

**ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2007



ANNUAL FINANCIAL REPORT
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Audit Highlights

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2007

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2007.

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.

Findings

Our audit resulted in no findings.

INTRODUCTORY SECTION

Sullivan County Officials
June 30, 2007

Officials

Steve Godsey, County Mayor
Allan Pope, Highway Commissioner
Glenn Arwood, Director of Schools
Frances Harrell, Trustee
Nelda Fleenor, Purchasing Agent
Larry Bailey, Director of Accounts and Budgets
Jeanie Gammon, County Clerk
Tommy Kerns, 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

Steve Godsey, Chairman	Elliott Kilgore
Cathy Armstrong	W.G. Kilgore
Garth Blackburn	Dwight King
Linda Brittenham	James King
James Brotherton	James L. King, Jr.
Darlene Calton	Wayne McConnell
O.W. Ferguson	John McKamey
Clyde Groseclose	Randy Morrell
Terry Harkleroad	Howard Patrick
Ralph Harr	Michael Surgenor
Joe Herron	Mark Vance
Dennis Houser	Eddie Williams
Sam Jones	

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	Jim Kiss
Jerry Greene, Vice Chairman	Ron Smith
Jack Bales	Dan Wells
Betty Combs	

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

November 7, 2007

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, 2007, 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, 2007, 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, 2007, 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 November 7, 2007, 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 and pension information on pages 73 through 79 are not required parts 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" with a long horizontal flourish extending to the right.

John G. Morgan
Comptroller of the Treasury

JGM/rc

**Sullivan County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2007**

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, 2007. 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 \$43.2 million (net assets). Of this amount, \$36.9 million is invested in capital assets, net of related debt. Unrestricted net assets were a negative \$3.5 million on June 30, 2007.
- The government's total net assets increased by \$14 million. Most of this increase is attributable to the recording of infrastructure assets (roads and bridges) to the financial statements for the first time.
- As of the close of the current fiscal year, Sullivan County's governmental funds reported combined ending fund balances of \$28.4 million, an increase of \$2.3 million in comparison with the prior year. Most of this total amount, \$25.4 million, is available for spending at the government's discretion (unreserved fund balance). However, \$8.2 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 \$9.6 million, or 26.5 percent of total General Fund expenditures.
- Sullivan County's total debt increased by \$5.1 million during the current fiscal year, due to normal retirements netted against a new bond issue of \$6.5 million.

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; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; highways, education; and debt service. 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, proprietary, and fiduciary.

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, General Debt Service Fund, and Community Development/Industrial Park Fund, all of which are considered to be major funds. Data from the other nine governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report.

The Sullivan County Government adopts an annual appropriated budget for most of its governmental funds. Budgetary comparison statements for the General and Highway/Public Works Funds have been provided in the Required Supplementary Information Section of this report. Budgets for the General Debt Service Fund and other applicable nonmajor 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 General Fund and 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-11 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 exceeded liabilities by \$43.2 million at the close of the most recent fiscal year.

By far the largest portion of the Sullivan County Government's net assets (86%) 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 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	
	2007	2006
	<hr/>	<hr/>
Assets:		
Current and Other Assets	\$ 63,663	\$ 61,644
Capital Assets	47,910	30,794
Total Assets	<hr/> \$ 111,573	<hr/> \$ 92,438

Sullivan County, Tennessee - Net Assets (Cont.)

	Governmental Activities	
	2007	2006
	<u>2007</u>	<u>2006</u>
Liabilities:		
Long-term Liabilities Outstanding	\$ 40,111	\$ 34,822
Other Liabilities	28,293	28,469
Total Liabilities	<u>\$ 68,404</u>	<u>\$ 63,291</u>
Net Assets:		
Invested in Capital Assets, Net of Related Debt	\$ 36,890	\$ 21,324
Restricted	9,852	8,975
Unrestricted	<u>(3,573)</u>	<u>(1,153)</u>
Total Net Assets	<u>\$ 43,169</u>	<u>\$ 29,146</u>

The remaining portion of the Sullivan County Government's net assets (23%) represents resources that are subject to external restrictions on how they may be used, leaving a negative unrestricted net assets balance of (\$3,573).

Unrestricted net assets reflect a decrease from the prior fiscal year of approximately \$2.4 million. Total net assets increased by approximately \$14 million (due primarily to infrastructure assets being recorded for the first time totaling \$13 million net); however, increases to restricted net assets of approximately \$877 thousand and increases in investment in capital assets resulted in a decrease to the unrestricted portion of net assets.

Sullivan County, Tennessee - Changes in Net Assets

	Governmental Activities	
	2007	2006
	<u>2007</u>	<u>2006</u>
Revenues:		
Program Revenues:		
Charges for Services	\$ 17,491	\$ 16,389
Operating Grants and Contributions	6,449	6,211
Capital Grants and Contributions	2,181	2,111
General Revenues:		
Property Taxes	24,889	24,510
Other Taxes	6,039	5,936
Grants and Contributions Not Restricted to Specific Programs	1,681	974

Sullivan County, Tennessee - Changes in Net Assets (Cont.)

	Governmental Activities	
	2007	2006
	<hr/>	<hr/>
Revenues (Cont.):		
Unrestricted Investment Earnings	\$ 1,904	\$ 1,647
Other	188	76
Total Revenues	<hr/> \$ 60,822	<hr/> \$ 57,854
Expenses:		
General Government	\$ 5,052	\$ 4,111
Finance	5,057	4,591
Administration of Justice	4,245	4,007
Public Safety	19,050	18,037
Public Health and Welfare	13,052	13,018
Social, Cultural, and Recreational Services	926	1,212
Agriculture and Natural Resources	167	149
Other Operations	1,330	1,703
Highways	9,386	7,542
Education	630	1,093
Interest on Long-term Debt	1,430	1,484
Other Debt Service	3	3
Total Expenses	<hr/> \$ 60,328	<hr/> \$ 56,950
 Increase (Decrease) in Net Assets	 \$ 494	 \$ 904
Net assets, July 1	29,147	28,243
Addition to Net Assets, Beginning for Infrastructure	<hr/> 13,528	<hr/> 0
 Net Assets, June 30	 <hr/> \$ 43,169	 <hr/> \$ 29,147

Revenues increased by approximately \$2.9 million due largely to increases in grants and contributions (\$.7 million), charges for services (\$1.2 million), and investment earnings (\$.3 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 \$28.4 million, an increase of \$2.3 million in comparison with the prior year. Most of this amount (\$25.4 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 (\$1.8 million) and 2) for a variety of other restricted purposes that are listed on the governmental fund balance sheet (\$1.3 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 \$9.6 million, while total fund balance was \$12 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 26.5 percent of total General Fund expenditures, while total fund balance represents 33 percent of that same amount.

