000</u>	<u>1,300,000</u>	<u>279,037</u>
Fund Balance, June 30, 2006	<u>\$ 1,706,832</u>	<u>\$ 1,252,070</u>	<u>\$ 1,252,070</u>	<u>\$ 454,762</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, 2006

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 58,065	\$ 0	\$ 58,065
Equity in Pooled Cash and Investments	3,588,716	1,069,140	4,657,856
Due from Other Funds	0	407,727	407,727
Due from Component Units	128,523	0	128,523
Total Assets	<u>\$ 3,775,304</u>	<u>\$ 1,476,867</u>	<u>\$ 5,252,171</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 55,421	\$ 0	\$ 55,421
Claims and Judgments Payable	332,347	0	332,347
Total Liabilities	<u>\$ 387,768</u>	<u>\$ 0</u>	<u>\$ 387,768</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 3,387,536</u>	<u>\$ 1,476,867</u>	<u>\$ 4,864,403</u>
Total Net Assets	<u>\$ 3,387,536</u>	<u>\$ 1,476,867</u>	<u>\$ 4,864,403</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, 2006

	<u>Internal Service Funds</u>		
	Self- Insurance	Employee Insurance - General	Total
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 1,014,719	\$ 685,473	\$ 1,700,192
Cobra Insurance Payments	0	3,938	3,938
Total Operating Revenues	<u>\$ 1,014,719</u>	<u>\$ 689,411</u>	<u>\$ 1,704,130</u>
<u>Operating Expenses</u>			
Handling Charges & Administrative Costs	\$ 43,921	\$ 37,297	\$ 81,218
Dental Insurance	0	278,533	278,533
Contracts with Private Agencies	2,182	0	2,182
Building and Contents Insurance	41,661	0	41,661
Liability Insurance	33,695	0	33,695
Medical Claims	0	219,429	219,429
Trustee Commission	96	0	96
Vehicle and Equipment Insurance	97,094	0	97,094
Worker's Compensation Insurance	521,464	0	521,464
Liability Claims	19,294	0	19,294
Premiums on Corporate Surety Bonds	12	0	12
Total Operating Expenses	<u>\$ 759,419</u>	<u>\$ 535,259</u>	<u>\$ 1,294,678</u>
Operating Income (Loss)	<u>\$ 255,300</u>	<u>\$ 154,152</u>	<u>\$ 409,452</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 9,599	\$ 0	\$ 9,599
Total Nonoperating Revenues (Expenses)	<u>\$ 9,599</u>	<u>\$ 0</u>	<u>\$ 9,599</u>
Change in Net Assets	\$ 264,899	\$ 154,152	\$ 419,051
Net Assets, July 1, 2005	<u>3,122,637</u>	<u>1,322,715</u>	<u>4,445,352</u>
Net Assets, June 30, 2006	<u>\$ 3,387,536</u>	<u>\$ 1,476,867</u>	<u>\$ 4,864,403</u>

Exhibit I-3

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

	<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	\$ 995,808	\$ 512,986	\$ 1,508,794
Payments to Insurers	(672,989)	(278,533)	(951,522)
Payments for Claims	(224,704)	(229,961)	(454,665)
Payments for Administrative Costs	(46,103)	(37,297)	(83,400)
Net Cash Provided By (Used In) Operating Activities	<u>\$ 52,012</u>	<u>\$ (32,805)</u>	<u>\$ 19,207</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	\$ 9,599	\$ 0	\$ 9,599
Net Cash Provided By (Used In) Investing Activities	<u>\$ 9,599</u>	<u>\$ 0</u>	<u>\$ 9,599</u>
Increase (Decrease) in Cash	\$ 61,611	\$ (32,805)	\$ 28,806
Cash, July 1, 2005	<u>3,585,170</u>	<u>1,101,945</u>	<u>4,687,115</u>
Cash, June 30, 2006	<u>\$ 3,646,781</u>	<u>\$ 1,069,140</u>	<u>\$ 4,715,921</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By Operating Activities</u>			
Operating Income (Loss)	\$ 255,300	\$ 154,152	\$ 409,452
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	(18,911)	(176,425)	(195,336)
Increase (Decrease) in Other Current Liabilities	<u>(184,377)</u>	<u>(10,532)</u>	<u>(194,909)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ 52,012</u>	<u>\$ (32,805)</u>	<u>\$ 19,207</u>

Fiduciary Funds

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

Cities - Sales Tax Fund – The Cities - Sales Tax Fund is used to account for the second half of 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 Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2006

	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	\$ 8,259,688	\$ 0	\$ 8,259,688
Equity in Pooled Cash and Investments	0	366,979	560,697	165,347	0	170,875	1,263,898
Accounts Receivable	0	265	405	0	13,497	0	14,167
Due from Other Governments	3,050,684	609,412	946,775	0	0	3,057	4,609,928
Taxes Receivable	0	8,470,239	12,929,541	0	0	0	21,399,780
Allowance for Uncollectible Taxes	0	(210,887)	(321,912)	0	0	0	(532,799)
Total Assets	<u>\$ 3,050,684</u>	<u>\$ 9,236,008</u>	<u>\$ 14,115,506</u>	<u>\$ 165,347</u>	<u>\$ 8,273,185</u>	<u>\$ 173,932</u>	<u>\$ 35,014,662</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 402	\$ 402
Due to Other Taxing Units	3,050,684	9,236,008	14,115,506	0	0	0	26,402,198
Due to Litigants, Heirs, and Others	0	0	0	0	8,273,185	0	8,273,185
Due to Joint Ventures	0	0	0	165,347	0	173,530	338,877
Total Liabilities	<u>\$ 3,050,684</u>	<u>\$ 9,236,008</u>	<u>\$ 14,115,506</u>	<u>\$ 165,347</u>	<u>\$ 8,273,185</u>	<u>\$ 173,932</u>	<u>\$ 35,014,662</u>

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 18,849,417	\$ 18,849,417	\$ 0
Due From Other Governments	3,080,701	3,050,684	3,080,701	3,050,684
Total Assets	\$ 3,080,701	\$ 21,900,101	\$ 21,930,118	\$ 3,050,684
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,080,701	\$ 21,900,101	\$ 21,930,118	\$ 3,050,684
Total Liabilities	\$ 3,080,701	\$ 21,900,101	\$ 21,930,118	\$ 3,050,684
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 382,214	\$ 12,011,414	\$ 12,026,649	\$ 366,979
Accounts Receivable	0	265	0	265
Due From Other Governments	595,705	609,412	595,705	609,412
Due From Other Funds	253,307	0	253,307	0
Taxes Receivable	7,584,727	8,470,239	7,584,727	8,470,239
Allowance for Uncollectible Taxes	(236,656)	(210,887)	(236,656)	(210,887)
Total Assets	\$ 8,579,297	\$ 20,880,443	\$ 20,223,732	\$ 9,236,008
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 8,579,297	\$ 20,880,443	\$ 20,223,732	\$ 9,236,008
Total Liabilities	\$ 8,579,297	\$ 20,880,443	\$ 20,223,732	\$ 9,236,008
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 605,778	\$ 18,335,502	\$ 18,380,583	\$ 560,697
Accounts Receivable	0	405	0	405
Due From Other Governments	946,068	946,775	946,068	946,775
Due From Other Funds	400,607	0	400,607	0
Taxes Receivable	11,995,288	12,929,541	11,995,288	12,929,541
Allowance for Uncollectible Taxes	(374,274)	(321,912)	(374,274)	(321,912)
Total Assets	\$ 13,573,467	\$ 31,890,311	\$ 31,348,272	\$ 14,115,506
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 13,573,467	\$ 31,890,311	\$ 31,348,272	\$ 14,115,506
Total Liabilities	\$ 13,573,467	\$ 31,890,311	\$ 31,348,272	\$ 14,115,506

(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	\$ 2,075,871	\$ 88,802	\$ 1,999,326	\$ 165,347
Total Assets	\$ 2,075,871	\$ 88,802	\$ 1,999,326	\$ 165,347
<u>Liabilities</u>				
Due to Joint Ventures	\$ 2,075,871	\$ 88,802	\$ 1,999,326	\$ 165,347
Total Liabilities	\$ 2,075,871	\$ 88,802	\$ 1,999,326	\$ 165,347
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 7,615,208	\$ 27,156,896	\$ 26,512,416	\$ 8,259,688
Accounts Receivable	1,602	13,497	1,602	13,497
Total Assets	\$ 7,616,810	\$ 27,170,393	\$ 26,514,018	\$ 8,273,185
<u>Liabilities</u>				
Due to Other Funds	\$ 333,486	\$ 0	\$ 333,486	\$ 0
Due to Component Units	861	0	861	0
Due to Litigants, Heirs, and Others	7,282,463	27,170,393	26,179,671	8,273,185
Total Liabilities	\$ 7,616,810	\$ 27,170,393	\$ 26,514,018	\$ 8,273,185
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 218,326	\$ 147,950	\$ 195,401	\$ 170,875
Due From Other Governments	0	3,057	0	3,057
Total Assets	\$ 218,326	\$ 151,007	\$ 195,401	\$ 173,932
<u>Liabilities</u>				
Accounts Payable	\$ 427	\$ 402	\$ 427	\$ 402
Due to Joint Ventures	217,899	150,605	194,974	173,530
Total Liabilities	\$ 218,326	\$ 151,007	\$ 195,401	\$ 173,932

(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>Totals - All Agency Funds</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 3,282,189	\$ 49,433,085	\$ 51,451,376	\$ 1,263,898
Cash	7,615,208	27,156,896	26,512,416	8,259,688
Accounts Receivable	1,602	14,167	1,602	14,167
Due from Other Governments	4,622,474	4,609,928	4,622,474	4,609,928
Due from Other Funds	653,914	0	653,914	0
Taxes Receivable	19,580,015	21,399,780	19,580,015	21,399,780
Allowance for Uncollectible Taxes	(610,930)	(532,799)	(610,930)	(532,799)
Total Assets	<u>\$ 35,144,472</u>	<u>\$ 102,081,057</u>	<u>\$ 102,210,867</u>	<u>\$ 35,014,662</u>
<u>Liabilities</u>				
Accounts Payable	\$ 427	\$ 402	\$ 427	\$ 402
Due to Other Funds	333,486	0	333,486	0
Due to Component Units	861	0	861	0
Due to Joint Ventures	2,293,770	239,407	2,194,300	338,877
Due to Other Taxing Units	\$ 25,233,465	\$ 74,670,855	\$ 73,502,122	\$ 26,402,198
Due to Litigants, Heirs, and Others	7,282,463	27,170,393	26,179,671	8,273,185
Total Liabilities	<u>\$ 35,144,472</u>	<u>\$ 102,081,057</u>	<u>\$ 102,210,867</u>	<u>\$ 35,014,662</u>

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, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total</u>
	General Purpose School	Other Govern- mental Funds	Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 141,491	\$ 0	\$ 141,491
Equity in Pooled Cash and Investments	5,252,563	824,175	6,076,738
Inventories	503,918	0	503,918
Accounts Receivable	16,230	0	16,230
Due from Other Governments	2,553,765	76,607	2,630,372
Property Taxes Receivable	26,023,917	1,311,855	27,335,772
Allowance for Uncollectible Property Taxes	(647,930)	(32,662)	(680,592)
Total Assets	<u>\$ 33,843,954</u>	<u>\$ 2,179,975</u>	<u>\$ 36,023,929</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 212,415	\$ 56,606	\$ 269,021
Payroll Deductions Payable	409,430	3,202	412,632
Contracts Payable	0	11,800	11,800
Due to Primary Government	160,650	0	160,650
Due to State of Tennessee	24	0	24
Other Current Liabilities	11,300	0	11,300
Deferred Revenue - Current Property Taxes	24,808,777	1,250,600	26,059,377
Deferred Revenue - Delinquent Property Taxes	496,985	25,053	522,038
Other Deferred Revenues	1,004,850	0	1,004,850
Total Liabilities	<u>\$ 27,104,431</u>	<u>\$ 1,347,261</u>	<u>\$ 28,451,692</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 96,709	\$ 69,714	\$ 166,423
Reserved for Inventory	503,918	0	503,918
Reserved for Career Ladder - Extended Contract	67,446	0	67,446
Reserved for Career Ladder Program	63,882	0	63,882
Reserved for Technology	35,945	0	35,945
Reserved for Title I Grants to Local Education Agencies	0	126,167	126,167
Reserved for Innovative Education Program Strategies	0	4,895	4,895
Reserved for Special Education - Grants to States	0	16,474	16,474
Other Federal Reserves	0	744	744
Unreserved, Reported In:			
General Fund	5,971,623	0	5,971,623
Special Revenue Funds	0	595,174	595,174
Debt Service Funds	0	19,546	19,546
Total Fund Balances	<u>\$ 6,739,523</u>	<u>\$ 832,714</u>	<u>\$ 7,572,237</u>
Total Liabilities and Fund Balances	<u>\$ 33,843,954</u>	<u>\$ 2,179,975</u>	<u>\$ 36,023,929</u>

Exhibit K-2

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, 2006

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

Total fund balances - balance sheet - governmental funds (Exhibit K-1)		\$ 7,572,237
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,070,261	
Add: construction in progress	163,000	
Add: buildings and improvements net of accumulated depreciation	55,639,003	
Add: other capital assets net of accumulated depreciation	<u>3,358,078</u>	60,230,342
(2) Certain earned amounts are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		1,526,888
(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.		149,339
(4) 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.		(157,267)
(5) 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.		
Less: notes payable	\$ (11,884)	
Less: bonds payable	(19,565,000)	
Less: compensated absences	(2,840,703)	
Less: unamortized premiums on bonds	(1,280,999)	
Add: deferred amount on refunded bonds	<u>425,221</u>	<u>(23,273,365)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 46,048,174</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, 2006

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 37,548,863	\$ 1,273,842	\$ 38,822,705
Licenses and Permits	7,017	0	7,017
Charges for Current Services	2,856,217	0	2,856,217
Other Local Revenues	435,473	0	435,473
State of Tennessee	37,692,976	0	37,692,976
Federal Government	3,063,557	5,492,922	8,556,479
Other Governments and Citizens Groups	44,777	605,070	649,847
Total Revenues	<u>\$ 81,648,880</u>	<u>\$ 7,371,834</u>	<u>\$ 89,020,714</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 19,511	\$ 19,511
Instruction	47,780,805	4,197,416	51,978,221
Support Services	25,414,228	1,327,071	26,741,299
Operation of Non-Instructional Services	5,417,175	0	5,417,175
Capital Outlay	91,342	924,192	1,015,534
Debt Service:			
Principal on Debt	0	1,148,768	1,148,768
Interest on Debt	22,791	991,412	1,014,203
Other Debt Service	0	500	500
Total Expenditures	<u>\$ 78,726,341</u>	<u>\$ 8,608,870</u>	<u>\$ 87,335,211</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,922,539</u>	<u>\$ (1,237,036)</u>	<u>\$ 1,685,503</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 412,000	\$ 2,145,872	\$ 2,557,872
Transfers Out	(2,145,872)	(412,000)	(2,557,872)
Total Other Financing Sources (Uses)	<u>\$ (1,733,872)</u>	<u>\$ 1,733,872</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 1,188,667	\$ 496,836	\$ 1,685,503
Fund Balance, July 1, 2005	5,550,856	335,878	5,886,734
Fund Balance, June 30, 2006	<u>\$ 6,739,523</u>	<u>\$ 832,714</u>	<u>\$ 7,572,237</u>

Exhibit K-4

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, 2006

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

Net change in fund balances - total governmental funds (Exhibit K-3)		\$ 1,685,503
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between depreciation and capital outlays is itemized as follows:		
Add: capital outlays in the current period	\$ 540,704	
Less: current year depreciation	<u>(2,233,897)</u>	(1,693,193)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: assets donated and capitalized	\$ 605,070	
Less: loss on disposal of capital assets	<u>(331,019)</u>	274,051
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
For the year ended June 30, 2005	\$ (1,823,432)	
For the year ended June 30, 2006	<u>1,526,888</u>	(296,544)
(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: change in deferred amount on refunding	\$ (160,235)	
Add: principal payment on notes	23,768	
Add: principal payment on bonds	1,125,000	
Add: change in premium on debt issuances	108,559	
Less: change in deferred debt issuance costs	<u>(12,656)</u>	1,084,436
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ 7,969	
Change in compensated absences	<u>(124,104)</u>	(116,135)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 938,118</u>