The fund balance of the Sullivan County Government's General Fund decreased by \$.7 million during the current fiscal year. The key factor in this decrease being only \$.7 million, although the County Commission approved a budget decrease of \$5.1 million, was the departments within the General Fund showed fiscal responsibility by turning back unspent budget amounts totaling approximately \$3.4 million and revenues coming in over estimates by approximately \$1.7 million.

The fund balance for the Sullivan County Government's Highway/Public Works Fund increased by approximately \$221 thousand during the current fiscal year, remaining relatively the same, ending at \$4.6 million.

The General Debt Service Fund has a total fund balance of \$1.8 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 \$110 thousand.

The Community Development/Industrial Park Fund had an ending fund balance of \$6.9 million, of which \$6.5 million represents a bond issue which was issued on behalf of and will be forwarded to a joint venture early in the next fiscal year.

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 totaled \$3,333 and \$1,463, 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, 2007, totaled \$36,890 (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and systems, improvements, machinery and equipment, park facilities, and for the first time this year, infrastructure (primarily roads and bridges).

Long-term debt. At the end of the current fiscal year, the Sullivan County Government had total bonded debt outstanding of \$31.8 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 increased by approximately \$6 million due to the issuance of bonds for industrial development for the benefit of a joint venture.

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 includes 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 2007-2008 fiscal year, the property tax rate was 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, 2007

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Sullivan County School Department</u>
<u>ASSETS</u>		
Cash	\$ 342,223	\$ 126,024
Equity in Pooled Cash and Investments	26,312,963	5,843,977
Inventories	179,579	561,508
Accounts Receivable	2,890,139	35,788
Allowance for Uncollectibles	(514,462)	0
Due from Other Governments	2,532,060	2,482,052
Due from Primary Government	0	321,000
Due from Component Units	90,081	0
Bond Proceeds Receivable	6,298,441	0
Due from Joint Venture	51,555	0
Property Taxes Receivable	25,807,642	27,612,421
Allowance for Uncollectible Property Taxes	(711,101)	(760,830)
Prepaid Items	1,967	0
Deferred Charges - Debt Issuance Cost	381,935	136,683
Capital Assets:		
Assets Not Depreciated:		
Land	2,255,111	1,066,895
Construction in Progress	41,665	0
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	25,137,920	54,157,155
Infrastructure	13,048,789	
Other Capital Assets	7,426,933	3,129,846
Total Assets	<u>\$ 111,573,440</u>	<u>\$ 94,712,519</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 512,540	\$ 141,453
Accrued Payroll	1,123,432	0
Accrued Interest Payable	347,799	148,979
Payroll Deductions Payable	12,695	461,358
Contracts Payable	0	39,938
Retainage Payable	83,156	0
Claims and Judgments Payable	285,993	0
Due to Primary Government	0	90,081
Due to Component Units	321,000	0
Due to State of Tennessee	0	44
Other Current Liabilities	1,061,800	6,098
Deferred Revenue - Property Taxes	24,545,004	26,261,485
Noncurrent Liabilities:		
Due Within One Year	2,213,168	1,833,066
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	37,898,177	20,255,590
Total Liabilities	<u>\$ 68,404,764</u>	<u>\$ 49,238,092</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Sullivan County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, net of related debt	\$ 36,889,835	\$ 40,247,069
Restricted for:		
Highways	4,523,098	0
Debt Service	1,591,860	27,374
Health Department	746,290	0
Solid Waste/Sanitation	545,668	0
Alcohol and Drug Treatment	541,036	0
Capital Projects	1,689,118	0
State and Federal Assistance Programs	0	304,919
Other Purposes	214,659	0
Unrestricted	<u>(3,572,888)</u>	<u>4,895,065</u>
Total Net Assets	<u>\$ 43,168,676</u>	<u>\$ 45,474,427</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, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component
					Governmental	Unit
					Sullivan County School Department	
<u>Primary Government:</u>						
Governmental Activities:						
General Government	\$ 5,051,595	\$ 1,957,514	\$ 30,508	\$ 0	\$ (3,063,573)	\$ 0
Finance	5,057,076	3,546,685	51,798	0	(1,458,593)	0
Administration of Justice	4,245,235	3,185,548	302,103	0	(757,584)	0
Public Safety	19,049,527	1,900,008	301,683	284,969	(16,562,867)	0
Public Health and Welfare	13,051,897	6,454,744	2,883,916	0	(3,713,237)	0
Social, Cultural, and Recreational Services	925,984	160,961	34,096	527,089	(203,838)	0
Agriculture and Natural Resources	167,062	0	0	0	(167,062)	0
Other Operations	1,330,192	2	0	1,368,520	38,330	0
Highways	9,386,349	5,734	2,844,944	0	(6,535,671)	0
Education	629,841	279,842	0	0	(349,999)	0
Debt Service:						
Interest	1,430,103	0	0	0	(1,430,103)	0
Other Debt Service	3,046	0	0	0	(3,046)	0
Total Primary Government	\$ 60,327,907	\$ 17,491,038	\$ 6,449,048	\$ 2,180,578	\$ (34,207,243)	\$ 0
<u>Component Unit:</u>						
Sullivan County School Department	\$ 91,359,273	\$ 2,837,361	\$ 8,745,721	\$ 184,700	\$ 0	\$ (79,591,491)
Total Component Unit	\$ 91,359,273	\$ 2,837,361	\$ 8,745,721	\$ 184,700	\$ 0	\$ (79,591,491)

(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
				Governmental	Sullivan County School Department	
General Revenues:						
Property Taxes Levied for General Purposes					\$ 22,551,854	\$ 26,624,558
Property Taxes Levied for Debt Service					2,336,965	0
Sales Taxes					2,812,602	12,867,260
Other Taxes					3,226,309	10,853
Grants and Contributions Not Restricted to Specific Programs					1,681,045	38,982,832
Unrestricted Investment Income					1,904,428	645
Miscellaneous					188,114	531,596
Total General Revenues					\$ 34,701,317	\$ 79,017,744
Change in Net Assets					\$ 494,074	\$ (573,747)
Net Assets, July 1, 2006					29,147,133	46,048,174
Prior-Period Adjustment					13,527,469	0
Net Assets, June 30, 2007					\$ 43,168,676	\$ 45,474,427

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, 2007

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 106	\$ 0	\$ 0	\$ 0	\$ 145,208	\$ 145,314
Equity in Pooled Cash and Investments	11,302,957	4,419,924	2,822,184	602,487	2,622,955	21,770,507
Inventories	179,579	0	0	0	0	179,579
Accounts Receivable	1,004,419	142,602	0	0	1,228,656	2,375,677
Due from Other Governments	1,207,278	819,206	0	0	505,576	2,532,060
Due from Other Funds	154,646	26,581	0	0	12,671	193,898
Due from Component Units	2,717	0	0	0	48,558	51,275
Bond Proceeds Receivable	0	0	0	6,298,441	0	6,298,441
Due from Joint Ventures	0	0	51,555	0	0	51,555
Property Taxes Receivable	20,125,774	1,405,515	2,422,270	0	1,854,083	25,807,642
Allowance for Uncollectible Property Taxes	(554,543)	(38,728)	(66,743)	0	(51,087)	(711,101)
Prepaid Items	1,967	0	0	0	0	1,967
Total Assets	\$ 33,424,900	\$ 6,775,100	\$ 5,229,266	\$ 6,900,928	\$ 6,366,620	\$ 58,696,814
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 397,322	\$ 12,331	\$ 0	\$ 0	\$ 84,726	\$ 494,379
Accrued Payroll	642,973	197,571	0	0	282,888	1,123,432
Payroll Deductions Payable	8,520	0	0	0	4,175	12,695
Retainage Payable	69,152	0	0	0	14,004	83,156
Due to Other Funds	205,987	117,852	0	0	192,399	516,238
Due to Component Units	321,000	0	0	0	0	321,000
Other Current Liabilities	0	0	1,061,800	0	0	1,061,800
Deferred Revenue - Current Property Taxes	19,141,122	1,336,750	2,303,760	0	1,763,372	24,545,004
Deferred Revenue - Delinquent Property Taxes	389,335	27,189	46,860	0	35,868	499,252
Other Deferred Revenues	208,831	513,436	0	0	879,786	1,602,053
Total Liabilities	\$ 21,384,242	\$ 2,205,129	\$ 3,412,420	\$ 0	\$ 3,257,218	\$ 30,259,009
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 1,173,954	\$ 417,332	\$ 0	\$ 0	\$ 189,475	\$ 1,780,761

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
LIABILITIES AND FUND BALANCES (Cont.)						
Fund Balances (Cont.)						
Reserved for Alcohol and Drug Treatment	\$ 541,036	\$ 0	\$ 0	\$ 0	\$ 0	\$ 541,036
Reserved for Litigation Tax - Office of Public Defender	126,128	0	0	0	0	126,128
Reserved for Drug Court	52,849	0	0	0	0	52,849
Reserved for Sexual Offender Registration	2,429	0	0	0	0	2,429
Reserved for Courtroom Security	6,695	0	0	0	0	6,695
Reserved for Inventory	179,579	0	0	0	0	179,579
Reserved for Other General Purposes	350,000	0	7,105	0	0	357,105
Unreserved, Reported In:						
General Fund	9,607,988	0	0	0	0	9,607,988
Special Revenue Funds	0	4,152,639	0	0	1,579,937	5,732,576
Debt Service Funds	0	0	1,809,741	0	0	1,809,741
Capital Projects Funds	0	0	0	6,900,928	1,339,990	8,240,918
Total Fund Balances	\$ 12,040,658	\$ 4,569,971	\$ 1,816,846	\$ 6,900,928	\$ 3,109,402	\$ 28,437,805
Total Liabilities and Fund Balances	\$ 33,424,900	\$ 6,775,100	\$ 5,229,266	\$ 6,900,928	\$ 6,366,620	\$ 58,696,814

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, 2007

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)		\$ 28,437,805
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,255,111	
Add: construction in progress	41,665	
Add: buildings and improvements net of accumulated depreciation	25,137,920	
Add: infrastructure net of accumulated depreciation	13,048,789	
Add: other capital assets net of accumulated depreciation	<u>7,426,933</u>	47,910,418
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,101,305
(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.		4,796,357
(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.		381,935
(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.		(347,799)
(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	\$ (6,266,667)	
Less: capital lease payable	(58,639)	
Less: bonds payable	(31,815,000)	
Add: deferred amount on refunded notes	75,953	
Add: deferred amount on refunded bonds	427,772	
Less: compensated absences payable	(1,219,676)	
Less: other deferred revenue - premium on bonds	<u>(1,255,088)</u>	<u>(40,111,345)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 43,168,676</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, 2007