Exhibit K-5

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

	<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	\$ 673,665	\$ 130,964	\$ 804,629	\$ 19,546	\$ 824,175
Due from Other Governments	0	76,607	76,607	0	76,607
Property Taxes Receivable	1,311,855	0	1,311,855	0	1,311,855
Allowance for Uncollectible Property Taxes	(32,662)	0	(32,662)	0	(32,662)
Total Assets	\$ 1,952,858	\$ 207,571	\$ 2,160,429	\$ 19,546	\$ 2,179,975
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 4,800	\$ 51,806	\$ 56,606	\$ 0	\$ 56,606
Payroll Deductions Payable	0	3,202	3,202	0	3,202
Contracts Payable	11,800	0	11,800	0	11,800
Deferred Revenue - Current Property Taxes	1,250,600	0	1,250,600	0	1,250,600
Deferred Revenue - Delinquent Property Taxes	25,053	0	25,053	0	25,053
Total Liabilities	\$ 1,292,253	\$ 55,008	\$ 1,347,261	\$ 0	\$ 1,347,261
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 65,431	\$ 4,283	\$ 69,714	\$ 0	\$ 69,714
Reserved for Title I Grants to Local Education Agencies	0	126,167	126,167	0	126,167
Reserved for Innovative Education Program Strategies	0	4,895	4,895	0	4,895
Reserved for Special Education - Grants to States	0	16,474	16,474	0	16,474
Other Federal Reserves	0	744	744	0	744
Unreserved	595,174	0	595,174	19,546	614,720
Total Fund Balances	\$ 660,605	\$ 152,563	\$ 813,168	\$ 19,546	\$ 832,714
Total Liabilities and Fund Balances	\$ 1,952,858	\$ 207,571	\$ 2,160,429	\$ 19,546	\$ 2,179,975

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, 2006

	<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	\$ 1,273,842	\$ 0	\$ 1,273,842	\$ 0	\$ 1,273,842
Federal Government	0	5,492,922	5,492,922	0	5,492,922
Other Governments and Citizens Groups	605,070	0	605,070	0	605,070
Total Revenues	\$ 1,878,912	\$ 5,492,922	\$ 7,371,834	\$ 0	\$ 7,371,834
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 19,511	\$ 19,511
Instruction	0	4,197,416	4,197,416	0	4,197,416
Support Services	25,274	1,301,797	1,327,071	0	1,327,071
Capital Outlay	924,192	0	924,192	0	924,192
Debt Service:					
Principal on Debt	23,768	0	23,768	1,125,000	1,148,768
Interest on Debt	0	0	0	991,412	991,412
Other Debt Service	0	0	0	500	500
Total Expenditures	\$ 973,234	\$ 5,499,213	\$ 6,472,447	\$ 2,136,423	\$ 8,608,870
Excess (Deficiency) of Revenues Over Expenditures	\$ 905,678	\$ (6,291)	\$ 899,387	\$ (2,136,423)	\$ (1,237,036)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 2,145,872	\$ 2,145,872
Transfers Out	(412,000)	0	(412,000)	0	(412,000)
Total Other Financing Sources (Uses)	\$ (412,000)	\$ 0	\$ (412,000)	\$ 2,145,872	\$ 1,733,872
Net Change in Fund Balances	\$ 493,678	\$ (6,291)	\$ 487,387	\$ 9,449	\$ 496,836
Fund Balance, July 1, 2005	166,927	158,854	325,781	10,097	335,878
Fund Balance, June 30, 2006	\$ 660,605	\$ 152,563	\$ 813,168	\$ 19,546	\$ 832,714

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 37,548,863	\$ 0	\$ 0	\$ 37,548,863	\$ 37,010,973	\$ 37,010,974	\$ 537,889
Licenses and Permits	7,017	0	0	7,017	8,000	8,000	(983)
Charges for Current Services	2,856,217	0	0	2,856,217	2,652,950	2,952,950	(96,733)
Other Local Revenues	435,473	0	0	435,473	506,350	506,350	(70,877)
State of Tennessee	37,692,976	0	0	37,692,976	37,419,942	37,547,228	145,748
Federal Government	3,063,557	0	0	3,063,557	2,737,023	3,018,723	44,834
Other Governments and Citizens Groups	44,777	0	0	44,777	420,000	120,000	(75,223)
Total Revenues	\$ 81,648,880	\$ 0	\$ 0	\$ 81,648,880	\$ 80,755,238	\$ 81,164,225	\$ 484,655
Expenditures							
Instruction							
Regular Instruction Program	\$ 40,566,863	\$ (14,608)	\$ 33,203	\$ 40,585,458	\$ 40,402,899	\$ 41,091,051	\$ 505,593
Special Education Program	4,716,010	(20,284)	2,065	4,697,791	4,762,769	4,823,773	125,982
Vocational Education Program	2,447,847	(8,937)	6,741	2,445,651	2,794,481	2,787,658	342,007
Adult Education Program	50,085	0	0	50,085	55,765	68,383	18,298
Support Services							
Health Services	6,529	0	0	6,529	22,000	22,000	15,471
Other Student Support	1,502,319	0	0	1,502,319	1,613,349	1,534,007	31,688
Regular Instruction Program	3,200,445	(8,244)	24,636	3,216,837	3,267,124	3,408,225	191,388
Special Education Program	139,193	(45)	0	139,148	144,553	157,338	18,190
Vocational Education Program	188,413	(306)	144	188,251	226,966	234,090	45,839
Adult Programs	65,217	0	0	65,217	66,923	68,739	3,522
Board of Education	1,654,018	(7,494)	588	1,647,112	1,494,173	1,621,173	(25,939)
Director of Schools	611,290	(1,410)	2,731	612,611	648,372	649,372	36,761
Office of the Principal	5,129,768	0	0	5,129,768	5,096,077	5,187,818	58,050
Fiscal Services	292,224	0	2,800	295,024	308,594	308,594	13,570

(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 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Operation of Plant	\$ 5,283,566	\$ 0	\$ 0	\$ 5,283,566	\$ 5,328,874	\$ 5,328,874	\$ 45,308
Maintenance of Plant	3,449,558	(1,455)	5,550	3,453,653	3,414,677	3,452,652	(1,001)
Transportation	3,623,762	(99)	0	3,623,663	3,413,300	3,623,175	(488)
Central and Other	267,926	(118)	0	267,808	280,961	281,361	13,553
<u>Operation of Non-Instructional Services</u>							
Food Service	5,364,345	(40,201)	18,251	5,342,395	5,502,833	5,506,281	163,886
Community Services	52,830	0	0	52,830	87,635	87,635	34,805
<u>Capital Outlay</u>							
Regular Capital Outlay	91,342	(1,455)	0	89,887	118,500	118,500	28,613
<u>Interest on Debt</u>							
Education	22,791	0	0	22,791	0	23,000	209
Total Expenditures	\$ 78,726,341	\$ (104,656)	\$ 96,709	\$ 78,718,394	\$ 79,050,825	\$ 80,383,699	\$ 1,665,305
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 2,922,539	\$ 104,656	\$ (96,709)	\$ 2,930,486	\$ 1,704,413	\$ 780,526	\$ 2,149,960
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 412,000	\$ 0	\$ 0	\$ 412,000	\$ 412,000	\$ 412,000	\$ 0
Transfers Out	(2,145,872)	0	0	(2,145,872)	(2,116,413)	(2,149,413)	3,541
Total Other Financing Sources (Uses)	\$ (1,733,872)	\$ 0	\$ 0	\$ (1,733,872)	\$ (1,704,413)	\$ (1,737,413)	\$ 3,541
Net Change in Fund Balance							
Fund Balance, July 1, 2005	\$ 1,188,667	\$ 104,656	\$ (96,709)	\$ 1,196,614	\$ 0	\$ (956,887)	\$ 2,153,501
	5,550,856	(104,656)	0	5,446,200	4,615,000	4,615,000	831,200
Fund Balance, June 30, 2006	\$ 6,739,523	\$ 0	\$ (96,709)	\$ 6,642,814	\$ 4,615,000	\$ 3,658,113	\$ 2,984,701

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,273,842	\$ 0	\$ 0	\$ 1,273,842	\$ 1,245,560	\$ 1,245,560	\$ 28,282
Other Governments and Citizens Groups	605,070	0	0	605,070	0	605,070	0
Total Revenues	\$ 1,878,912	\$ 0	\$ 0	\$ 1,878,912	\$ 1,245,560	\$ 1,850,630	\$ 28,282
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 25,274	\$ 0	\$ 0	\$ 25,274	\$ 25,000	\$ 25,000	\$ (274)
<u>Capital Outlay</u>							
Regular Capital Outlay	924,192	(20,238)	65,431	969,385	783,560	1,388,630	419,245
<u>Principal on Debt</u>							
Education	23,768	0	0	23,768	25,000	25,000	1,232
Total Expenditures	\$ 973,234	\$ (20,238)	\$ 65,431	\$ 1,018,427	\$ 833,560	\$ 1,438,630	\$ 420,203
Excess (Deficiency) of Revenues Over Expenditures	\$ 905,678	\$ 20,238	\$ (65,431)	\$ 860,485	\$ 412,000	\$ 412,000	\$ 448,485
<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	\$ 493,678	\$ 20,238	\$ (65,431)	\$ 448,485	\$ 0	\$ 0	\$ 448,485
Fund Balance, July 1, 2005	166,927	(20,238)	0	146,689	0	0	146,689
Fund Balance, June 30, 2006	\$ 660,605	\$ 0	\$ (65,431)	\$ 595,174	\$ 0	\$ 0	\$ 595,174

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, 2006

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2005	Add: Encumbrances 6/30/2006	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,492,922	\$ 0	\$ 0	\$ 5,492,922	\$ 5,426,375	\$ 5,426,237	\$ 66,685
Total Revenues	\$ 5,492,922	\$ 0	\$ 0	\$ 5,492,922	\$ 5,426,375	\$ 5,426,237	\$ 66,685
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,790,576	\$ (1,546)	\$ 0	\$ 1,789,030	\$ 1,821,424	\$ 1,817,341	\$ 28,311
Special Education Program	2,194,256	(48,558)	0	2,145,698	2,249,797	2,161,821	16,123
Vocational Education Program	212,584	(13,662)	1,578	200,500	201,086	200,651	151
<u>Support Services</u>							
Attendance	89,692	0	0	89,692	158,312	89,692	0
Health Services	1,169	0	0	1,169	1,696	1,169	0
Other Student Support	62,196	0	1,194	63,390	63,105	63,540	150
Regular Instruction Program	605,883	(8,267)	1,511	599,127	517,717	607,979	8,852
Special Education Program	40,904	0	0	40,904	44,062	40,941	37
Vocational Education Program	10,395	0	0	10,395	10,395	10,395	0
Transportation	491,558	0	0	491,558	400,774	491,871	313
Total Expenditures	\$ 5,499,213	\$ (72,033)	\$ 4,283	\$ 5,431,463	\$ 5,468,368	\$ 5,485,400	\$ 53,937
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,291)	\$ 72,033	\$ (4,283)	\$ 61,459	\$ (41,993)	\$ (59,163)	\$ 120,622
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,000	\$ 0	\$ 0
Transfers Out	0	0	0	0	(167,170)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (17,170)	\$ 0	\$ 0
Net Change in Fund Balance	\$ (6,291)	\$ 72,033	\$ (4,283)	\$ 61,459	\$ (59,163)	\$ (59,163)	\$ 120,622
Fund Balance, July 1, 2005	158,854	(72,033)	0	86,821	59,163	59,163	27,658
Fund Balance, June 30, 2006	\$ 152,563	\$ 0	\$ (4,283)	\$ 148,280	\$ 0	\$ 0	\$ 148,280

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, 2006

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 2,149,500	\$ 0	\$ 0
Total Revenues	\$ 0	\$ 2,149,500	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 19,511	\$ 25,000	\$ 25,000	\$ 5,489
<u>Principal on Debt</u>				
Education	1,125,000	1,125,000	1,125,000	0
<u>Interest on Debt</u>				
Education	991,412	991,500	991,500	88
<u>Other Debt Service</u>				
Education	500	8,000	8,000	7,500
Total Expenditures	\$ 2,136,423	\$ 2,149,500	\$ 2,149,500	\$ 13,077
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,136,423)	\$ 0	\$ (2,149,500)	\$ 13,077
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,145,872	\$ 0	\$ 2,149,500	\$ (3,628)
Total Other Financing Sources (Uses)	\$ 2,145,872	\$ 0	\$ 2,149,500	\$ (3,628)
Net Change in Fund Balance	\$ 9,449	\$ 0	\$ 0	\$ 9,449
Fund Balance, July 1, 2005	10,097	0	0	10,097
Fund Balance, June 30, 2006	\$ 19,546	\$ 0	\$ 0	\$ 19,546

MISCELLANEOUS SCHEDULES

Exhibit L-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-05	Issued During Period	Matured During Period	Debt Refunded	Outstanding 6-30-06
<u>PRIMARY GOVERNMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through Ambulance Service Fund</u>									
EMS Building	\$ 120,000	2.65%	6-22-04	6-22-07	\$ 90,000	\$ 0	\$ 30,000	\$ 0	\$ 60,000
EMS Vehicles	130,000	2.8	9-10-04	9-10-07	108,333	0	43,333	0	65,000
Total Payable through Ambulance Service Fund					<u>\$ 198,333</u>	<u>\$ 0</u>	<u>\$ 73,333</u>	<u>\$ 0</u>	<u>\$ 125,000</u>
<u>Payable through Highway/Public Works Fund</u>									
State Aid Projects	1,000,000	2.73	6-22-04	6-22-06	\$ 459,913	\$ 0	\$ 459,913	\$ 0	0
Total Payable through Highway/Public Works Fund					<u>\$ 459,913</u>	<u>\$ 0</u>	<u>\$ 459,913</u>	<u>\$ 0</u>	<u>0</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	\$ 2,075,000	\$ 0	\$ 325,000	\$ 0	\$ 1,750,000
General Obligation Refunding Capital Outlay Notes, Series 2003	3,330,000	3.2	12-1-03	4-1-11	3,245,000	0	400,000	0	2,845,000
Industrial Park	1,995,000	4.5 to 5.05	6-1-05	4-1-17	1,995,000	0	0	0	1,995,000
Industrial Park	505,000	5.54	2-1-06	2-1-17	0	505,000	0	0	505,000
Total Payable through General Debt Service Fund					<u>\$ 7,315,000</u>	<u>\$ 505,000</u>	<u>\$ 725,000</u>	<u>\$ 0</u>	<u>\$ 7,095,000</u>
Total Notes Payable					<u>\$ 7,973,246</u>	<u>\$ 505,000</u>	<u>\$ 1,258,246</u>	<u>\$ 0</u>	<u>\$ 7,220,000</u>
<u>BONDS PAYABLE</u>									
<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	\$ 7,000,000	\$ 0
Schools	10,000,000	4.35	1-7-1999	4-1-24	10,000,000	0	0	10,000,000	0
General Obligation Public Improvement Bonds, Series 2002	4,465,000	2.5 to 3.5	10-1-02	8-1-14	3,845,000	0	345,000	0	3,500,000
General Obligation Public Improvement Bonds, Series 2005	6,000,000	3.25 to 4.1	6-1-05	5-1-25	6,000,000	0	0	0	6,000,000
Schools Refunding	16,320,000	4.75 to 5	9-1-05	4-1-24	0	16,320,000	0	0	16,320,000
Total Bonds Payable					<u>\$ 26,845,000</u>	<u>\$ 16,320,000</u>	<u>\$ 345,000</u>	<u>\$ 17,000,000</u>	<u>\$ 25,820,000</u>

(Continued)

Exhibit L-1

Sullivan County, Tennessee

Schedule of Changes in Long-term Notes 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 7-1-05	Issued During Period	Matured During Period	Debt Refunded	Outstanding 6-30-06
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>									
<u>NOTES PAYABLE</u>									
<u>Payable through Special Purpose Fund</u>									
Asbestos Hazards Abatement Loan	\$ 427,823	0%	Various	6-30-07	\$ 35,652	\$ 0	\$ 23,768	\$ 0	\$ 11,884
Total Notes Payable					\$ 35,652	\$ 0	\$ 23,768	\$ 0	\$ 11,884
<u>BONDS PAYABLE</u>									
<u>Payable through Education Debt Service Fund</u>									
Schools	24,200,000	4 to 5	5-1-01	5-1-19	\$ 7,470,000	\$ 0	\$ 1,125,000	\$ 0	\$ 6,345,000
Schools Refunding	13,220,000	5	11-1-04	5-1-19	13,220,000	0	0	0	13,220,000
Total Bonds Payable					\$ 20,690,000	\$ 0	\$ 1,125,000	\$ 0	\$ 19,565,000

Exhibit L-2

Sullivan County, Tennessee
Schedule of Bond and Interest Requirements by Year
Primary Government and Discretely Presented Sullivan County School Department