	Major Funds				Nonmajor	Total
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
Revenues						
Local Taxes	\$ 22,482,901	\$ 4,550,143	\$ 2,509,639	\$ 0	\$ 1,791,868	\$ 31,334,551
Licenses and Permits	721,399	186,895	0	0	0	908,294
Fines, Forfeitures, and Penalties	514,305	0	0	0	31,533	545,838
Charges for Current Services	307,306	0	0	0	5,856,130	6,163,436
Other Local Revenues	382,863	1,498,191	422,990	3,474	109,837	2,417,355
Fees Received from County Officials	6,796,474	0	0	0	0	6,796,474
State of Tennessee	3,292,803	2,835,223	0	0	954,362	7,082,388
Federal Government	720,831	10,400	0	0	2,406,935	3,138,166
Other Governments and Citizens Groups	447,399	0	0	0	698,851	1,146,250
Total Revenues	\$ 35,666,281	\$ 9,080,852	\$ 2,932,629	\$ 3,474	\$ 11,849,516	\$ 59,532,752
Expenditures						
Current:						
General Government	\$ 5,250,628	\$ 0	\$ 0	\$ 0	\$ 14,000	\$ 5,264,628
Finance	4,892,295	0	49,874	0	85	4,942,254
Administration of Justice	3,876,802	0	0	0	16,917	3,893,719
Public Safety	17,806,887	0	0	0	27,851	17,834,738
Public Health and Welfare	437,558	0	0	0	11,949,206	12,386,764
Social, Cultural, and Recreational Services	1,101,833	0	0	0	525,335	1,627,168
Agriculture and Natural Resources	166,144	0	0	0	0	166,144
Other Operations	1,657,365	0	0	0	0	1,657,365
Highways	0	8,797,845	0	0	0	8,797,845
Instruction	170,239	0	0	0	0	170,239
Debt Service:						
Principal on Debt	0	0	1,355,000	0	114,585	1,469,585
Interest on Debt	0	0	1,414,695	0	4,884	1,419,579
Other Debt Service	0	0	3,046	75,033	0	78,079
Capital Projects	722,226	61,738	0	0	2,857,243	3,641,207
Capital Projects - Donated	230,121	0	0	0	184,700	414,821
Total Expenditures	\$ 36,312,098	\$ 8,859,583	\$ 2,822,615	\$ 75,033	\$ 15,694,806	\$ 63,764,135
Excess (Deficiency) of Revenues Over Expenditures	\$ (645,817)	\$ 221,269	\$ 110,014	\$ (71,559)	\$ (3,845,290)	\$ (4,231,383)

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Govern- mental Funds	
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 6,500,000	\$ 0	\$ 6,500,000
Capital Leases Issued	0	0	0	0	69,891	69,891
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,500,000</u>	<u>\$ 69,891</u>	<u>\$ 6,569,891</u>
Net Change in Fund Balances	\$ (645,817)	\$ 221,269	\$ 110,014	\$ 6,428,441	\$ (3,775,399)	\$ 2,338,508
Fund Balance, July 1, 2006	12,686,475	4,348,702	1,706,832	472,487	6,884,801	26,099,297
Fund Balance, June 30, 2007	<u>\$ 12,040,658</u>	<u>\$ 4,569,971</u>	<u>\$ 1,816,846</u>	<u>\$ 6,900,928</u>	<u>\$ 3,109,402</u>	<u>\$ 28,437,805</u>

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, 2007

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)		\$ 2,338,508
(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 assets purchased in the current period	\$ 5,413,671	
Less: current year depreciation expense	<u>(2,791,852)</u>	2,621,819
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 1,108,650	
Less: loss on disposal of capital assets	<u>(141,979)</u>	966,671
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Less: deferred delinquent property taxes and other deferred June 30, 2006	\$ (2,226,132)	
Add: deferred delinquent property taxes and other deferred June 30, 2007	<u>2,101,305</u>	(124,827)
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. 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: capital lease proceeds	\$ (69,891)	
Less: bond proceeds	(6,500,000)	
Add: premium on debt issuance amortized during year	74,708	
Add: change in deferred debt issuance costs	49,015	
Add: principal payment on bonds	505,000	
Add: principal payment on notes	953,333	
Add: principal payment on capital lease	11,252	
Less: change in deferred amount on refunding debt	<u>(62,887)</u>	(5,039,470)
(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	\$ 199	
Change in compensated absences	<u>(200,780)</u>	(200,581)

(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.)

(6) 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>\$ (68,046)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ 494,074</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 196,909
Equity in Pooled Cash and Investments	4,542,456
Due from Other Funds	322,340
Due from Component Units	38,806
Total Assets	<u>\$ 5,100,511</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 18,161
Claims and Judgments Payable	285,993
Total Liabilities	<u>\$ 304,154</u>
<u>NET ASSETS</u>	
Unrestricted	<u>\$ 4,796,357</u>
Total Net Assets	<u>\$ 4,796,357</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,365,942
Cobra Insurance Payments	5,079
Total Operating Revenues	<u>\$ 1,371,021</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 92,329
Dental Insurance	325,946
Contracts with Private Agencies	1,657
Building and Contents Insurance	58,624
Liability Insurance	85,415
Medical Claims	269,882
Trustee's Commission	237
Vehicle and Equipment Insurance	77,853
Workers' Compensation Insurance	547,897
Liability Claims	2,726
Printing, Stationary, and Forms	86
Periodicals	374
Total Operating Expenses	<u>\$ 1,463,026</u>
Operating Income (Loss)	<u>\$ (92,005)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 23,694
Sale of Materials and Supplies	265
Total Nonoperating Revenues (Expenses)	<u>\$ 23,959</u>
Change in Net Assets	\$ (68,046)
Net Assets, July 1, 2006	<u>4,864,403</u>
Net Assets, June 30, 2007	<u><u>\$ 4,796,357</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, 2007

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 1,546,125
Payments to Insurers	(1,133,692)
Payments for Claims	(318,962)
Payments for Administrative Costs	(93,986)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (515)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 23,694</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 23,694</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Sale of Materials and Supplies	<u>\$ 265</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 265</u>
Increase (Decrease) in Cash	\$ 23,444
Cash, July 1, 2006	<u>4,715,921</u>
Cash, June 30, 2007	<u><u>\$ 4,739,365</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (92,005)
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	175,104
Increase (Decrease) in Other Current Liabilities	<u>(83,614)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (515)</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, 2007

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 8,699,083
Equity in Pooled Cash and Investments	1,251,557
Accounts Receivable	4,058
Due from Other Governments	4,916,863
Taxes Receivable	22,238,492
Allowance for Uncollectible Taxes	<u>(612,756)</u>
Total Assets	<u>\$ 36,497,297</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 249
Due to Other Taxing Units	27,469,879
Due to Litigants, Heirs, and Others	8,702,537
Due to Joint Ventures	<u>324,632</u>
Total Liabilities	<u>\$ 36,497,297</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, 2007

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.