Year Ending June 30	Primary Government			Component Unit- School Department		
	Bond Requirements	Interest Requirements	Total Requirements	Bond Requirements	Interest Requirements	Total Requirements
2007	\$ 505,000	\$ 1,135,130	\$ 1,640,130	\$ 1,170,000	\$ 943,600	\$ 2,113,600
2008	520,000	1,121,180	1,641,180	1,215,000	893,875	2,108,875
2009	540,000	1,105,905	1,645,905	1,265,000	839,200	2,104,200
2010	555,000	1,089,117	1,644,117	1,320,000	782,275	2,102,275
2011	570,000	1,071,627	1,641,627	1,375,000	722,875	2,097,875
2012	1,270,000	1,052,968	2,322,968	1,395,000	661,000	2,056,000
2013	1,360,000	999,227	2,359,227	1,460,000	591,250	2,051,250
2014	1,485,000	940,738	2,425,738	1,530,000	518,250	2,048,250
2015	1,590,000	874,912	2,464,912	1,605,000	441,750	2,046,750
2016	1,260,000	811,913	2,071,913	1,680,000	361,500	2,041,500
2017	1,345,000	753,787	2,098,787	1,750,000	277,500	2,027,500
2018	1,630,000	691,700	2,321,700	1,850,000	190,000	2,040,000
2019	1,750,000	618,325	2,368,325	1,950,000	97,500	2,047,500
2020	1,865,000	539,450	2,404,450	0	0	0
2021	2,005,000	454,200	2,459,200	0	0	0
2022	2,180,000	358,600	2,538,600	0	0	0
2023	2,325,000	254,500	2,579,500	0	0	0
2024	2,500,000	143,350	2,643,350	0	0	0
2025	565,000	23,165	588,165	0	0	0
Total	\$ 25,820,000	\$ 14,039,794	\$ 39,859,794	\$ 19,565,000	\$ 7,320,575	\$ 26,885,575

Exhibit L-3

Sullivan County, Tennessee
Schedule of Investments
June 30, 2006

<u>Type</u>	<u>Amount</u>
<u>Primary Government</u>	
<u>General Fund</u>	
<u>Nonpooled Investments</u>	
State Treasurer's Investment Pool	<u>\$ 208,951</u>
Total Investments	<u><u>\$ 208,951</u></u>

Exhibit L-4

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

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>Primary Government</u>			
General Fund	Other Capital Projects	To provide funds for various capital projects	\$ 640,330
Drug Control	Judicial District Drug	To provide funds for matching	<u>10,555</u>
Total Transfers Primary Government			<u>\$ 650,885</u>
<u>Discretely Presented Sullivan County School Department</u>			
Special Purpose	General Purpose School	To provide funds for retirement of debt	\$ 412,000
General Purpose School	Education Debt Service	To provide funds for retirement of debt	<u>2,145,872</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 2,557,872</u>

Exhibit L-5

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

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 89,070	\$ 50,000	Cincinnati Insurance Company
Commissioner of Roads	Section 8-24-102, <u>TCA</u>	84,987	100,000	"
Director of Schools	State Board of Education and County Board of Education	110,552 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	71,048	2,502,300	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	71,548	10,000	"
Director of Accounts and Budgets	Section 5-13-101, et. seq., <u>TCA</u>	71,048	25,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	51,648	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	71,048	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	71,048	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	75,988 (2)	80,000	"
Register	Section 8-24-102, <u>TCA</u>	71,048	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	86,006 (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 \$4,440.

(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, 2006

	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	\$ 18,216,016	\$ 649,623	\$ 1,028,547	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	401,354	14,132	22,612	0	0	0
Circuit/Clerk & Master Collections - Prior Years	195,393	6,880	11,008	0	0	0
Interest and Penalty	152,799	5,389	8,611	0	0	0
Pick-up Taxes	121,898	4,336	6,880	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	278,518	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	4,148	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	0	0	0	0
Litigation Tax - General	350,355	0	0	0	0	0
Litigation Tax - Office of Public Defender	200,858	0	0	0	0	0
Business Tax	1,652,341	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	63,148	2,252	3,566	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 21,642,733	\$ 682,612	\$ 1,081,224	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 10,010	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	156,069	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,662	0	0	0	0	0
Building Permits	88,795	0	0	0	0	0
Total Licenses and Permits	\$ 256,536	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 39,667	\$ 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>						
DUI Treatment Fines	79,329	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	154,333	0	0	0	0	0
Officers Costs	187,583	0	0	0	0	0
Game and Fish Fines	1,188	0	0	0	0	0
Drug Control Fines	0	0	0	0	18,821	0
Drug Court Fees	21,665	0	0	0	0	0
Courtroom Security Fee	1,070	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	19,493	0	0	0	0	0
Data Entry Fee - Chancery Court	1,738	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	4	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	20,370	0
Total Fines, Forfeitures, and Penalties	\$ 506,070	\$ 0	\$ 0	\$ 0	\$ 39,191	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 825,409	\$ 0	\$ 0	\$ 0	0
Patient Charges	0	0	444,715	3,912,782	0	0
Zoning Studies	8,115	0	0	0	0	0
Work Release Charges for Board	42,630	0	0	0	0	0
Health Department Collections	0	0	313,389	0	0	0
Other General Service Charges	1,522	0	0	0	0	0
Backflow Charges	315	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	269,007
Copy Fees	5,478	0	0	0	0	0
Library Fees	9,617	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>						
Telephone Commissions	\$ 156,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
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	64,737	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	6,960	0	0	0	0	0
Total Charges for Current Services	\$ 296,236	\$ 825,409	\$ 758,104	\$ 3,912,782	\$ 0	\$ 269,007
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 4,862	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	41,955	0	0	0	0	0
Sale of Materials and Supplies	8,128	10,425	903	0	1,775	0
Commissary Sales	48,318	0	0	0	0	0
Sale of Maps	636	0	0	0	0	0
Sale of Recycled Materials	0	75,308	0	0	0	0
Miscellaneous Refunds	23,577	21	2,250	86	0	0
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	0
Sale of Property	49,355	0	0	0	0	0
Damages Recovered from Individuals	2,391	0	0	0	0	0
Contributions & Gifts	25	0	0	0	0	0
Total Other Local Revenues	\$ 179,247	\$ 85,754	\$ 3,153	\$ 86	\$ 1,775	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 1,370,326	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	477,383	0	0	0	0	0
General Sessions Court Clerk	843,923	0	0	0	0	0
Clerk and Master	517,047	0	0	0	0	0
Register	950,797	0	0	0	0	0
Sheriff	41,556	0	0	0	0	0
Trustee	2,158,916	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,359,948	\$ 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	\$ 80,203	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	131,472	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	50,314	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	624,389	0	0	0
Other Health and Welfare Grants	0	14,500	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	47,399	14,148	0	0	0	0
Tennessee Industrial Infrastructure Program	374,207	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	359,558	0	0	0	0	0
Beer Tax	17,212	0	0	0	0	0
Alcoholic Beverage Tax	138,551	0	0	0	0	0
Mixed Drink Tax	18,198	0	0	0	0	0
Board of Jurors	72	0	0	0	0	0
Prisoner Transportation	11,550	0	0	0	0	0
Contracted Prisoner Boarding	1,793,184	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	51,432	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	2,500	0	250,436	0	0	0
Other State Revenues	4,000	0	0	0	0	0
Total State of Tennessee	\$ 2,964,760	\$ 160,120	\$ 874,825	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 26,342	\$ 0	\$ 0	\$ 0	\$ 0	0
Disaster Relief	25,179	0	0	0	0	0
Homeland Security Grants	1,008,347	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>Federal Through State (Cont.)</u>						
Law Enforcement Grants	\$ 34,856	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	577,889	0	1,665,513	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	34,119	0	0	0	0	0
Medicare	0	0	72,869	0	0	0
Other Direct Federal Revenue	23,800	0	0	0	0	0
Total Federal Government	\$ 1,730,532	\$ 0	\$ 1,738,382	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 13,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	310,248	109,114	512,203	0	0	0
<u>Citizens Groups</u>						
Donations	2,069	0	0	6,570	0	0
<u>Other</u>						
Other	47,916	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 373,233	\$ 109,114	\$ 512,203	\$ 6,570	\$ 0	0
Total	\$ 34,309,295	\$ 1,863,009	\$ 4,967,891	\$ 3,919,438	\$ 40,966	\$ 269,007

(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	\$ 1,272,120	\$ 2,192,443	\$ 0	\$ 23,358,749
Trustee's Collections - Prior Year	0	0	28,264	48,049	0	514,411
Circuit/Clerk & Master Collections - Prior Years	0	0	13,760	23,392	0	250,433
Interest and Penalty	0	0	10,749	18,305	0	195,853
Pick-up Taxes	0	0	8,528	14,655	0	156,297
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	278,518
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	4,148
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	0	2,823,253	0	0	2,823,253
Litigation Tax - General	0	0	0	162,540	0	512,895
Litigation Tax - Office of Public Defender	0	0	0	0	0	200,858
Business Tax	0	0	0	0	0	1,652,341
Mineral Severance Tax	0	0	257,182	0	0	257,182
<u>Statutory Local Taxes</u>						
Bank Excise Tax	0	0	4,410	7,600	0	80,976
Wholesale Beer Tax	0	0	454,731	0	0	454,731
Interstate Telecommunications Tax	0	0	20,220	0	0	20,220
Total Local Taxes	\$ 0	\$ 0	\$ 4,893,217	\$ 2,466,984	\$ 0	\$ 30,766,770
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,010
Cable TV Franchise	0	0	184,000	0	0	340,069
<u>Permits</u>						
Beer Permits	0	0	0	0	0	1,662
Building Permits	0	0	0	0	0	88,795
Total Licenses and Permits	\$ 0	\$ 0	\$ 184,000	\$ 0	\$ 0	\$ 440,536
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,667

(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	\$ 16,850	\$ 0	\$ 0	\$ 0	\$ 0	16,850
<u>Criminal Court</u>						
DUI Treatment Fines	0	0	0	0	0	79,329
<u>General Sessions Court</u>						
Fines	0	0	0	0	0	154,333
Officers Costs	0	0	0	0	0	187,583
Game and Fish Fines	0	0	0	0	0	1,188
Drug Control Fines	0	0	0	0	0	18,821
Drug Court Fees	0	0	0	0	0	21,665
Courtroom Security Fee	0	0	0	0	0	1,070
<u>Chancery Court</u>						
Officers Costs	0	0	0	0	0	19,493
Data Entry Fee - Chancery Court	0	0	0	0	0	1,738
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	0	0	0	0	0	4
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	0	0	20,370
Total Fines, Forfeitures, and Penalties	\$ 16,850	\$ 0	\$ 0	\$ 0	\$ 0	562,111
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	825,409
Patient Charges	0	0	0	0	0	4,357,497
Zoning Studies	0	0	0	0	0	8,115
Work Release Charges for Board	0	0	0	0	0	42,630
Health Department Collections	0	0	0	0	0	313,389
Other General Service Charges	0	0	0	0	0	1,522
Backflow Charges	0	0	0	0	0	315
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	269,007
Copy Fees	0	0	0	0	0	5,478
Library Fees	0	0	0	0	0	9,617

(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>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Telephone Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	156,862
Constitutional Officers' Fees and Commissions	0	15	0	0	0	15
Special Commissioner Fees/Special Master Fees	0	4,440	0	0	0	4,440
Data Processing Fee - Register	0	0	0	0	0	64,737
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	6,960
Total Charges for Current Services	\$ 0	\$ 4,455	\$ 0	\$ 0	\$ 0	6,065,993
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 1,448,943	\$ 183,363	\$ 0	1,637,168
Lease/Rentals	0	0	0	0	0	41,955
Sale of Materials and Supplies	0	0	4,455	0	0	25,686
Commissary Sales	0	0	0	0	0	48,318
Sale of Maps	0	0	0	0	0	636
Sale of Recycled Materials	0	0	0	0	0	75,308
Miscellaneous Refunds	0	0	0	0	0	25,934
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	60,055	0	60,055
Sale of Property	0	0	0	0	0	49,355
Damages Recovered from Individuals	0	0	0	0	0	2,391
Contributions & Gifts	0	0	0	0	0	25
Total Other Local Revenues	\$ 0	\$ 0	\$ 1,453,398	\$ 243,418	\$ 0	1,966,831
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,370,326
Circuit Court Clerk	0	0	0	0	0	477,383
General Sessions Court Clerk	0	0	0	0	0	843,923
Clerk and Master	0	0	0	0	0	517,047
Register	0	0	0	0	0	950,797
Sheriff	0	0	0	0	0	41,556
Trustee	0	0	0	0	0	2,158,916
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,359,948

(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>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	80,203
Solid Waste Grants	0	0	0	0	0	131,472
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	50,314
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	0	0	0	624,389
Other Health and Welfare Grants	0	0	0	0	0	14,500
<u>Public Works Grants</u>						
State Aid Program	0	0	490,931	0	0	490,931
Litter Program	0	0	0	0	0	61,547
Tennessee Industrial Infrastructure Program	0	0	0	0	0	374,207
<u>Other State Revenues</u>						
Income Tax	0	0	0	0	0	359,558
Beer Tax	0	0	0	0	0	17,212
Alcoholic Beverage Tax	0	0	0	0	0	138,551
Mixed Drink Tax	0	0	0	0	0	18,198
Board of Jurors	0	0	0	0	0	72
Prisoner Transportation	0	0	0	0	0	11,550
Contracted Prisoner Boarding	0	0	0	0	0	1,793,184
Gasoline and Motor Fuel Tax	0	0	2,677,391	0	0	2,677,391
Petroleum Special Tax	0	0	123,117	0	0	123,117
Reappraisal Program Reimbursement	0	0	0	0	0	51,432
Registrar's Salary Supplement	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	252,936
Other State Revenues	0	0	0	0	0	4,000
Total State of Tennessee	\$ 0	\$ 0	\$ 3,291,439	\$ 0	\$ 0	\$ 7,291,144
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	26,342
Disaster Relief	0	0	0	0	0	25,179
Homeland Security Grants	0	0	0	0	0	1,008,347

(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	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Law Enforcement Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	34,856
Other Federal through State	0	0	0	0	170,500	2,413,902
<u>Direct Federal Revenue</u>						
Forest Service	0	0	10,400	0	0	44,519
Medicare	0	0	0	0	0	72,869
Other Direct Federal Revenue	0	0	0	0	0	23,800
Total Federal Government	\$ 0	\$ 0	\$ 10,400	\$ 0	\$ 170,500	\$ 3,649,814
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,000
Contracted Services	0	0	0	0	0	931,565
<u>Citizens Groups</u>						
Donations	0	0	0	0	0	8,639
<u>Other</u>						
Other	0	0	0	0	0	47,916
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,001,120
Total	\$ 16,850	\$ 4,455	\$ 9,832,454	\$ 2,710,402	\$ 170,500	\$ 58,104,267

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, 2006

	Special Purpose	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,216,410	\$ 24,146,828	\$ 0	\$ 25,363,238
Trustee's Collections - Prior Year	23,240	480,020	0	503,260
Circuit/Clerk & Master Collections - Prior Years	12,315	258,889	0	271,204
Interest and Penalty	9,561	202,873	0	212,434
Pick-up Taxes	8,106	161,287	0	169,393
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	12,204,230	0	12,204,230
<u>Statutory Local Taxes</u>				
Bank Excise Tax	4,210	83,523	0	87,733
Interstate Telecommunications Tax	0	11,213	0	11,213
Total Local Taxes	\$ 1,273,842	\$ 37,548,863	\$ 0	\$ 38,822,705
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 0	\$ 7,017	\$ 0	\$ 7,017
Total Licenses and Permits	\$ 0	\$ 7,017	\$ 0	\$ 7,017
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 0	\$ 18,738	\$ 0	\$ 18,738
Lunch Payments - Children	0	1,497,221	0	1,497,221
Lunch Payments - Adults	0	164,217	0	164,217
Income from Breakfast	0	131,076	0	131,076
A la carte Sales	0	654,257	0	654,257
Receipts from Individual Schools	0	73,728	0	73,728
TBI Criminal Background Fees	0	3,600	0	3,600
<u>Other Charges for Services</u>				
Other Charges for Services	0	313,380	0	313,380
Total Charges for Current Services	\$ 0	\$ 2,856,217	\$ 0	\$ 2,856,217
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 627	\$ 0	\$ 627
Sale of Materials and Supplies	0	6,978	0	6,978
Retirees' Insurance Payments	0	368,660	0	368,660
Cobra Insurance Payments	0	1,034	0	1,034
Miscellaneous Refunds	0	46,937	0	46,937
<u>Nonrecurring Items</u>				
Insurance Recovery	0	4,841	0	4,841
Damages Recovered from Individuals	0	5,319	0	5,319
<u>Other Local Revenues</u>				
Other Local Revenues	0	1,077	0	1,077
Total Other Local Revenues	\$ 0	\$ 435,473	\$ 0	\$ 435,473
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Alternative School Program	\$ 0	\$ 12,434	\$ 0	\$ 12,434