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 funds and fiduciary funds 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.

Community Development/Industrial Park Fund – This fund accounts for transactions related to industrial capital projects.

Additionally, Sullivan County reports the following fund types:

Internal Service Funds – The Self-Insurance Fund 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 Employee Insurance – General 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, Bristol and Kingsport city school systems’ share of educational revenues, assets held in a custodial capacity for an airport joint venture, and judicial district drug grants and other revenues held for the multi-jurisdictional drug task force. 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 outstanding at the end of the fiscal year is referred to as 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 1.4 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.

Bond proceeds receivable have been recorded totaling \$6,298,441 in the Community Development/Industrial Park Fund that were sold on June 21, 2007. The cash resulting from the sale was received by the county on July 11, 2007.

Most payables are disaggregated on the face of the financial statements. The balance of \$39,938 in the Contracts Payable account on the Statement of Net Assets 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 (\$1,061,800) on the Statement of Net Assets for the primary government consists of a liability for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture, for the contingent liability as discussed in footnote V.C.

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

<u>Assets</u>	<u>Years</u>
Building and Improvements	50
Other Capital Assets	5-20
Infrastructure	40

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 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.

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial

statements. Liabilities and expenditures for other long-term obligations, including compensated absences, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

In the government-wide financial statements 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, 2007, Sullivan County had \$17,780,000 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 \$8,910,000 on June 30, 2007, related to capital purposes of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in footnote V.E.). 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 (\$214,659), with the primary restrictions being for drug court (\$52,849), the public defender (\$126,128), and the drug control program (\$17,967).

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).

8. Prior-period Adjustment

On July 1, 2006, Sullivan County retroactively recognized a net total of \$13,527,469 in infrastructure assets acquired between July 1, 1980, and June 30, 2002.

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-3 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-5 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

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 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.

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. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

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

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, 2007, 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>\$ 10,225,185</u>
Total Pooled Investments		<u><u>\$ 10,225,185</u></u>

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, 2007, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2007, was as follows:

Primary Government

Governmental Activities:

	Balance			Balance
	7-1-06	Increases	Decreases	6-30-07
Capital Assets Not Depreciated:				
Land	\$ 1,939,721	\$ 315,390	\$ 0	\$ 2,255,111
Construction in Progress	1,160,065	3,527,409	(4,645,809)	41,665
Total Capital Assets				
Not Depreciated	<u>\$ 3,099,786</u>	<u>\$ 3,842,799</u>	<u>\$ (4,645,809)</u>	<u>\$ 2,296,776</u>

Governmental Activities (Cont.) :

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 26,922,275	\$ 5,754,459	\$ 0	\$ 32,676,734
Infrastructure*	19,147,216	0	0	19,147,216
Other Capital Assets	21,979,275	1,570,872	(656,187)	22,893,960
Total Capital Assets				68,048,766
Depreciated	\$ 68,048,766	\$ 7,325,331	\$ (656,187)	\$ 74,717,910
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 6,969,409	\$ 569,405	\$ 0	\$ 7,538,814
Infrastructure*	5,619,747	478,680	0	6,098,427
Other Capital Assets	14,237,468	1,743,767	(514,208)	15,467,027
Total Accumulated				26,826,624
Depreciation	\$ 26,826,624	\$ 2,791,852	\$ (514,208)	\$ 29,104,268
Total Capital Assets				41,222,142
Depreciated, Net	\$ 41,222,142	\$ 4,533,479	\$ (141,979)	\$ 45,613,642
Governmental Activities				44,321,928
Capital Assets, Net	\$ 44,321,928	\$ 8,376,278	\$ (4,787,788)	\$ 47,910,418

*– Infrastructure has been added to the above table effective July 1, 2006, in compliance with requirements of GASB Statement No. 34.

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

Governmental Activities:

General Government	\$ 115,245
Administration of Justice	159,553
Public Safety	1,242,203
Public Health and Welfare	383,398
Social, Cultural, and Recreational	38,852
Other Operations	31,287
Highways	821,314
Total Depreciation Expense - Governmental Activities	\$ 2,791,852

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-06	Increases	Decreases	Balance 6-30-07
Capital Assets Not Depreciated:				
Land	\$ 1,070,261	\$ 0	\$ (3,366)	\$ 1,066,895
Construction in Progress	163,000	0	(163,000)	0
Total Capital Assets Not Depreciated	\$ 1,233,261	\$ 0	\$ (166,366)	\$ 1,066,895
Capital Assets Depreciated:				
Buildings and Improvements	\$ 93,933,365	\$ 1,399,858	\$ (1,486,443)	\$ 93,846,780
Other Capital Assets	6,893,602	280,198	(19,000)	7,154,800
Total Capital Assets Depreciated	\$ 100,826,967	\$ 1,680,056	\$ (1,505,443)	\$ 101,001,580
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 38,294,362	\$ 1,766,896	\$ (371,633)	\$ 39,689,625
Other Capital Assets	3,535,524	507,630	(18,200)	4,024,954
Total Accumulated Depreciation	\$ 41,829,886	\$ 2,274,526	\$ (389,833)	\$ 43,714,579
Total Capital Assets Depreciated, Net	\$ 58,997,081	\$ (594,470)	\$ (1,115,610)	\$ 57,287,001
Governmental Activities Capital Assets, Net	\$ 60,230,342	\$ (594,470)	\$ (1,281,976)	\$ 58,353,896

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

Governmental Activities:

Instruction	\$ 1,741,879
Support Services	408,763
Operation of Non-Instructional Services	<u>123,884</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,274,526</u></u>