(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	Total
<u>State of Tennessee (Cont.)</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 0	\$ 35,308,091	\$ 0	\$ 35,308,091
Early Childhood Education	0	59,803	0	59,803
School Food Service	0	67,200	0	67,200
Driver Education	0	18,528	0	18,528
Other State Education Funds	0	55,538	0	55,538
Career Ladder Program	0	751,875	0	751,875
Career Ladder - Extended Contract	0	328,354	0	328,354
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	0	1,091,153	0	1,091,153
Total State of Tennessee	\$ 0	\$ 37,692,976	\$ 0	\$ 37,692,976
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 1,780,052	\$ 0	\$ 1,780,052
Breakfast	0	538,442	0	538,442
USDA - Other	0	6,177	0	6,177
Adult Education State Grant Program	0	75,351	0	75,351
Vocational Education - Basic Grants to States	0	0	274,284	274,284
Title I Grants to Local Education Agencies	0	0	1,859,508	1,859,508
Innovative Education Program Strategies	0	0	36,217	36,217
Special Education - Grants to States	0	207,104	2,577,382	2,784,486
Special Education Preschool Grants	0	0	117,251	117,251
Eisenhower Professional Development State Grants	0	0	569,182	569,182
Other Federal through State	0	214,004	59,098	273,102
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	0	153,914	0	153,914
Forest Service	0	21,000	0	21,000
Other Direct Federal Revenue	0	67,513	0	67,513
Total Federal Government	\$ 0	\$ 3,063,557	\$ 5,492,922	\$ 8,556,479
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 605,070	\$ 0	\$ 0	\$ 605,070
<u>Citizens Groups</u>				
Donations	0	3,400	0	3,400
<u>Other</u>				
Other	0	41,377	0	41,377
Total Other Governments and Citizens Groups	\$ 605,070	\$ 44,777	\$ 0	\$ 649,847
Total	\$ 1,878,912	\$ 81,648,880	\$ 5,492,922	\$ 89,020,714

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

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	79,200	
Social Security		4,910	
Employer Medicare		1,149	
Advertising		1,520	
Contracts with Government Agencies		95,085	
Dues and Memberships		900	
Legal Notices, Recording, and Court Costs		619	
Maintenance & Repair Services - Office Equipment		1,794	
Postal Charges		750	
Printing, Stationery, and Forms		2,043	
Travel		5,687	
Tuition		2,500	
Office Supplies		1,110	
Other Supplies and Materials		23	
Total County Commission			\$ 197,290

County Mayor/Executive

County Official/Administrative Officer	\$	89,070	
Secretary(ies)		29,497	
Social Security		7,743	
State Retirement		15,850	
Life Insurance		94	
Medical Insurance		8,963	
Dental Insurance		582	
Employer Medicare		1,811	
Advertising		575	
Communication		2,221	
Dues and Memberships		2,793	
Maintenance & Repair Services - Office Equipment		265	
Postal Charges		477	
Travel		445	
Tuition		370	
Data Processing Supplies		278	
Food Supplies		28	
Gasoline		847	
Office Supplies		474	
Periodicals		209	
Other Supplies and Materials		437	
Total County Mayor/Executive			163,029

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	94,218	
Secretary(ies)		34,463	
Social Security		7,756	
State Retirement		16,050	
Life Insurance		94	
Medical Insurance		17,927	
Dental Insurance		774	
Employer Medicare		1,835	
Communication		1,798	
Data Processing Services		70	
Dues and Memberships		1,020	
Legal Notices, Recording, and Court Costs		86	
Maintenance & Repair Services - Office Equipment		354	
Postal Charges		575	
Printing, Stationery, and Forms		154	
Travel		1,195	
Tuition		499	
Data Processing Supplies		67	
Office Supplies		1,306	
Periodicals		6,954	
Office Equipment		170	
Total County Attorney			\$ 187,365

Election Commission

County Official/Administrative Officer	\$	63,943
Clerical Personnel		67,045
Temporary Personnel		8,626
Part-time Personnel		27,879
Election Commission		7,420
Election Workers		31,431
Social Security		10,565
State Retirement		15,625
Life Insurance		151
Medical Insurance		23,875
Dental Insurance		1,015
Unemployment Compensation		174
Employer Medicare		2,471
Communication		5,266
Data Processing Services		9,300
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	\$	56	
Janitorial Services		270	
Legal Notices, Recording, and Court Costs		4,191	
Maintenance & Repair Services - Equipment		4,565	
Maintenance & Repair Services - Office Equipment		2,037	
Postal Charges		12,380	
Printing, Stationery, and Forms		4,635	
Rentals		1,000	
Travel		3,916	
Tuition		220	
Other Contracted Services		380	
Data Processing Supplies		1,408	
General Construction Materials		63	
Office Supplies		3,792	
Other Supplies and Materials		8	
Data Processing Equipment		5,954	
Furniture and Fixtures		258	
Office Equipment		600	
Total Election Commission			\$ 320,694

Register of Deeds

County Official/Administrative Officer	\$	71,048
Clerical Personnel		184,778
Part-time Personnel		9,122
Social Security		15,747
State Retirement		27,262
Life Insurance		328
Medical Insurance		40,730
Dental Insurance		2,132
Employer Medicare		3,683
Communication		2,899
Data Processing Services		123,803
Freight Expenses		153
Maintenance & Repair Services - Office Equipment		8,124
Postal Charges		1,991
Printing, Stationery, and Forms		35,375
Travel		1,345
Tuition		330
Food Supplies		578
Office Supplies		1,227

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Furniture and Fixtures	\$ 3,575	
Total Register of Deeds		\$ 534,230

Planning

Supervisor/Director	\$ 47,206	
Clerical Personnel	27,507	
Other Salaries & Wages	77,807	
Board and Committee Members Fees	3,375	
Social Security	9,591	
State Retirement	19,121	
Life Insurance	196	
Medical Insurance	17,706	
Dental Insurance	999	
Employer Medicare	2,244	
Communication	3,145	
Contracts with Government Agencies	13,500	
Data Processing Services	249	
Dues and Memberships	907	
Freight Expenses	210	
Legal Notices, Recording, and Court Costs	702	
Licenses	46	
Maintenance & Repair Services - Office Equipment	3,736	
Postal Charges	654	
Printing, Stationery, and Forms	188	
Travel	2,281	
Tuition	859	
Permits	2,500	
Other Contracted Services	12,471	
Data Processing Supplies	4,694	
Food Supplies	53	
Gasoline	2,607	
Lubricants	45	
Office Supplies	1,820	
Tires and Tubes	175	
Vehicle Parts	292	
Motor Vehicles	32,000	
Total Planning		288,886

Geographical Information Systems

Other Contracted Services	\$ 62,960	
Total Geographical Information Systems		62,960

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	39,657
Mechanic(s)		32,153
Guards		67,950
Clerical Personnel		20,813
Custodial Personnel		135,479
Maintenance Personnel		178,562
Social Security		28,577
State Retirement		49,267
Life Insurance		671
Medical Insurance		74,455
Dental Insurance		3,971
Employer Medicare		6,683
Communication		7,736
Freight Expenses		25
Janitorial Services		676
Licenses		50
Maintenance & Repair Services - Buildings		1,606
Maintenance & Repair Services - Equipment		19,087
Pest Control		540
Printing, Stationery, and Forms		2,099
Rentals		4,495
Tuition		398
Disposal Fees		8,162
Permits		550
Custodial Supplies		14,170
Data Processing Supplies		1,422
Electricity		228,976
Equipment Parts - Light		6,428
Equipment and Machinery Parts		7,310
Food Supplies		1,309
Garage Supplies		3,057
Gasoline		12,258
General Construction Materials		8,999
Lubricants		565
Natural Gas		22,268
Office Supplies		729
Small Tools		2,595
Tires and Tubes		454
Uniforms		73
Vehicle Parts		7,203

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Water and Sewer	\$ 22,990	
Other Supplies and Materials	8,890	
Building Construction	1,375	
Building Improvements	16,611	
Heating and Air Conditioning Equipment	17,553	
Maintenance Equipment	1,181	
Traffic Control Equipment	12,946	
Other Capital Outlay	6,336	
Total County Buildings		\$ 1,089,360

Other Facilities

Contracts with Government Agencies	\$ 160,094	
Total Other Facilities		160,094

Preservation of Records

Part-time Personnel	\$ 19,665	
Social Security	1,248	
Employer Medicare	292	
Communication	1,313	
Contributions	1,000	
Freight Expenses	5	
Maintenance & Repair Services - Office Equipment	120	
Postal Charges	79	
Printing, Stationery, and Forms	1,316	
Rentals	28	
Travel	483	
Tuition	85	
Other Contracted Services	1,562	
Data Processing Supplies	530	
Library Books/Media	20,493	
Office Supplies	7,968	
Periodicals	71	
Other Supplies and Materials	54	
Other Charges	248	
Data Processing Equipment	1,271	
Furniture and Fixtures	2,018	
Office Equipment	760	
Total Preservation of Records		60,609

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Risk Management

Supervisor/Director	\$	42,579	
Social Security		2,612	
State Retirement		5,460	
Life Insurance		49	
Medical Insurance		4,428	
Dental Insurance		258	
Employer Medicare		611	
Communication		875	
Licenses		33	
Postal Charges		85	
Travel		901	
Data Processing Supplies		83	
Office Supplies		1,880	
Periodicals		364	
Boiler Insurance		20,000	
Building and Contents Insurance		13,629	
Liability Insurance		452,636	
Vehicle and Equipment Insurance		35,623	
Workers' Compensation Insurance		88,021	
Other Self-Insured Claims		511,341	
Total Risk Management			\$ 1,181,468

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	71,048
Supervisor/Director		177,507
Clerical Personnel		134,911
Part-time Personnel		3,040
Social Security		24,538
State Retirement		42,343
Life Insurance		471
Medical Insurance		46,798
Dental Insurance		2,683
Employer Medicare		5,738
Bank Charges		100
Communication		7,242
Dues and Memberships		272
Freight Expenses		75
Legal Notices, Recording, and Court Costs		123
Maintenance & Repair Services - Office Equipment		3,743

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Maintenance & Repair Services - Vehicles	\$	93	
Postal Charges		7,137	
Printing, Stationery, and Forms		769	
Rentals		153	
Travel		1,806	
Tuition		2,118	
Other Contracted Services		48	
Data Processing Supplies		2,159	
Food Supplies		216	
Gasoline		1,901	
General Construction Materials		24	
Lubricants		14	
Office Supplies		7,497	
Periodicals		550	
Other Supplies and Materials		25	
Office Equipment		1,268	
Total Accounting and Budgeting			\$ 546,410

Purchasing

County Official/Administrative Officer	\$	51,648
Assistant(s)		39,646
Supervisor/Director		67,355
Purchasing Personnel		120,074
Equipment Operators		57,374
Clerical Personnel		57,294
Maintenance Personnel		28,960
Part-time Personnel		264
Social Security		25,250
State Retirement		53,299
Life Insurance		622
Medical Insurance		61,631
Dental Insurance		3,115
Employer Medicare		5,859
Communication		6,870
Dues and Memberships		255
Legal Notices, Recording, and Court Costs		6,523
Licenses		39
Maintenance & Repair Services - Equipment		471
Maintenance & Repair Services - Office Equipment		2,927
Maintenance & Repair Services - Vehicles		105

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Postal Charges	\$	2,552	
Printing, Stationery, and Forms		92	
Rentals		6,289	
Travel		1,027	
Custodial Supplies		89	
Data Processing Supplies		4,985	
Drugs and Medical Supplies		66	
Duplicating Supplies		1,086	
Electricity		462	
Equipment Parts - Light		830	
Equipment and Machinery Parts		439	
Food Supplies		629	
Garage Supplies		48	
Gasoline		1,911	
General Construction Materials		11	
Lubricants		118	
Office Supplies		5,764	
Periodicals		220	
Small Tools		196	
Tires and Tubes		127	
Uniforms		492	
Vehicle Parts		527	
Other Supplies and Materials		2,283	
Data Processing Equipment		2,680	
Total Purchasing			\$ 622,504

Property Assessor's Office

County Official/Administrative Officer	\$	71,548
Assistant(s)		50,035
Supervisor/Director		42,760
Deputy(ies)		264,827
Internal Audit Personnel		46,277
Clerical Personnel		420,711
Board and Committee Members Fees		930
Social Security		55,064
State Retirement		114,699
Life Insurance		1,301
Medical Insurance		143,121
Dental Insurance		8,235
Employer Medicare		12,878

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Audit Services	\$	4,881	
Communication		11,070	
Data Processing Services		100	
Dues and Memberships		1,753	
Legal Notices, Recording, and Court Costs		91	
Licenses		2,097	
Maintenance & Repair Services - Office Equipment		16,506	
Maintenance & Repair Services - Vehicles		543	
Postal Charges		7,410	
Printing, Stationery, and Forms		355	
Travel		1,529	
Tuition		170	
Other Contracted Services		335	
Data Processing Supplies		1,390	
Food Supplies		458	
Gasoline		12,008	
Lubricants		403	
Office Supplies		7,379	
Periodicals		132	
Tires and Tubes		336	
Vehicle Parts		1,382	
Other Supplies and Materials		542	
Other Charges		8,253	
Data Processing Equipment		22,407	
Motor Vehicles		15,550	
Office Equipment		40	
Total Property Assessor's Office			\$ 1,349,506

County Trustee's Office

County Official/Administrative Officer	\$	71,048
Assistant(s)		38,212
Deputy(ies)		153,496
Part-time Personnel		23,997
Social Security		16,831
State Retirement		28,513
Life Insurance		339
Medical Insurance		50,197
Dental Insurance		2,788
Unemployment Compensation		1,905
Employer Medicare		3,936

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Communication	\$	9,747	
Data Processing Services		2,500	
Dues and Memberships		404	
Legal Notices, Recording, and Court Costs		69	
Maintenance Agreements		311	
Maintenance & Repair Services - Office Equipment		940	
Postal Charges		33,563	
Printing, Stationery, and Forms		2,777	
Rentals		48	
Travel		1,229	
Tuition		100	
Data Processing Supplies		1,090	
Office Supplies		1,873	
Periodicals		170	
Data Processing Equipment		1,750	
Office Equipment		2,029	
Total County Trustee's Office			\$ 449,862

County Clerk's Office

County Official/Administrative Officer	\$	71,048
Deputy(ies)		595,751
Part-time Personnel		34,502
Board and Committee Members Fees		480
Social Security		40,636
State Retirement		85,320
Life Insurance		1,097
Medical Insurance		131,447
Dental Insurance		6,942
Unemployment Compensation		5,360
Employer Medicare		9,763
Communication		14,587
Data Processing Services		27,943
Dues and Memberships		737
Legal Notices, Recording, and Court Costs		203
Licenses		1,380
Maintenance & Repair Services - Office Equipment		3,260
Postal Charges		45,433
Printing, Stationery, and Forms		5,720
Travel		1,898
Tuition		280

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office (Cont.)

Other Contracted Services	\$	960	
Data Processing Supplies		3,563	
Food Supplies		136	
Office Supplies		6,188	
Office Equipment		7,020	
Total County Clerk's Office			\$ 1,101,654

Data Processing

Data Processing Services	\$	11,042	
Freight Expenses		590	
Maintenance Agreements		3,932	
Maintenance & Repair Services - Equipment		723	
Printing, Stationery, and Forms		3,060	
Other Contracted Services		431	
Data Processing Supplies		4,525	
Office Supplies		1,008	
Data Processing Equipment		26,348	
Total Data Processing			51,659

Other Finance

Refunds	\$	21,967	
Trustee's Commission		424,605	
Total Other Finance			446,572

Administration of Justice

Circuit Court Judge

Communication	\$	7,397	
Contracts with Private Agencies		80	
Postal Charges		790	
Office Supplies		1,554	
Total Circuit Court Judge			9,821

Circuit Court Clerk

County Official/Administrative Officer	\$	71,048	
Assistant(s)		42,508	
Clerical Personnel		656,211	
Part-time Personnel		18,284	
Social Security		47,592	
State Retirement		93,422	
Life Insurance		1,204	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Medical Insurance	\$	114,315	
Dental Insurance		6,958	
Unemployment Compensation		5,232	
Employer Medicare		11,130	
Communication		16,765	
Data Processing Services		1,200	
Dues and Memberships		150	
Freight Expenses		2	
Maintenance & Repair Services - Office Equipment		6,829	
Postal Charges		10,942	
Printing, Stationery, and Forms		6,440	
Rentals		48	
Travel		1,048	
Tuition		40	
Data Processing Supplies		3,200	
Food Supplies		346	
Office Supplies		9,388	
Periodicals		231	
Furniture and Fixtures		22,161	
Total Circuit Court Clerk			\$ 1,146,694

General Sessions Court

Judge(s)	\$	237,089
Secretary(ies)		59,625
Social Security		15,333
State Retirement		30,120
Life Insurance		211
Medical Insurance		21,153
Dental Insurance		1,301
Employer Medicare		4,292
Communication		5,074
Dues and Memberships		305
Licenses		800
Maintenance & Repair Services - Office Equipment		330
Postal Charges		1,813
Printing, Stationery, and Forms		879
Travel		2,753
Tuition		480
Data Processing Supplies		500
Office Supplies		1,142

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Periodicals	\$	4,152	
Other Supplies and Materials		441	
Data Processing Equipment		1,562	
Other Capital Outlay		750	
Total General Sessions Court			\$ 390,105

General Sessions Judge

Judge(s)	\$	231,102	
Assistant(s)		53,770	
Secretary(ies)		29,332	
Social Security		16,369	
State Retirement		39,300	
Life Insurance		238	
Medical Insurance		29,585	
Dental Insurance		1,357	
Employer Medicare		4,427	
Communication		4,598	
Dues and Memberships		255	
Licenses		800	
Maintenance Agreements		118	
Maintenance & Repair Services - Office Equipment		839	
Postal Charges		552	
Printing, Stationery, and Forms		600	
Travel		4,537	
Tuition		390	
Data Processing Supplies		239	
Food Preparation Supplies		100	
Office Supplies		992	
Periodicals		712	
Total General Sessions Judge			420,212

Drug Court

Contracts with Private Agencies	\$	126,085	
Total Drug Court			126,085

Chancery Court

County Official/Administrative Officer	\$	71,548	
Clerical Personnel		203,483	
Part-time Personnel		30,222	
Social Security		17,770	

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

State Retirement	\$	37,806	
Life Insurance		437	
Medical Insurance		45,024	
Dental Insurance		2,291	
Employer Medicare		4,156	
Communication		5,878	
Data Processing Services		4,898	
Dues and Memberships		1,223	
Freight Expenses		74	
Maintenance Agreements		140	
Maintenance & Repair Services - Office Equipment		7,731	
Postal Charges		3,046	
Printing, Stationery, and Forms		4,100	
Rentals		700	
Data Processing Supplies		278	
Office Supplies		2,829	
Periodicals		467	
Data Processing Equipment		215	
Furniture and Fixtures		3,374	
Office Equipment		6,400	
Total Chancery Court			\$ 454,090

Juvenile Court

Supervisor/Director	\$	84,455
Probation Officer(s)		33,116
Guidance Personnel		167,961
Secretary(ies)		44,618
Clerical Personnel		39,947
Social Security		22,028
State Retirement		46,546
Life Insurance		515
Medical Insurance		56,872
Dental Insurance		3,623
Employer Medicare		5,151
Communication		2,147
Contributions		12,396
Data Processing Services		50
Legal Services		21,700
Licenses		200
Maintenance & Repair Services - Office Equipment		364

(Continued)

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Maintenance & Repair Services - Vehicles	\$	421	
Printing, Stationery, and Forms		260	
Rentals		66	
Travel		5,688	
Tuition		2,248	
Other Contracted Services		95,184	
Data Processing Supplies		537	
Drugs and Medical Supplies		862	
Gasoline		785	
Lubricants		1	
Office Supplies		1,296	
Vehicle Parts		4	
Data Processing Equipment		2,884	
Furniture and Fixtures		1,580	
Total Juvenile Court			\$ 653,505

District Attorney General

Assistant(s)	\$	183,290	
Salary Supplements		4,256	
Secretary(ies)		23,523	
Part-time Personnel		4,655	
Social Security		13,188	
State Retirement		26,366	
Life Insurance		192	
Medical Insurance		28,757	
Dental Insurance		1,580	
Employer Medicare		3,084	
Travel		4,553	
Total District Attorney General			293,444

Office of Public Defender

Paraprofessionals	\$	99,126	
Social Security		6,157	
State Retirement		12,698	
Life Insurance		98	
Medical Insurance		17,927	
Dental Insurance		805	
Employer Medicare		1,440	
Licenses		800	
Matching Share		16,307	

(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.)

Travel	\$	721	
Tuition		112	
Total Office of Public Defender			\$ 156,191

Other Administration of Justice

Board and Committee Members Fees	\$	150	
Jury and Witness Fees		97,890	
Other Per Diem & Fees		40,229	
Legal Services		2,470	
Total Other Administration of Justice			140,739

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	86,006	
Assistant(s)		205,160	
Supervisor/Director		56,768	
Deputy(ies)		1,974,754	
Captain(s)		133,909	
Lieutenant(s)		617,539	
Sergeant(s)		698,561	
Mechanic(s)		83,328	
Dispatchers/Radio Operators		484,460	
Guards		650	
Secretary(ies)		327,372	
Social Security		285,998	
State Retirement		591,204	
Life Insurance		6,385	
Medical Insurance		747,511	
Dental Insurance		40,233	
Unemployment Compensation		4,930	
Employer Medicare		66,886	
Advertising		2,034	
Communication		82,373	
Data Processing Services		8,249	
Dues and Memberships		9,232	
Evaluation and Testing		1,948	
Financial Advisory Services		861	
Freight Expenses		269	
Operating Lease Payments		408	
Legal Services		8	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Legal Notices, Recording, and Court Costs	\$	12
Licenses		476
Maintenance & Repair Services - Buildings		192
Maintenance & Repair Services - Equipment		26,281
Maintenance & Repair Services - Office Equipment		43,674
Maintenance & Repair Services - Vehicles		10,573
Matching Share		1,668
Medical and Dental Services		227
Pest Control		480
Postal Charges		6,456
Printing, Stationery, and Forms		2,729
Rentals		674
Tow-in Services		4,987
Travel		40,985
Tuition		29,192
Veterinary Services		2,118
Disposal Fees		4,801
Other Contracted Services		9,807
Animal Food and Supplies		2,330
Custodial Supplies		3,264
Data Processing Supplies		7,744
Electricity		4,245
Equipment Parts - Light		343
Equipment and Machinery Parts		5,393
Fertilizer, Lime, and Seed		584
Food Preparation Supplies		107
Garage Supplies		1,640
Gasoline		285,004
General Construction Materials		5,192
Riprap		262
Instructional Supplies and Materials		639
Law Enforcement Supplies		26,726
Lubricants		1,679
Office Supplies		18,015
Periodicals		638
Small Tools		922
Tires and Tubes		13,380
Uniforms		70,307
Vehicle Parts		51,532
Water and Sewer		152

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Other Supplies and Materials	\$	6,337	
Building Improvements		3,500	
Communication Equipment		40,948	
Data Processing Equipment		32,332	
Furniture and Fixtures		1,066	
Law Enforcement Equipment		104,282	
Motor Vehicles		266,342	
Other Equipment		18,205	
Other Capital Outlay		9,360	
Total Sheriff's Department			\$ 7,684,838

Administration of the Sexual Offender Registry

Maintenance & Repair Services - Equipment	\$	3,312	
Other Contracted Services		1,200	
Custodial Supplies		98	
Data Processing Supplies		6,414	
Law Enforcement Supplies		697	
Total Administration of the Sexual Offender Registry			11,721

Jail

Assistant(s)	\$	68,319	
Deputy(ies)		1,709,322	
Captain(s)		41,460	
Lieutenant(s)		188,708	
Sergeant(s)		333,661	
Medical Personnel		266,426	
Guards		3,863	
Secretary(ies)		25,981	
Cafeteria Personnel		81,768	
Board and Committee Members Fees		21,486	
Social Security		163,480	
State Retirement		341,939	
Life Insurance		4,064	
Medical Insurance		478,149	
Dental Insurance		25,821	
Unemployment Compensation		2,741	
Employer Medicare		38,233	
Advertising		3,290	
Communication		10,038	
Data Processing Services		800	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Dues and Memberships	\$	2,148
Evaluation and Testing		1,267
Legal Notices, Recording, and Court Costs		8
Licenses		318
Maintenance & Repair Services - Buildings		2,756
Maintenance & Repair Services - Equipment		31,499
Maintenance & Repair Services - Office Equipment		14,998
Maintenance & Repair Services - Vehicles		288
Medical and Dental Services		461,300
Pest Control		1,540
Postal Charges		916
Printing, Stationery, and Forms		3,679
Rentals		1,609
Transportation - Other than Students		39,503
Travel		6,442
Tuition		6,810
Disposal Fees		18,041
Permits		150
Other Contracted Services		280
Concrete		182
Custodial Supplies		60,956
Data Processing Supplies		8,640
Diesel Fuel		904
Drugs and Medical Supplies		146,238
Electricity		169,305
Equipment Parts - Light		3,434
Equipment and Machinery Parts		29,936
Food Preparation Supplies		15,340
Food Supplies		482,784
Garage Supplies		160
Gasoline		31,777
General Construction Materials		13,272
Instructional Supplies and Materials		232
Law Enforcement Supplies		4,892
Lubricants		101
Natural Gas		95,211
Office Supplies		7,174
Periodicals		729
Prisoners Clothing		18,208
Small Tools		1,109

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Tires and Tubes	\$	478	
Uniforms		38,776	
Vehicle Parts		4,122	
Water and Sewer		159,874	
Liner Materials		10,742	
Chemicals		115	
Other Supplies and Materials		15,647	
Communication Equipment		3,025	
Data Processing Equipment		41,665	
Food Service Equipment		2,490	
Law Enforcement Equipment		3,194	
Motor Vehicles		13,300	
Other Equipment		12,011	
Total Jail			\$ 5,799,124

Workhouse

Deputy(ies)	\$	55,748	
Social Security		3,492	
State Retirement		7,107	
Life Insurance		94	
Medical Insurance		2,916	
Dental Insurance		194	
Employer Medicare		817	
Communication		267	
Custodial Supplies		2,068	
Road Signs		1,029	
Total Workhouse			73,732

Juvenile Services

Contracts with Government Agencies	\$	317,475	
Contributions		335,422	
Total Juvenile Services			652,897

Fire Prevention and Control

Contributions	\$	1,440,509	
Total Fire Prevention and Control			1,440,509

Civil Defense

Supervisor/Director	\$	42,450	
Medical Personnel		188,179	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Secretary(ies)	\$	24,239	
Part-time Personnel		39,060	
Social Security		17,990	
State Retirement		33,957	
Life Insurance		371	
Medical Insurance		50,376	
Dental Insurance		2,352	
Employer Medicare		4,207	
Communication		3,085	
Licenses		17	
Maintenance Agreements		33	
Maintenance & Repair Services - Equipment		575	
Maintenance & Repair Services - Office Equipment		244	
Maintenance & Repair Services - Vehicles		408	
Postal Charges		432	
Tow-in Services		155	
Travel		823	
Tuition		395	
Data Processing Supplies		1,617	
Equipment Parts - Light		1,106	
Gasoline		2,253	
Lubricants		59	
Office Supplies		1,065	
Periodicals		265	
Uniforms		723	
Vehicle Parts		919	
Other Supplies and Materials		1,685	
Communication Equipment		372	
Data Processing Equipment		464	
Furniture and Fixtures		575	
Office Equipment		1,564	
Total Civil Defense			\$ 422,015

Rescue Squad

Contributions	\$	235,620	
Total Rescue Squad			235,620

Disaster Relief

Contributions	\$	6,000	
Data Processing Equipment		2,011	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Disaster Relief (Cont.)

Motor Vehicles	\$	5,500	
Other Equipment		219,467	
Other Capital Outlay		10,290	
Total Disaster Relief			\$ 243,268

Other Emergency Management

Data Processing Equipment	\$	1,165	
Law Enforcement Equipment		2,249	
Other Equipment		1,144	
Other Capital Outlay		4,477	
Total Other Emergency Management			9,035

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	26,300	
Communication		142	
Contributions		64,233	
Other Contracted Services		27,450	
Drugs and Medical Supplies		5,314	
Gasoline		2,509	
Lubricants		40	
Vehicle Parts		1,010	
Other Charges		3,900	
Total County Coroner/Medical Examiner			130,898

Other Public Safety

Communication	\$	2,407	
Maintenance & Repair Services - Equipment		117,995	
Electricity		11,432	
Natural Gas		608	
Propane Gas		582	
Total Other Public Safety			133,024

Public Health and Welfare

Rabies and Animal Control

Truck Drivers	\$	108,331	
Social Security		6,776	
State Retirement		15,008	
Life Insurance		196	
Medical Insurance		32,717	
Dental Insurance		1,611	

(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.)

Employer Medicare	\$	1,585	
Communication		1,907	
Licenses		100	
Maintenance & Repair Services - Buildings		1,080	
Maintenance & Repair Services - Equipment		405	
Maintenance & Repair Services - Office Equipment		194	
Medical and Dental Services		13,926	
Pest Control		1,030	
Postal Charges		11	
Printing, Stationery, and Forms		14	
Travel		95	
Veterinary Services		120	
Disposal Fees		1,632	
Animal Food and Supplies		4,819	
Crushed Stone		467	
Custodial Supplies		7,830	
Drugs and Medical Supplies		1,449	
Electricity		6,824	
Gasoline		9,334	
General Construction Materials		3,194	
Natural Gas		7,049	
Office Supplies		205	
Tires and Tubes		760	
Uniforms		1,978	
Vehicle Parts		337	
Water and Sewer		2,535	
Other Supplies and Materials		2,579	
Building Construction		864	
Building Improvements		3,687	
Other Equipment		407	
Total Rabies and Animal Control			\$ 241,056

Ambulance/Emergency Medical Services

Motor Vehicles	\$	196,380	
Health Equipment		23,577	
Total Ambulance/Emergency Medical Services			219,957

Other Local Health Services

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	\$ 26,000	
Total Aid to Dependent Children		26,000

Other Local Welfare Services

Contributions	\$ 5,760	
Pauper Burials	7,000	
Other Construction	480	
Other Capital Outlay	160	
Total Other Local Welfare Services		13,400

Other Public Health and Welfare

Contributions	\$ 10,000	
Total Other Public Health and Welfare		10,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$ 10,843
Clerical Personnel	221,613
Custodial Personnel	45,648
Part-time Personnel	23,157
Social Security	18,606
State Retirement	29,858
Life Insurance	392
Medical Insurance	31,652
Dental Insurance	1,968
Employer Medicare	4,351
Advertising	2,363
Communication	10,876
Contributions	30,000
Data Processing Services	5,889
Dues and Memberships	300
Freight Expenses	152

(Continued)

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Janitorial Services	\$	1,712	
Licenses		3,385	
Maintenance & Repair Services - Equipment		738	
Maintenance & Repair Services - Office Equipment		18,276	
Pest Control		495	
Postal Charges		2,518	
Printing, Stationery, and Forms		71	
Rentals		1,430	
Travel		3,106	
Tuition		372	
Disposal Fees		514	
Other Contracted Services		170	
Custodial Supplies		758	
Data Processing Supplies		6,270	
Electricity		16,798	
Equipment Parts - Light		184	
Equipment and Machinery Parts		365	
General Construction Materials		191	
Instructional Supplies and Materials		2,431	
Library Books/Media		79,606	
Natural Gas		4,161	
Office Supplies		12,013	
Periodicals		3,860	
Small Tools		36	
Water and Sewer		913	
Other Supplies and Materials		185	
Other Charges		8,393	
Building Improvements		6,125	
Data Processing Equipment		11,672	
Heating and Air Conditioning Equipment		2,800	
Total Libraries			\$ 627,216

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

Part-time Personnel	\$	4,698	
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(Continued)

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

General Fund (Cont.)

Agriculture & Natural Resources (Cont.)

Agriculture Extension Service (Cont.)

Social Security	\$	291	
Employer Medicare		68	
Communication		2,169	
Matching Share		91,299	
Printing, Stationery, and Forms		101	
Travel		73	
Other Charges		<u>7,000</u>	
Total Agriculture Extension Service			\$ 105,699

Forest Service

Contributions	\$	<u>1,000</u>	
Total Forest Service			1,000

Soil Conservation

Secretary(ies)	\$	23,861	
Social Security		1,469	
State Retirement		3,063	
Life Insurance		49	
Medical Insurance		8,963	
Employer Medicare		344	
Contributions		<u>5,100</u>	
Total Soil Conservation			42,849

Other Operations

Tourism

Supervisor/Director	\$	12,957	
Social Security		785	
State Retirement		1,627	
Life Insurance		15	
Medical Insurance		729	
Dental Insurance		124	
Employer Medicare		184	
Advertising		500	
Communication		531	
Contributions		10,000	
Data Processing Services		660	
Dues and Memberships		60	
Postal Charges		46	
Printing, Stationery, and Forms		25	
Travel		918	

(Continued)

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

General Fund (Cont.)