C. Construction Commitments

At June 30, 2007, the discretely presented Sullivan County School Department had uncompleted school renovation contracts of \$45,257. 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, 2007, is as follows:

Due to/from other funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Highway/Public Works	\$ 2,805
"	Nonmajor governmental	151,841
Highway/Public Works	"	26,581
Nonmajor governmental	General	9,780
"	Highway/Public Works	126
"	Nonmajor governmental	2,765
Internal Service	General	196,207
"	Highway/Public Works	114,921
"	Nonmajor governmental	11,212
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	12,952

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:

Receivable Fund	Payable Fund	Amount
Primary Government:		
Component Unit - School Department:		
General	General Purpose School	\$ 2,717
Nonmajor governmental	"	48,558
Internal Service	"	38,806
Discretely Presented School Department:		
General Purpose School	Primary Government: General Fund	321,000

Interfund Transfers:

Interfund transfers for the year ended June 30, 2007, consisted of the following amounts:

Discretely Presented Sullivan County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 2,143,029
Nonmajor governmental funds	412,000	0
Total	<u>\$ 412,000</u>	<u>\$ 2,143,029</u>

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

E. Capital Lease

On January 18, 2007, Sullivan County entered into a three-year lease-purchase agreement for cardiac monitors. The terms of the agreement require total lease payments of \$69,891 plus interest of 7.9 percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the Ambulance Service Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2007, were as follows:

Year Ending June 30	Governmental Funds
2008	\$ 26,280
2009	26,280
2010	13,140
Total Minimum Lease Payments	<u>\$ 65,700</u>
Amount Representing Interest	<u>7,061</u>
Present Value of Minimum Lease Payments	<u>\$ 58,639</u>

F. 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 are also issued to fund capital facilities and other capital 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. General obligation bonds and capital outlay notes 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, 2007, will be retired from the General Debt Service and Ambulance Service Funds.

General obligation bonds, capital outlay notes, and capital leases outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	2.5 to 6.25 %	\$ 16,965,000	\$ 15,495,000
General Obligation Bonds - Refunding	4.75 to 5	16,320,000	16,320,000
Capital Outlay Notes	2.8 to 5.54	5,630,000	3,831,667
Refunding Notes	3.2	3,330,000	2,435,000
Capital Lease	7.9	69,891	58,639

The annual requirements to amortize all general obligation bonds and capital outlay notes outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		Notes	
	Principal	Interest	Principal	Interest
2008	\$ 520,000	\$ 1,405,456	\$ 951,667	\$ 256,811
2009	640,000	1,499,517	1,030,000	221,790
2010	655,000	1,476,480	1,135,000	182,142
2011	670,000	1,452,739	1,200,000	139,708

Year Ending June 30 (Cont.)	Bonds		Notes	
	Principal	Interest	Principal	Interest
2012	\$ 1,370,000	\$ 1,427,830	\$ 280,000	\$ 99,123
2013-2017	7,540,000	6,161,140	1,670,000	267,330
2018-2022	11,580,000	4,109,587	0	0
2023-2028	8,840,000	1,195,128	0	0
Total	<u>\$ 31,815,000</u>	<u>\$ 18,727,877</u>	<u>\$ 6,266,667</u>	<u>\$ 1,166,904</u>

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.C. These revenue and tax bonds are a liability of the joint venture and therefore are not reflected in the county's financial statements.

During the 2006-07 year, the county issued Industrial Park Bonds, Series 2007, totaling \$6,500,000 on behalf of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in footnote V.E. An additional \$2,500,000 in capital outlay notes were issued by the county for the benefit of NETWORKS in previous years. The bonds and notes are general obligation debt of the county. The interlocal agreement which established the joint venture requires NETWORKS to pay the county an amount equal to the annual principal and interest requirements on the debt issues. In the event revenues of the joint venture are not sufficient to meet those requirements, the other participating governments in the joint venture have agreed to pay 49 percent of any such deficiency.

There is \$1,809,741 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$429, based on the 2000 federal census for residents living outside the Bristol and Kingsport school districts and \$208, for residents living inside these school districts. Debt per capita, including bonds, notes, and the capital lease totaled \$470, for residents living outside the Bristol and Kingsport districts and \$249, 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, 2007, was as follows:

	Bonds	Notes
Balance, July 1, 2006	\$ 25,820,000	\$ 7,220,000
Additions	6,500,000	0
Deductions	(505,000)	(953,333)
Balance, June 30, 2007	<u>\$ 31,815,000</u>	<u>\$ 6,266,667</u>
Balance Due Within One Year	<u>\$ 520,000</u>	<u>\$ 951,667</u>

	Capital Lease	Compensated Absences
Balance, July 1, 2006	\$ 0	\$ 1,018,896
Additions	69,891	1,449,399
Deductions	(11,252)	(1,248,619)
	<u>\$ 58,639</u>	<u>\$ 1,219,676</u>
Balance, June 30, 2007		
Balance Due Within One Year	<u>\$ 21,892</u>	<u>\$ 719,609</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$ 39,359,982
Less: Balance Due Within One Year	(2,213,168)
Add: Unamortized Premium on Debt	1,255,088
Less: Deferred Amount on Refunding	<u>(503,725)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 37,898,177</u>

Compensated absences 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.

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, 2007, these bonds, totaling \$17,000,000 with a call date of April 1, 2015, are considered defeased.

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.