Other Operations (Cont.)

Tourism (Cont.)

Tuition	\$	290	
Data Processing Supplies		862	
Office Supplies		1,324	
Other Supplies and Materials		203	
Data Processing Equipment		<u>2,627</u>	
Total Tourism	\$		34,467

Industrial Development

Contributions	\$	353,940	
Other Construction		<u>279,814</u>	
Total Industrial Development			633,754

Housing and Urban Development

Contributions	\$	<u>20,000</u>	
Total Housing and Urban Development			20,000

Other Economic and Community Development

Contributions	\$	13,000	
Other Charges		<u>20,000</u>	
Total Other Economic and Community Development			33,000

Veterans' Services

Rentals	\$	<u>11,900</u>	
Total Veterans' Services			11,900

Contributions to Other Agencies

Contributions	\$	<u>25,000</u>	
Total Contributions to Other Agencies			25,000

Employee Benefits

Handling Charges & Administrative Costs	\$	3,122	
Employee and Dependent Insurance		272,989	
Medical Insurance		97,777	
Other Fringe Benefits		<u>13,377</u>	
Total Employee Benefits			387,265

Miscellaneous

Dues and Memberships	\$	22,183	
Other Charges		<u>10,170</u>	
Total Miscellaneous			32,353

(Continued)

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

General Fund (Cont.)

Instruction

Vocational Education Program

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

Other

Contracts with Other Public Agencies	\$ 105,533	
Tuition	20,000	
Total Other		125,533

Capital Projects

Administration of Justice Projects

Building Improvements	\$ 79,000	
Total Administration of Justice Projects		79,000

Public Utility Projects

Other Capital Outlay	\$ 2,017,688	
Total Public Utility Projects		2,017,688

Highway & Street Capital Projects

Legal Notices, Recording, and Court Costs	\$ 292	
Other Road Supplies	11,972	
Right-of-Way	7,095	
Total Highway & Street Capital Projects		19,359

Capital Projects - Donated

Capital Projects Donated to Other Entities

Communication Equipment	\$ 66,325	
Other Equipment	213,175	
Other Capital Outlay	31,794	
Total Capital Projects Donated to Other Entities		311,294

Total General Fund \$ 34,941,607

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 898	
Dues and Memberships	50	
Printing, Stationery, and Forms	19	
Tuition	75	
Other Contracted Services	14,011	

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Education/Information (Cont.)

Instructional Supplies and Materials	\$	557	
Office Supplies		34	
Other Supplies and Materials		433	
Other Charges		4,736	
Total Sanitation Education/Information			\$ 20,813

Transfer Stations

Supervisor/Director	\$	50,107
Mechanic(s)		27,391
Equipment Operators		28,974
Truck Drivers		213,830
Clerical Personnel		24,027
Maintenance Personnel		139,600
Part-time Personnel		15,915
Social Security		29,752
Handling Charges & Administrative Costs		180
State Retirement		60,492
Employee and Dependent Insurance		11,247
Life Insurance		784
Medical Insurance		87,845
Dental Insurance		4,997
Employer Medicare		6,958
Communication		4,201
Contracts with Government Agencies		9,819
Dues and Memberships		100
Evaluation and Testing		800
Freight Expenses		42
Legal Services		309
Licenses		1,068
Maintenance & Repair Services - Equipment		43,020
Maintenance & Repair Services - Office Equipment		106
Maintenance & Repair Services - Vehicles		18,467
Postal Charges		161
Printing, Stationery, and Forms		1,845
Rentals		2,729
Travel		3,463
Tuition		685
Disposal Fees		527,742
Permits		1,000
Other Contracted Services		320

(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.)

Crushed Stone	\$	239	
Custodial Supplies		3,483	
Data Processing Supplies		387	
Diesel Fuel		73,857	
Electricity		12,043	
Equipment Parts - Heavy		2,060	
Equipment Parts - Light		348	
Equipment and Machinery Parts		1,352	
Garage Supplies		7,373	
Gasoline		5,876	
Lubricants		5,536	
Office Supplies		2,355	
Periodicals		373	
Propane Gas		11,131	
Sand		535	
Small Tools		509	
Tires and Tubes		15,276	
Vehicle Parts		16,421	
Water and Sewer		1,249	
Other Supplies and Materials		4,358	
Trustee's Commission		22,095	
Data Processing Equipment		1,364	
Motor Vehicles		29,561	
Solid Waste Equipment		284,159	
Total Transfer Stations			\$ 1,819,916

Other Waste Disposal

Heating and Air Conditioning Equipment	\$	14,500	
Total Other Waste Disposal			<u>14,500</u>

Total Solid Waste/Sanitation Fund \$ 1,855,229

Health Department Fund

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	61,446	
Assistant(s)		94,426	
Supervisor/Director		119,403	
Medical Personnel		903,139	
Instructional Computer Personnel		40,095	

(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.)

Clerical Personnel	\$	302,843
Custodial Personnel		27,580
Part-time Personnel		108,806
Social Security		99,112
Handling Charges & Administrative Costs		838
State Retirement		146,735
Employee and Dependent Insurance		2,533
Life Insurance		1,593
Medical Insurance		135,122
Dental Insurance		8,871
Unemployment Compensation		1,059
Employer Medicare		22,565
Advertising		4,144
Communication		39,305
Consultants		450
Contracts with Private Agencies		3,380
Dues and Memberships		914
Freight Expenses		858
Janitorial Services		64,520
Operating Lease Payments		14,337
Licenses		6,290
Maintenance & Repair Services - Buildings		4,466
Maintenance & Repair Services - Equipment		33,849
Maintenance & Repair Services - Office Equipment		2,388
Maintenance & Repair Services - Vehicles		1,223
Medical and Dental Services		25,306
Pest Control		2,835
Postal Charges		10,851
Printing, Stationery, and Forms		2,000
Rentals		5,418
Travel		19,852
Tuition		5,751
Disposal Fees		1,088
Permits		150
Other Contracted Services		3,387
Custodial Supplies		6,383
Data Processing Supplies		17,208
Drugs and Medical Supplies		285,544
Electricity		49,064
Equipment Parts - Light		366

(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.)

Equipment and Machinery Parts	\$	182	
Food Preparation Supplies		71	
Food Supplies		2,348	
Gasoline		6,570	
General Construction Materials		5,655	
Instructional Supplies and Materials		4,379	
Lubricants		62	
Natural Gas		9,685	
Office Supplies		17,655	
Periodicals		2,267	
Tires and Tubes		416	
Uniforms		941	
Vehicle Parts		790	
Water and Sewer		4,893	
Chemicals		1,488	
Other Supplies and Materials		6,222	
Trustee's Commission		21,458	
Building Improvements		1,211	
Communication Equipment		1,270	
Data Processing Equipment		38,290	
Furniture and Fixtures		19,187	
Motor Vehicles		13,151	
Office Equipment		24,094	
Health Equipment		12,558	
Other Capital Outlay		5,575	
Total Local Health Center			\$ 2,887,911

Dental Health Program

Medical Personnel	\$	189,549
Part-time Personnel		1,638
Social Security		10,258
State Retirement		22,513
Life Insurance		186
Medical Insurance		33,895
Dental Insurance		1,331
Employer Medicare		2,513
Bank Charges		182
Communication		916
Contracts with Private Agencies		1,707
Freight Expenses		53

(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.)

Janitorial Services	\$	5,920	
Maintenance & Repair Services - Equipment		189	
Postal Charges		136	
Printing, Stationery, and Forms		626	
Travel		1,949	
Tuition		1,040	
Disposal Fees		676	
Custodial Supplies		68	
Data Processing Supplies		11,930	
Drugs and Medical Supplies		23,082	
Electricity		3,328	
Equipment Parts - Light		115	
Equipment and Machinery Parts		338	
Food Supplies		370	
General Construction Materials		85	
Instructional Supplies and Materials		1,097	
Office Supplies		1,779	
Periodicals		57	
Other Supplies and Materials		808	
Total Dental Health Program			\$ 318,334

Crippled Children Services

Clerical Personnel	\$	78,657	
Social Security		4,589	
State Retirement		7,679	
Life Insurance		45	
Medical Insurance		8,963	
Dental Insurance		744	
Employer Medicare		1,073	
Travel		2,675	
Tuition		110	
Data Processing Supplies		89	
Office Supplies		74	
Total Crippled Children Services			104,698

Other Local Health Services

Supervisor/Director	\$	92,360	
Teachers		179,343	
Medical Personnel		674,835	
Education Media Personnel		26,818	

(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.)

Instructional Computer Personnel	\$	31,641	
Clerical Personnel		236,152	
Part-time Personnel		45,857	
Other Salaries & Wages		44,838	
Social Security		75,608	
State Retirement		144,303	
Life Insurance		1,573	
Medical Insurance		177,823	
Dental Insurance		9,482	
Employer Medicare		17,683	
Advertising		2,770	
Communication		19,452	
Freight Expenses		567	
Maintenance & Repair Services - Equipment		7,034	
Maintenance & Repair Services - Office Equipment		1,738	
Medical and Dental Services		3,308	
Pest Control		350	
Postal Charges		1,700	
Printing, Stationery, and Forms		1,433	
Rentals		5,997	
Travel		39,542	
Tuition		1,030	
Other Contracted Services		42,119	
Data Processing Supplies		12,668	
Drugs and Medical Supplies		41,838	
Electricity		993	
Equipment and Machinery Parts		355	
Food Supplies		197	
General Construction Materials		94	
Instructional Supplies and Materials		53,011	
Office Supplies		11,127	
Periodicals		898	
Uniforms		1,143	
Other Supplies and Materials		4,500	
Total Other Local Health Services			\$ 2,012,180
Total Health Department Fund			\$ 5,323,123

(Continued)

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$ 43,875
Captain(s)	127,485
Lieutenant(s)	123,973
Medical Personnel	1,532,070
Mechanic(s)	6,071
Clerical Personnel	124,749
Part-time Personnel	368,235
Other Salaries & Wages	24,807
Other Per Diem & Fees	5,892
Social Security	142,848
Handling Charges & Administrative Costs	660
State Retirement	236,289
Employee and Dependent Insurance	633
Life Insurance	2,375
Medical Insurance	333,819
Dental Insurance	15,531
Unemployment Compensation	1,255
Employer Medicare	33,408
Advertising	1,488
Ambulance Services	500
Bank Charges	839
Communication	20,478
Dues and Memberships	390
Evaluation and Testing	420
Freight Expenses	102
Legal Notices, Recording, and Court Costs	333
Licenses	2,162
Maintenance Agreements	4,100
Maintenance & Repair Services - Buildings	1,498
Maintenance & Repair Services - Equipment	4,464
Maintenance & Repair Services - Vehicles	2,002
Postal Charges	18,464
Printing, Stationery, and Forms	962
Rentals	14,200
Tow-in Services	320
Travel	3,713
Tuition	6,269
Disposal Fees	235
Other Contracted Services	75
Crushed Stone	232

(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.)

Custodial Supplies	\$	3,054	
Data Processing Supplies		2,698	
Diesel Fuel		90,262	
Drugs and Medical Supplies		78,899	
Electricity		12,527	
Equipment Parts - Light		4,536	
Equipment and Machinery Parts		209	
Gasoline		2,358	
General Construction Materials		461	
Lubricants		1,906	
Natural Gas		9,964	
Office Supplies		5,062	
Periodicals		194	
Propane Gas		462	
Small Tools		135	
Tires and Tubes		10,387	
Uniforms		10,070	
Vehicle Parts		22,938	
Water and Sewer		1,354	
Other Supplies and Materials		5,025	
Trustee's Commission		39,072	
Workers' Compensation Insurance		1,233	
Building Construction		2,159	
Communication Equipment		2,889	
Data Processing Equipment		5,821	
Furniture and Fixtures		4,319	
Motor Vehicles		98,190	
Health Equipment		742	
Other Equipment		18,751	
Other Construction		1,392	
Motor Vehicles		<u>35,589</u>	
Total Ambulance/Emergency Medical Services			\$ 3,679,879

Principal on Debt

General Government

Principal on Notes	\$	<u>73,333</u>	
Total General Government			73,333

(Continued)

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

Ambulance Service Fund (Cont.)

Interest on Debt

General Government

Interest on Notes	\$ 5,002	
Total General Government		\$ 5,002

Capital Projects

Public Safety Projects

Building Construction	\$ 85,227	
Total Public Safety Projects		<u>85,227</u>

Total Ambulance Service Fund		\$ 3,843,441
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Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 393	
Total Other Finance		\$ 393

Public Safety

Sheriff's Department

Communication	\$ 2,067	
Rentals	5,908	
Travel	1,160	
Tuition	75	
Other Contracted Services	3,000	
Data Processing Supplies	140	
Instructional Supplies and Materials	99	
Law Enforcement Supplies	2,561	
Vehicle Parts	265	
Data Processing Equipment	3,103	
Total Sheriff's Department		<u>18,378</u>

Total Drug Control Fund		18,771
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Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$ 30,578	
Laborers	24,480	
Temporary Personnel	34,534	
Part-time Personnel	250	
Social Security	5,627	

(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.)

Handling Charges & Administrative Costs	\$	20	
State Retirement		7,053	
Life Insurance		98	
Medical Insurance		11,205	
Dental Insurance		693	
Unemployment Compensation		3,975	
Employer Medicare		1,316	
Communication		634	
Licenses		230	
Pest Control		50	
Postal Charges		90	
Printing, Stationery, and Forms		786	
Rentals		552	
Disposal Fees		4,872	
Concrete		304	
Crushed Stone		170	
Custodial Supplies		2,198	
Data Processing Supplies		15	
Diesel Fuel		571	
Drugs and Medical Supplies		15	
Electricity		50,423	
Equipment Parts - Light		872	
Equipment and Machinery Parts		826	
Garage Supplies		308	
Gasoline		3,319	
General Construction Materials		4,224	
Ice		960	
Lubricants		259	
Office Supplies		3	
Propane Gas		2,407	
Sand		92	
Small Tools		396	
Tires and Tubes		249	
Vehicle Parts		891	
Water and Sewer		20,631	
Chemicals		345	
Other Supplies and Materials		234	
Trustee's Commission		2,692	
Other Equipment		468	
Other Construction		2,385	
Total Parks and Fair Boards		<u>222,300</u>	\$ 222,300
Total Sports and Recreation Fund			\$ 222,300

(Continued)

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

District Attorney General Fund

Administration of Justice

District Attorney General

Part-time Personnel	\$	30	
Communication		399	
Dues and Memberships		2,215	
Janitorial Services		1,500	
Licenses		541	
Medical and Dental Services		20	
Printing, Stationery, and Forms		816	
Travel		3,386	
Tuition		1,375	
Library Books/Media		1,640	
Office Supplies		178	
Uniforms		182	
Trustee's Commission		166	
Total District Attorney General			\$ 12,448

Total District Attorney General Fund \$ 12,448

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	4,440	
Constitutional Officers' Operating Expenses		15	
Total Other General Administration			\$ 4,455

Total Constitutional Officers - Fees Fund 4,455

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	84,987	
Social Security		5,054	
State Retirement		10,487	
Life Insurance		45	
Medical Insurance		8,660	
Dental Insurance		372	
Employer Medicare		1,182	
Communication		10,745	
Dues and Memberships		3,970	
Evaluation and Testing		1,114	
Licenses		2,101	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Maintenance Agreements	\$	1,297	
Maintenance & Repair Services - Buildings		560	
Maintenance & Repair Services - Equipment		655	
Postal Charges		193	
Printing, Stationery, and Forms		16	
Rentals		1,248	
Travel		130	
Tuition		378	
Permits		220	
Other Contracted Services		1,620	
Custodial Supplies		61	
Data Processing Supplies		796	
Electricity		21,916	
Garage Supplies		24	
General Construction Materials		189	
Natural Gas		12,264	
Office Supplies		1,085	
Small Tools		154	
Water and Sewer		4,264	
Other Supplies and Materials		260	
Trustee's Commission		103,350	
Total Administration			\$ 279,397

Highway and Bridge Maintenance

Assistant(s)	\$	39,616
Supervisor/Director		145,317
Paraprofessionals		37,601
Foremen		322,067
Mechanic(s)		245,486
Equipment Operators		1,097,918
Equipment Operators - Heavy		571,184
Truck Drivers		825,519
Dispatchers/Radio Operators		30,459
Laborers		148,596
Secretary(ies)		32,749
Social Security		211,190
Handling Charges & Administrative Costs		1,665
State Retirement		448,088
Employee and Dependent Insurance		114,433
Life Insurance		6,220

(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.)

Medical Insurance	\$	811,497	
Dental Insurance		38,518	
Employer Medicare		49,390	
Engineering Services		4,040	
Evaluation and Testing		1,598	
Rentals		13,499	
Disposal Fees		664	
Other Contracted Services		89,469	
Concrete		7,511	
Crushed Stone		27,172	
Diesel Fuel		37,906	
Fertilizer, Lime, and Seed		4,068	
Garage Supplies		9	
Gasoline		28,628	
General Construction Materials		9,260	
Office Supplies		8	
Other Road Supplies		3,638	
Pipe		39	
Pipe - Concrete		16,689	
Pipe - Metal		44,507	
Salt		80,257	
Small Tools		310	
Structural Steel		2,882	
Uniforms		7,800	
Wood Products		133	
Total Highway and Bridge Maintenance			\$ 5,557,600

Operation and Maintenance of Equipment

Maintenance & Repair Services - Equipment	\$	26,523
Maintenance & Repair Services - Vehicles		15,689
Disposal Fees		3,110
Custodial Supplies		3,483
Diesel Fuel		111,000
Drugs and Medical Supplies		212
Equipment Parts - Heavy		67,231
Equipment Parts - Light		5,857
Equipment and Machinery Parts		2,344
Fertilizer, Lime, and Seed		119
Fuel Oil		1,864
Garage Supplies		6,649

(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.)

Gasoline	\$	102,484	
General Construction Materials		339	
Lubricants		20,727	
Office Supplies		46	
Road Signs		2,004	
Small Tools		4,417	
Structural Steel		4,965	
Tires and Tubes		26,708	
Vehicle Parts		33,526	
Wood Products		458	
Other Supplies and Materials		6,728	
Total Operation and Maintenance of Equipment	\$		446,483

Asphalt Plant Operations

Licenses	\$	362	
Asphalt		251,228	
Asphalt - Hot Mix		49,891	
Crushed Stone		121,312	
Electricity		11,146	
Equipment Parts - Heavy		819	
Equipment Parts - Light		235	
General Construction Materials		40	
Lubricants		921	
Natural Gas		58,176	
Structural Steel		392	
Water and Sewer		622	
Other Supplies and Materials		6,618	
Total Asphalt Plant Operations			501,762

Traffic Control

Custodial Supplies	\$	456	
Other Road Supplies		5,463	
Road Signs		2,500	
Total Traffic Control			8,419

Other Charges

Equipment Parts - Heavy	\$	10,292	
Fertilizer, Lime, and Seed		16	
Garage Supplies		1,252	
Lubricants		319	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Other Charges (Cont.)

Pipe	\$	185	
Small Tools		293	
Structural Steel		3,195	
Tires and Tubes		721	
Vehicle Parts		1,910	
Wood Products		597	
Other Supplies and Materials		145	
Liability Insurance		97,626	
Total Other Charges			\$ 116,551

Capital Outlay

Communication Equipment	\$	1,160	
Data Processing Equipment		3,191	
Highway Equipment		39,490	
Maintenance Equipment		4,510	
Motor Vehicles		60,205	
Other Equipment		21,780	
Total Capital Outlay			130,336

Principal on Debt

Highways and Streets

Principal on Notes	\$	459,913	
Total Highways and Streets			459,913

Interest on Debt

Highways and Streets

Interest on Notes	\$	13,218	
Total Highways and Streets			13,218

Capital Projects

Highway & Street Capital Projects

Other Capital Outlay	\$	469,969	
Total Highway & Street Capital Projects			469,969

Total Highway/Public Works Fund \$ 7,983,648

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$	49,746	
Total Other Finance			\$ 49,746

(Continued)

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

General Debt Service Fund (Cont.)

Principal on Debt

General Government

Principal on Bonds	\$ 345,000	
Principal on Notes	<u>725,000</u>	
Total General Government		\$ 1,070,000

Interest on Debt

General Government

Interest on Bonds	\$ 1,195,128	
Interest on Notes	<u>264,685</u>	
Total General Government		1,459,813

Other Debt Service

General Government

Bank Charges	\$ 1,401	
Underwriter's Discount	122,400	
Other Debt Issuance Charges	103,869	
Other Debt Service	<u>1,647</u>	
Total General Government		<u>229,317</u>

Total General Debt Service Fund \$ 2,808,876

Community Development/Industrial Park Fund

Capital Projects - Donated

Capital Projects Donated to Other Entities

Land	\$ <u>530,155</u>	
Total Capital Projects Donated to Other Entities		\$ <u>530,155</u>

Total Community Development/Industrial Park Fund 530,155

Other Capital Projects Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Architects	\$ 18,920	
Consultants	5,000	
Building Improvements	<u>566,476</u>	
Total Other Social, Cultural, and Recreational		\$ 590,396

Capital Projects

Public Safety Projects

Building Construction	\$ 722,277	
Site Development	<u>179,991</u>	
Total Public Safety Projects		902,268

(Continued)

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Health and Welfare Projects

Building Purchases	\$ 1,021,231	
Other Capital Outlay	<u>8,786</u>	
Total Public Health and Welfare Projects		\$ 1,030,017

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$ <u>605,070</u>	
Total Capital Projects Donated to School Department		<u>605,070</u>

Total Other Capital Projects Fund		<u>\$ 3,127,751</u>
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Total Governmental Funds - Primary Government		<u>\$ 60,671,804</u>
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Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2006

Special Purpose Fund

Support Services

Board of Education

Trustee's Commission	\$ 25,274	
Total Board of Education		\$ 25,274

Capital Outlay

Regular Capital Outlay

Architects	\$ 37,672	
Engineering Services	8,475	
Building Improvements	837,865	
Other Capital Outlay	40,180	
Total Regular Capital Outlay		924,192

Principal on Debt

Education

Principal on Notes	\$ 23,768	
Total Education		23,768

Total Special Purpose Fund \$ 973,234

General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$ 74,066
Teachers	25,994,028
Career Ladder Program	472,325
Career Ladder Extended Contracts	259,000
Homebound Teachers	123,497
Salary Supplements	394,148
Educational Assistants	1,319,907
Other Salaries & Wages	307,614
Certified Substitute Teachers	225,716
Non-certified Substitute Teachers	142,542
Social Security	1,744,912
Handling Charges & Administrative Costs	51,780
State Retirement	1,620,823
Life Insurance	33,685
Medical Insurance	4,668,115
Dental Insurance	94,760
Unemployment Compensation	19,319
Employer Medicare	408,139

(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.)

Communication	\$	409	
Contracts with Government Agencies		565,757	
Evaluation and Testing		29,581	
Maintenance & Repair Services - Equipment		34,235	
Other Contracted Services		9,527	
Basic Skills Materials		14,797	
Equipment and Machinery Parts		2,176	
Instructional Supplies and Materials		566,273	
Office Supplies		308	
Textbooks		942,756	
Other Supplies and Materials		381	
Medical Claims		158,358	
Criminal Investigation of Applicants - TBI		3,334	
Other Charges		84,804	
Data Processing Equipment		127,207	
Furniture and Fixtures		7,324	
Motor Vehicles		31,400	
Regular Instruction Equipment		33,860	
Total Regular Instruction Program			\$ 40,566,863

Special Education Program

Teachers	\$	2,952,861
Career Ladder Program		66,630
Psychological Personnel		35,236
Career Ladder Extended Contracts		29,000
Homebound Teachers		40,392
Assessment Personnel		2,165
Educational Assistants		299,944
Certified Substitute Teachers		22,190
Non-certified Substitute Teachers		20,163
Social Security		206,397
Handling Charges & Administrative Costs		5,555
State Retirement		202,155
Life Insurance		4,464
Medical Insurance		563,414
Dental Insurance		12,726
Unemployment Compensation		2,860
Employer Medicare		48,270
Contracts with Private Agencies		22,088

(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.)

Special Education Program (Cont.)

Evaluation and Testing	\$	8,411	
Maintenance & Repair Services - Equipment		29	
Printing, Stationery, and Forms		2,000	
Other Contracted Services		740	
Instructional Supplies and Materials		55,868	
Other Supplies and Materials		316	
In Service/Staff Development		54,379	
Data Processing Equipment		35,395	
Special Education Equipment		22,362	
Total Special Education Program			\$ 4,716,010

Vocational Education Program

Teachers	\$	1,722,655	
Career Ladder Program		21,095	
Career Ladder Extended Contracts		2,000	
Other Salaries & Wages		4,702	
Certified Substitute Teachers		11,342	
Non-certified Substitute Teachers		7,388	
Social Security		105,620	
Handling Charges & Administrative Costs		1,909	
State Retirement		96,463	
Life Insurance		2,036	
Medical Insurance		318,415	
Dental Insurance		6,664	
Unemployment Compensation		1,064	
Employer Medicare		24,702	
Maintenance & Repair Services - Equipment		4,749	
Equipment and Machinery Parts		359	
Instructional Supplies and Materials		99,670	
Vocational Instruction Equipment		17,014	
Total Vocational Education Program			2,447,847

Adult Education Program

Teachers	\$	35,696	
Social Security		2,213	
State Retirement		1,550	
Unemployment Compensation		49	
Employer Medicare		517	
Instructional Supplies and Materials		10,060	
Total Adult Education Program			50,085

(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	\$ 6,529	
Total Health Services		\$ 6,529

Other Student Support

Career Ladder Program	\$ 22,765	
Guidance Personnel	1,066,809	
Secretary(ies)	66,705	
Social Security	68,545	
Handling Charges & Administrative Costs	1,278	
State Retirement	67,903	
Life Insurance	1,376	
Medical Insurance	185,923	
Dental Insurance	4,326	
Unemployment Compensation	658	
Employer Medicare	16,031	
Total Other Student Support		1,502,319

Regular Instruction Program

Supervisor/Director	\$ 214,388
Career Ladder Program	29,500
Librarians	1,109,289
Materials Supervisor	102,632
Truck Drivers	36,050
Secretary(ies)	110,806
Educational Assistants	32,873
Other Salaries & Wages	186,800
Social Security	110,108
Handling Charges & Administrative Costs	4,880
State Retirement	117,338
Life Insurance	2,040
Medical Insurance	298,084
Dental Insurance	6,174
Unemployment Compensation	1,068
Employer Medicare	25,752
Advertising	1,087
Communication	36,261
Consultants	1,900
Dues and Memberships	9,859
Freight Expenses	45

(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.)

Regular Instruction Program (Cont.)

Maintenance & Repair Services - Equipment	\$	25,200	
Postal Charges		79	
Printing, Stationery, and Forms		31,957	
Rentals		7,948	
Travel		62,586	
Other Contracted Services		39,322	
Equipment and Machinery Parts		4,000	
Instructional Supplies and Materials		151,059	
Library Books/Media		77,100	
Office Supplies		9,085	
Periodicals		26,033	
Propane Gas		967	
Uniforms		665	
In Service/Staff Development		310,157	
Administration Equipment		5,287	
Data Processing Equipment		2,566	
Motor Vehicles		9,500	
Total Regular Instruction Program			\$ 3,200,445

Special Education Program

Supervisor/Director	\$	75,832	
Career Ladder Program		1,000	
Other Salaries & Wages		4,000	
Social Security		4,982	
Handling Charges & Administrative Costs		67	
State Retirement		4,446	
Life Insurance		49	
Medical Insurance		4,230	
Dental Insurance		182	
Unemployment Compensation		22	
Employer Medicare		1,165	
Communication		812	
Maintenance & Repair Services - Equipment		2,309	
Rentals		1,748	
Travel		36,546	
Office Supplies		1,703	
Other Charges		100	
Total Special Education Program			139,193

(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.)

Vocational Education Program

Supervisor/Director	\$	60,804	
Career Ladder Program		2,000	
Secretary(ies)		44,939	
Other Salaries & Wages		5,000	
Social Security		9,077	
Handling Charges & Administrative Costs		102	
State Retirement		13,314	
Life Insurance		155	
Medical Insurance		23,740	
Dental Insurance		336	
Unemployment Compensation		87	
Employer Medicare		2,123	
Dues and Memberships		165	
Travel		22,443	
Other Contracted Services		1,108	
Office Supplies		218	
Administration Equipment		2,802	
Total Vocational Education Program			\$ 188,413

Adult Programs

Supervisor/Director	\$	48,889	
Social Security		3,030	
Handling Charges & Administrative Costs		51	
State Retirement		2,657	
Life Insurance		45	
Medical Insurance		4,230	
Dental Insurance		168	
Unemployment Compensation		25	
Employer Medicare		709	
Travel		638	
In Service/Staff Development		925	
Other Charges		2,130	
Other Equipment		1,720	
Total Adult Programs			65,217

Board of Education

Board and Committee Members Fees	\$	3,480
Social Security		216
Handling Charges & Administrative Costs		102

(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 (Cont.)

Medical Insurance	\$	13,024	
Dental Insurance		672	
Unemployment Compensation		1	
Employer Medicare		50	
Advertising		1,008	
Audit Services		55,900	
Dues and Memberships		17,530	
Legal Services		87,549	
Travel		17,910	
Other Contracted Services		3,101	
Periodicals		401	
Other Supplies and Materials		678	
Building and Contents Insurance		123,660	
Liability Insurance		106,290	
Trustee's Commission		752,083	
Workers' Compensation Insurance		445,363	
Other Charges		25,000	
Total Board of Education			\$ 1,654,018

Director of Schools

County Official/Administrative Officer	\$	110,552
Assistant(s)		80,306
Career Ladder Program		1,500
Secretary(ies)		91,980
Other Salaries & Wages		5,500
Social Security		16,534
Handling Charges & Administrative Costs		153
State Retirement		22,232
Life Insurance		136
Medical Insurance		45,037
Dental Insurance		504
Unemployment Compensation		108
Employer Medicare		4,054
Communication		170,223
Dues and Memberships		5,526
Freight Expenses		730
Maintenance & Repair Services - Equipment		14,111
Postal Charges		15,987
Printing, Stationery, and Forms		3,800

(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.)

Rentals	\$	5,325	
Travel		8,130	
Other Contracted Services		353	
Equipment and Machinery Parts		2,576	
Office Supplies		5,179	
Other Charges		475	
Data Processing Equipment		279	
Total Director of Schools			\$ 611,290

Office of the Principal

Assistant(s)	\$	1,030,270	
Principals		1,689,770	
Career Ladder Program		67,000	
Accountants/Bookkeepers		276,573	
Career Ladder Extended Contracts		67,000	
Secretary(ies)		730,698	
Social Security		229,618	
Handling Charges & Administrative Costs		3,379	
State Retirement		279,817	
Life Insurance		4,392	
Medical Insurance		670,175	
Dental Insurance		12,208	
Unemployment Compensation		2,106	
Employer Medicare		53,700	
Other Contracted Services		507	
Office Supplies		12,555	
Total Office of the Principal			5,129,768

Fiscal Services

Supervisor/Director	\$	60,480	
Accountants/Bookkeepers		136,237	
Other Salaries & Wages		7,000	
Social Security		12,162	
Handling Charges & Administrative Costs		153	
State Retirement		20,522	
Life Insurance		268	
Medical Insurance		36,943	
Dental Insurance		560	
Unemployment Compensation		161	

(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 (Cont.)

Employer Medicare	\$	2,846	
Data Processing Services		100	
Maintenance & Repair Services - Equipment		563	
Printing, Stationery, and Forms		884	
Travel		1,363	
Office Supplies		10,995	
Administration Equipment		987	
Total Fiscal Services			\$ 292,224

Operation of Plant

Custodial Personnel	\$	1,775,654	
Social Security		106,122	
Handling Charges & Administrative Costs		2,293	
State Retirement		210,599	
Life Insurance		3,721	
Medical Insurance		533,057	
Dental Insurance		8,890	
Unemployment Compensation		2,042	
Employer Medicare		24,818	
Other Contracted Services		41,039	
Coal		16,448	
Custodial Supplies		90,272	
Electricity		1,664,037	
Fuel Oil		81,623	
Natural Gas		396,648	
Propane Gas		25,290	
Water and Sewer		278,505	
Other Supplies and Materials		544	
Plant Operation Equipment		21,964	
Total Operation of Plant			5,283,566

Maintenance of Plant

Supervisor/Director	\$	60,316	
Foremen		174,568	
Dispatchers/Radio Operators		32,776	
Secretary(ies)		58,856	
Maintenance Personnel		1,591,860	
Other Salaries & Wages		7,000	
Social Security		112,609	

(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.)

Maintenance of Plant (Cont.)