County district school bonds outstanding as of June 30, 2007, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-07
General Obligation Bonds	4 to 5 %	\$ 24,200,000	\$ 5,175,000
General Obligation Bonds - Refunding	5	13,220,000	13,220,000

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2007, including interest payments, are presented in the following table:

Year Ending June 30	Bonds	
	Principal	Interest
2008	\$ 1,215,000	\$ 893,875
2009	1,265,000	839,200
2010	1,320,000	782,275
2011	1,375,000	722,875
2012	1,395,000	661,000
2013-2017	8,025,000	2,190,250
2018-2019	3,800,000	287,500
Total	<u>\$ 18,395,000</u>	<u>\$ 6,376,975</u>

Long-term liability activity for the discretely presented Sullivan County School Department for the year ended June 30, 2007, was as follows:

Changes in Long-term Liabilities

	Bonds	Notes	Compensated Absences
Balance, July 1, 2006	\$ 19,565,000	\$ 11,884	\$ 2,840,703
Additions	0	0	593,641
Deductions	(1,170,000)	(11,884)	(624,955)
Balance June 30, 2007	<u>\$ 18,395,000</u>	<u>\$ 0</u>	<u>\$ 2,809,389</u>
Balance Due Within One Year	<u>\$ 1,215,000</u>	<u>\$ 0</u>	<u>\$ 618,066</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2007	\$	21,204,389
Less: Balance Due Within One Year		(1,833,066)
Add: Unamortized Premium		1,172,440
Less: Deferred Amount on Refunding		<u>(288,173)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$	<u><u>20,255,590</u></u>

Compensated absences 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, 2007, these bonds, totaling \$13,585,000 with a call date of May 1, 2015, are considered defeased.

G. Short-term Debt

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Purpose School Fund and the Ambulance Service 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, 2007, was as follows:

	Balance 7-1-06	Issued	Redeemed	Balance 6-30-07
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 3,000,000	\$ (3,000,000)	\$ 0
Ambulance Service Fund	0	175,000	(175,000)	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
2005-2006	\$ 537,244	\$ 713,208	\$ (918,105)	\$ 332,347
2006-2007	332,347	774,172	(828,822)	277,697

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2005-2006	\$10,532	\$219,429	(\$229,961)	\$0
2006-2007	0	269,882	(261,586)	8,296

B. Subsequent Event

Subsequent to June 30, 2007, the County Commission approved tax anticipation notes totaling \$2,000,000 for the General Purpose School Fund.

C. Contingent Liabilities

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

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

D. 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 Highway Commissioner 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.

E. Joint Ventures

The Tri-Cities Regional Airport is a joint venture in which Sullivan County participates, along with Washington County and the Cities of Kingsport; Johnson City; Bristol, Tennessee; and Bristol, Virginia. The airport is governed by a 12-member board (the Tri-Cities Airport Commission) comprising two members appointed by Sullivan County and ten members appointed by the other participating governments. Funding for the Airport

Commission is provided primarily by revenues generated from airport services and by capital grants from the federal and state governments. Complete financial statements for the Tri-Cities Regional Airport can be requested at the following address:

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

The Sullivan County Economic Development Partnership (NETWORKS) is a joint venture in which Sullivan County participates, along with the Cities of Kingsport, Bristol; 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 NETWORKS 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 NETWORKS 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 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 Universal Health Services 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 31.7 percent. The county also pays a daily fee for individuals from their counties using the facility. Complete financial statements for the Juvenile Detention Center can be obtained from their administrative office at the following address:

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

F. Jointly Governed Organizations

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

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

The Upper East Tennessee Educational Cooperative has entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative was established to obtain lower prices

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

G. Retirement Commitments

Employees

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 <http://www.treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Sullivan County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ending June 30, 2007, was 14.64 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sullivan County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ending June 30, 2007, Sullivan County's annual pension cost of \$4,991,645 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, 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, 2005, was ten years. An actuarial valuation was performed as of July 1, 2005, which established contribution rates effective July 1, 2006.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-07	\$4,991,645	100%	\$0
6-30-06	3,931,270	100	0
6-30-05	3,787,278	100	0

School Teachers

Plan Description

The Sullivan County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEPP), 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 <http://www.treasury.state.tn.us>.

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, 2007, was 6.13 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, 2007, 2006, and 2005, were \$2,479,547, \$2,176,697, and \$2,141,933, respectively, equal to the required contributions for each year.

H. 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, 2007, 40 individuals participate in the program. Sullivan County will continue to provide insurance coverage to the retirees until age 65. During the year, expenditures of \$167,983 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 118 individuals participate in the program. During the year, expenditures of \$304,131 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, 2007, 332 individuals participate 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 \$1,232,135 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, 537 individuals participate in the program. During the year, expenditures of \$552,179 were recognized for participants in the program.

I. Office of Central Accounting

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

J. Purchasing Laws

The Office of Purchasing Agent was established by Chapter 261, Private Acts of 1947, as amended. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. This act also requires purchases exceeding \$5,000 to be made on a competitive bid basis. Section 54-7-113, Tennessee Code Annotated, (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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 22,482,901	\$ 0	\$ 0	\$ 22,482,901	\$ 22,179,474	\$ 22,179,474	\$ 303,427
Licenses and Permits	721,399	0	0	721,399	259,562	259,562	461,837
Fines, Forfeitures, and Penalties	514,305	0	0	514,305	289,700	449,700	64,605
Charges for Current Services	307,306	0	0	307,306	317,400	317,400	(10,094)
Other Local Revenues	382,863	0	0	382,863	177,450	192,450	190,413
Fees Received from County Officials	6,796,474	0	0	6,796,474	6,771,600	6,563,000	233,474
State of Tennessee	3,292,803	0	0	3,292,803	2,851,903	2,648,480	644,323
Federal Government	720,831	0	0	720,831	477,817	1,054,175	(333,344)
Other Governments and Citizens Groups	447,399	0	0	447,399	293,168	293,168	154,231
Total Revenues	\$ 35,666,281	\$ 0	\$ 0	\$ 35,666,281	\$ 33,618,074	\$ 33,957,409	\$ 1,708,872
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 216,080	\$ (346)	\$ 0	\$ 215,734	\$ 200,455	\$ 217,955	\$ 2,221
County Mayor/Executive	174,717	(1,201)	379	173,895	184,934	184,934	11,039
County Attorney	194,152	(446)	4,139	197,845	204,943	204,943	7,098
Election Commission	923,051	(370,511)	158	552,698	517,006	554,256	1,558
Register of Deeds	611,763	(96,283)	101,254	616,734	686,207	686,207	69,473
Planning	299,507	(401)	1,235	300,341	344,623	344,623	44,282
Geographical Information Systems	49,335	(266,914)	241,945	24,366	31,015	31,015	6,649
County Buildings	1,364,949	(78,724)	59,123	1,345,348	1,194,069	1,494,445	149,097
Other Facilities	151,672	0	0	151,672	151,672	151,672	0
Preservation of Records	63,372	(5,487)	12,170	70,055	74,365	74,365	4,310
Risk Management	1,202,030	(831)	2,967	1,204,166	1,209,749	1,209,749	5,583
<u>Finance</u>							
Accounting and Budgeting	562,772	(1,521)	2,282	563,533	614,155	614,155	50,622
Purchasing	653,497	(3,167)	6,814	657,144	689,681	689,681	32,537