Handling Charges & Administrative Costs	\$	2,105	
State Retirement		233,054	
Life Insurance		2,835	
Medical Insurance		421,464	
Dental Insurance		7,588	
Unemployment Compensation		1,452	
Employer Medicare		26,337	
Communication		13,250	
Freight Expenses		1,004	
Maintenance & Repair Services - Buildings		2,665	
Maintenance & Repair Services - Equipment		13,508	
Maintenance & Repair Services - Vehicles		3,500	
Rentals		146	
Travel		4,867	
Other Contracted Services		159,327	
Asphalt		1,301	
Crushed Stone		3,209	
Diesel Fuel		9,193	
Equipment and Machinery Parts		105,331	
Garage Supplies		51,435	
Gasoline		97,233	
General Construction Materials		107,530	
Office Supplies		2,166	
Uniforms		17,789	
Other Supplies and Materials		34,754	
Administration Equipment		2,102	
Maintenance Equipment		86,428	
Total Maintenance of Plant			\$ 3,449,558

Transportation

Contracts with Parents	\$	101	
Contracts with Vehicle Owners		3,419,598	
Maintenance & Repair Services - Vehicles		2,933	
Garage Supplies		26,649	
Gasoline		81,999	
Other Supplies and Materials		96	
Motor Vehicles		92,386	
Total Transportation			3,623,762

(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.)

Central and Other

Supervisor/Director	\$	71,010	
Career Ladder Program		1,500	
Secretary(ies)		28,163	
Other Salaries & Wages		96,990	
Social Security		11,605	
Handling Charges & Administrative Costs		118	
State Retirement		19,055	
Life Insurance		181	
Medical Insurance		24,192	
Dental Insurance		504	
Unemployment Compensation		108	
Employer Medicare		2,714	
Communication		667	
Maintenance & Repair Services - Equipment		944	
Travel		638	
Other Contracted Services		3,600	
Office Supplies		2,139	
Administration Equipment		3,502	
Data Processing Equipment		296	
Total Central and Other			\$ 267,926

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	66,843
Career Ladder Program		1,500
Accountants/Bookkeepers		28,608
Truck Drivers		26,327
Secretary(ies)		52,287
Cafeteria Personnel		1,912,639
Other Salaries & Wages		98,991
Social Security		129,387
State Retirement		174,913
Life Insurance		4,170
Medical Insurance		613,520
Dental Insurance		7,576
Unemployment Compensation		3,680
Employer Medicare		30,266
Communication		713
Contracts with Other School Systems		7,373

(Continued)

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.)

Food Service (Cont.)

Data Processing Services	\$	21,720	
Dues and Memberships		711	
Freight Expenses		92	
Operating Lease Payments		4,100	
Maintenance & Repair Services - Equipment		18,321	
Pest Control		2,352	
Printing, Stationery, and Forms		400	
Travel		16,197	
Other Contracted Services		198,749	
Equipment and Machinery Parts		48,131	
Food Preparation Supplies		70,063	
Food Supplies		1,714,260	
Garage Supplies		435	
Office Supplies		4,847	
Periodicals		147	
Uniforms		4,392	
Other Supplies and Materials		31,481	
Refunds		2,419	
In Service/Staff Development		60	
Food Service Equipment		66,675	
Total Food Service			\$ 5,364,345

Community Services

Other Salaries & Wages	\$	45,204	
Social Security		2,793	
State Retirement		4,125	
Unemployment Compensation		55	
Employer Medicare		653	
Total Community Services			52,830

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	9,214	
General Construction Materials		43,343	
Other Supplies and Materials		32,944	
Building Improvements		5,841	
Total Regular Capital Outlay			91,342

(Continued)

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

General Purpose School Fund (Cont.)

Interest on Debt

Education

Interest on Notes	\$ 22,791	
Total Education		\$ 22,791

Total General Purpose School Fund \$ 78,726,341

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 128,291	
Educational Assistants	534,110	
Other Salaries & Wages	542,023	
Certified Substitute Teachers	2,461	
Social Security	70,008	
State Retirement	104,418	
Life Insurance	2,488	
Medical Insurance	256,434	
Dental Insurance	6,628	
Unemployment Compensation	1,179	
Employer Medicare	16,322	
Maintenance & Repair Services - Equipment	4,323	
Other Contracted Services	24,269	
Instructional Supplies and Materials	49,940	
In Service/Staff Development	4,994	
Other Charges	1,320	
Regular Instruction Equipment	41,368	
Total Regular Instruction Program		\$ 1,790,576

Special Education Program

Teachers	\$ 583,707
Educational Assistants	812,887
Other Salaries & Wages	90,779
Certified Substitute Teachers	22,143
Social Security	88,542
State Retirement	119,585
Life Insurance	2,880
Medical Insurance	290,439
Dental Insurance	6,230
Unemployment Compensation	1,506
Employer Medicare	20,708

(Continued)

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.)

Special Education Program (Cont.)

Contracts with Private Agencies	\$	37,884	
Other Contracted Services		45,225	
Other Supplies and Materials		6,958	
Other Charges		14,379	
Motor Vehicles		50,404	
Total Special Education Program			\$ 2,194,256

Vocational Education Program

Clerical Personnel	\$	18,618	
Instructional Supplies and Materials		9,490	
Other Supplies and Materials		100,737	
Vocational Instruction Equipment		83,739	
Total Vocational Education Program			212,584

Support Services

Attendance

Social Workers	\$	66,515	
Social Security		4,064	
State Retirement		3,658	
Life Insurance		75	
Medical Insurance		7,033	
Dental Insurance		280	
Unemployment Compensation		93	
Employer Medicare		950	
Travel		4,110	
Other Supplies and Materials		1,374	
Other Charges		1,540	
Total Attendance			89,692

Health Services

Other Supplies and Materials	\$	1,169	
Total Health Services			1,169

Other Student Support

Secretary(ies)	\$	28,105	
Travel		31,861	
In Service/Staff Development		2,230	
Total Other Student Support			62,196

(Continued)

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.)

Regular Instruction Program

Supervisor/Director	\$	82,417	
Secretary(ies)		28,171	
Other Salaries & Wages		55,246	
Social Security		10,134	
State Retirement		11,048	
Life Insurance		136	
Medical Insurance		20,895	
Dental Insurance		504	
Unemployment Compensation		76	
Employer Medicare		2,370	
Consultants		279,402	
Travel		28,472	
Instructional Supplies and Materials		24,095	
Library Books/Media		17,194	
Other Supplies and Materials		42,776	
Regular Instruction Equipment		2,947	
Total Regular Instruction Program			\$ 605,883

Special Education Program

Secretary(ies)	\$	27,663	
Social Security		1,448	
State Retirement		3,414	
Life Insurance		45	
Medical Insurance		7,780	
Dental Insurance		168	
Unemployment Compensation		47	
Employer Medicare		339	
Total Special Education Program			40,904

Vocational Education Program

Supervisor/Director	\$	10,395	
Total Vocational Education Program			10,395

Transportation

Mechanic(s)	\$	63,218	
Bus Drivers		279,858	
Social Security		19,350	
State Retirement		31,981	
Life Insurance		769	

(Continued)

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.)

Transportation (Cont.)

Medical Insurance	\$ 89,561	
Dental Insurance	1,848	
Unemployment Compensation	448	
Employer Medicare	4,525	
Total Transportation	<u>491,558</u>	\$ 491,558

Total School Federal Projects Fund \$ 5,499,213

Education Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 19,511	
Total Other Finance		\$ 19,511

Principal on Debt

Education

Principal on Bonds	\$ 1,125,000	
Total Education		1,125,000

Interest on Debt

Education

Interest on Bonds	\$ 991,412	
Total Education		991,412

Other Debt Service

Education

Other Debt Service	\$ 500	
Total Education		<u>500</u>

Total Education Debt Service Fund 2,136,423

Total Governmental Funds - Sullivan County School Department \$ 87,335,211

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, 2006

	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	\$ 7,836,175	\$ 11,957,489	\$ 19,793,664
Trustee's Collections - Prior Years	0	171,830	268,443	440,273
Circuit/Clerk and Master Collections - Prior Years	0	84,850	128,299	213,149
Interest and Penalty	0	65,943	100,356	166,299
Pick-up Taxes	0	52,473	80,121	132,594
Local Option Sales Tax	18,849,417	3,766,961	5,749,678	28,366,056
Bank Excise Tax	0	27,185	41,497	68,682
Interstate Telecommunication Tax	0	3,487	5,787	9,274
Marriage Licenses	0	2,160	3,297	5,457
Other Local Revenues	0	350	535	885
Total Cash Receipts	<u>\$ 18,849,417</u>	<u>\$ 12,011,414</u>	<u>\$ 18,335,502</u>	<u>\$ 49,196,333</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 18,660,923	\$ 11,825,352	\$ 18,073,267	\$ 48,559,542
Trustee's Commission	188,494	201,297	307,316	697,107
Total Cash Disbursements	<u>\$ 18,849,417</u>	<u>\$ 12,026,649</u>	<u>\$ 18,380,583</u>	<u>\$ 49,256,649</u>
Excess of Cash Receipts				
Over (Under) Cash Disbursements	\$ 0	\$ (15,235)	\$ (45,081)	\$ (60,316)
Cash Balance, July 1, 2005	0	382,214	605,778	987,992
Cash Balance, June 30, 2006	<u>\$ 0</u>	<u>\$ 366,979</u>	<u>\$ 560,697</u>	<u>\$ 927,676</u>

SINGLE AUDIT SECTION



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

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

September 22, 2006

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, 2006, which collectively comprise Sullivan County's basic financial statements and have issued our report thereon dated September 22, 2006. 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 certain matters involving the internal control over financial reporting and its operation that we consider to be reportable

conditions. Reportable conditions involve matters coming to our attention relating to significant deficiencies in the design or operation of the internal control over financial reporting that, in our judgment, could adversely affect Sullivan County's ability to record, process, summarize, and report financial data consistent with the assertions of management in the financial statements. Reportable conditions are described in the accompanying Schedule of Findings and Questioned Costs as items 06.02 and 06.03(B).

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

Compliance and Other Matters

As part of obtaining reasonable assurance about whether 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 two instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 06.01 and 06.03(A).

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

Very truly yours,



John G. Morgan
Comptroller of the Treasury

JGM/sb



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

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

September 22, 2006

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, 2006. 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, 2006.

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, 2006, and have issued our report thereon dated September 22, 2006. 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" with a long horizontal flourish extending to the right.

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, 2006

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Agriculture:			
Food Donation (Noncash Assistance)	10.550	N/A	\$ 511,252
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	538,442
National School Lunch Program	10.555	N/A	1,786,229
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(3)	503,839
Total U.S. Department of Agriculture			\$ 3,339,762
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grant Program	16.592	N/A	\$ 34,856
Passed-through State Commission on Children and Youth:			
Juvenile Accountability Incentive Block Grants	16.523	GG-05-11468-00	12,396
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(4)	79,817
Passed-through State Department of Finance and Administration:			
Drug Court Discretionary Grant Program	16.585	Z-99-08483-00	105,467
Total U.S. Department of Justice			\$ 232,536
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STPEN8200	\$ 231,620
State and Community Highway Safety	20.600	Z-06-027303-00	31,556
Total U.S. Department of Transportation			\$ 263,176
Federal Emergency Management Agency:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	Z-06-032886-00	\$ 26,342
Total Federal Emergency Management Agency			\$ 26,342
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,790,458
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,832,695
Special Education - Preschool Grants	84.173	N/A	101,127
Vocational Education - Basic Grants to States	84.048	N/A	285,174
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	59,098
State Grants for Innovative Programs	84.298	N/A	40,125
Education Technology State Grants	84.318	(2)	70,475
English Language Acquisition Grants	84.365	N/A	1,545
Improving Teacher Quality State Grants	84.367	N/A	532,600

(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
Passed-through State Department of Labor and Workforce Development:			
Adult Education - State Grant Program	84.002	(5)	\$ 75,351
Total U.S. Department of Education			<u>\$ 5,788,648</u>
U.S. Election Assistance Commission:			
Passed-through State Secretary of State:			
Help America Vote Act Requirements Payments	90.401	(2)	\$ 255,000
Total U.S. Election Assistance Commission			<u>\$ 255,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
Temporary Assistance for Needy Families	93.558	GX6-AAX	\$ 130,000 (6)
Passed-through State Department of Labor and Workforce Development:			
Temporary Assistance for Needy Families	93.558	Z-06-027221-00	19,840 (6)
Passed-through State Department of Health:			
Public Health and Social Services Emergency Fund	93.003	GG-06-12021-00	451,435
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-06-11793-00	64,888
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	GG-06-11817-00	41,062
Family Planning Services	93.217	GG-06-11925-00	216,837 (9)
Immunization Grants	93.268	(7)	58,582
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-06-11925-00	37,926 (9)
Cancer Control	93.399	GG-06-18587-00	34,482
Temporary Assistance for Needy Families	93.558	GG-06-11925-00	46,000 (6),(9)
HIV Prevention Activities - Health Department Based Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.940	Z-05-024058-00	39,318
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG-06-12215-00	40,000
Preventive Health and Health Services Block Grant	93.991	GG-06-11925-00	51,368 (9)
Maternal and Child Health Services Block Grant to the States	93.994	GG-06-11792-00	42,329
Passed-through Upper East Tennessee Development Agency:			
Head Start	93.600	(2)	67,513
Total U.S. Department of Health and Human Services			<u>\$ 1,379,026</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	(8)	\$ 737,226
Hazard Mitigation Grant	97.039	GG-06-11989-00	25,179
Total U.S. Department of Homeland Security			<u>\$ 762,405</u>
Total Expenditures of Federal Awards			<u>\$ 12,046,895</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	Contract Number	Expenditures
<u>State Grants</u>			
Care and Coordination Services - State Department of Health	N/A	(2)	\$ 28,219
HUG Program - State Department of Health	N/A	(2)	25,807
Adolescent Pregnancy - State Department of Health	N/A	(2)	57,592
TennCare Dental Prevention - State Department of Health	N/A	(2)	209,655
Home Visiting - State Department of Health	N/A	(2)	303,116
Juvenile Services Program - State Children's Services Commission	N/A	(2)	12,000
Litter Grant - State Department of Transportation	N/A	(2)	61,547
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	374,207
State Reappraisal Grant - Comptroller of the Treasury	N/A	(2)	<u>51,432</u>
Total State Grants			<u>\$ 1,123,575</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) - Z-05-11728-00: \$118,734; GG-06-12260-00: \$385,105

(4) - Z-06-02648-00: \$9,000; GG-06-12006-00: \$70,817

(5) - Z-05-022266-00: \$10,667; Z-06-027819-00: \$64,684

(6) - Total for CFDA No. 93.558 (Temporary Assistance for Needy Families) from the U.S. Dept. of Health and Human Services was \$195,840.

(7) - GG-05-11715-00: \$28,325; GG-06-22826-00: \$30,257

(8) - Z-04-020148-00: \$6,149; Z-04-019760-01: \$21,030; Z-04-022496-01: \$710,047

(9) - Multi-service contract.

Sullivan County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2006

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are the findings from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2005, which have not been corrected.

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.01 (A)	230	Expenditures exceeded appropriations approved by the County Commission at the major category level of control

OFFICE OF REGISTER

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
05.02	231	Duties were not segregated adequately

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2006

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Sullivan County disclosed reportable conditions in internal control. None of these conditions was considered to be a material weakness.
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 findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Food Donation (Noncash Assistance) Program (CFDA No. 10.550), the Child Nutrition Cluster: the School Breakfast Program and the National School Lunch Program (CFDA Nos. 10.553 and 10.555), 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 Public Health and Social Services Emergency Fund Program (CFDA No. 93.003) were determined to be major programs.
8. A threshold of \$361,407 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 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 06.01 **EXPENDITURES EXCEEDED APPROPRIATIONS (Noncompliance Under Government Auditing Standards)**

Expenditures exceeded appropriations approved by the County Commission in the Board of Education (\$25,939), Maintenance of Plant (\$1,001), and Transportation (\$488) major appropriation categories (the legal level of control) in the General Purpose School Fund. Section 5-9-401, Tennessee Code Annotated, states that “All funds from whatever source derived, including, but not limited to, taxes, county aid funds, federal funds, and fines, that 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 approved by the County Commission.

OFFICE OF REGISTER

FINDING 06.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY (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.

OFFICE OF SHERIFF

FINDING 06.03

COLLECTIONS WERE NOT DEPOSITED PROPERLY

(A. Noncompliance Under Government Auditing Standards;
B. Internal Control – Reportable Condition Under Government Auditing Standards)

Our examination of collections and deposits noted the following deficiencies:

- A. Collections from the animal shelter, work-release, cash bonds, and the sexual offender registry were not always deposited to the office bank account within three days of collection as required by Section 5-8-207, Tennessee Code Annotated. This statute requires county officials to deposit all funds within three days of collection.
- B. Collections for cash bonds and the sexual offender registry were not deposited intact; i.e., funds collected during a specific period of time were not deposited together. Because the sheriff used this method of depositing collections, we could not trace specific collections to specific deposits.

RECOMMENDATION

To strengthen internal controls over cash collections and deposits, the Sheriff's Department should deposit all funds intact within three days of collection.

**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, 2006

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