(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 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 1,446,272	\$ (12,693)	\$ 32,388	\$ 1,465,967	\$ 1,496,842	\$ 1,521,842	\$ 55,875
County Trustee's Office	497,303	(4,370)	537	493,470	537,447	537,447	43,977
County Clerk's Office	1,198,455	(7,511)	33,600	1,224,544	1,305,950	1,305,950	81,406
Data Processing	95,802	(69,050)	86,543	113,295	114,000	114,000	705
Other Finance	438,194	0	0	438,194	475,000	475,000	36,806
<u>Administration of Justice</u>							
Circuit Court Judge	11,454	(694)	1,872	12,632	13,000	13,000	368
Circuit Court Clerk	1,207,763	(13,821)	292	1,194,234	1,223,528	1,223,528	29,294
General Sessions Court	420,491	(443)	1,299	421,347	442,620	442,620	21,273
General Sessions Judge	473,120	(156)	621	473,585	474,062	481,872	8,287
Drug Court	124,913	0	0	124,913	125,344	125,344	431
Chancery Court	452,289	(4,751)	6,870	454,408	456,643	456,643	2,235
Juvenile Court	661,263	(2,711)	3,967	662,519	675,308	675,308	12,789
District Attorney General	231,810	0	0	231,810	319,661	319,661	87,851
Office of Public Defender	152,664	0	0	152,664	173,443	173,443	20,779
Other Administration of Justice	141,035	0	0	141,035	161,250	161,250	20,215
<u>Public Safety</u>							
Sheriff's Department	8,277,175	(1,012)	33,022	8,309,185	8,162,407	8,373,402	64,217
Administration of the Sexual Offender Registry	800	(100)	2,294	2,994	12,000	12,000	9,006
Jail	6,147,895	(38,982)	128,368	6,237,281	6,199,908	6,366,847	129,566
Workhouse	74,487	(363)	1,176	75,300	86,282	86,282	10,982
Juvenile Services	623,522	0	0	623,522	563,180	638,180	14,658
Fire Prevention and Control	1,323,867	0	0	1,323,867	1,327,815	1,327,815	3,948
Civil Defense	477,185	(12,570)	8,398	473,013	469,434	474,434	1,421
Rescue Squad	247,401	0	60,000	307,401	347,401	347,401	40,000
Disaster Relief	372,470	(185,460)	0	187,010	310,105	211,211	24,201

(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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
County Coroner/Medical Examiner	\$ 116,421	\$ (525)	\$ 1,511	\$ 117,407	\$ 125,217	\$ 125,217	\$ 7,810
Other Public Safety	145,664	(136)	18	145,546	151,500	151,500	5,954
<u>Public Health and Welfare</u>							
Rabies and Animal Control	273,989	(50)	5,997	279,936	288,357	288,357	8,421
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	27,250	0	0	27,250	27,250	27,250	0
Other Local Welfare Services	16,960	(880)	480	16,560	16,560	16,560	0
Other Public Health and Welfare	20,000	0	0	20,000	20,000	20,000	0
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	8,900	0	0	8,900	11,000	11,000	2,100
Libraries	714,133	(16,623)	33,759	731,269	801,340	801,430	70,161
Parks and Fair Boards	378,800	(4,500)	0	374,300	365,000	382,300	8,000
<u>Agriculture & Natural Resources</u>							
Agriculture Extension Service	119,708	0	0	119,708	127,792	127,792	8,084
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	45,436	0	0	45,436	45,436	45,436	0
<u>Other Operations</u>							
Tourism	110,698	(461)	0	110,237	110,468	112,968	2,731
Industrial Development	1,043,190	(521,777)	273,248	794,661	517,940	957,339	162,678
Housing and Urban Development	20,000	0	0	20,000	20,000	20,000	0
Other Economic and Community Development	18,958	0	0	18,958	33,000	33,000	14,042
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
Employee Benefits	374,857	0	14,675	389,532	397,265	397,262	7,730
Miscellaneous	52,762	(20,600)	3,691	35,853	223,500	223,500	187,647

(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 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Instruction</u>							
Vocational Education Program	\$ 10,239	\$ 0	\$ 0	\$ 10,239	\$ 10,239	\$ 10,239	\$ 0
Other	160,000	0	0	160,000	200,000	200,000	40,000
<u>Support Services</u>							
Fiscal Services	0	0	0	0	12,000	12,000	12,000
<u>Capital Projects</u>							
Public Utility Projects	706,132	0	0	706,132	2,449,778	2,449,778	1,743,646
Highway & Street Capital Projects	16,094	0	604	16,698	73,000	73,000	56,302
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	230,121	(138,065)	6,258	98,314	0	98,894	580
Total Expenditures	\$ 36,312,098	\$ (1,884,136)	\$ 1,173,954	\$ 35,601,916	\$ 37,739,405	\$ 39,044,561	\$ 3,442,645
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (645,817)	\$ 1,884,136	\$ (1,173,954)	\$ 64,365	\$ (4,121,331)	\$ (5,087,152)	\$ 5,151,517
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ (645,817)	\$ 1,884,136	\$ (1,173,954)	\$ 64,365	\$ (4,121,331)	\$ (5,087,152)	\$ 5,151,517
	12,686,475	(1,884,136)	0	10,802,339	10,618,000	11,368,445	(566,106)
Fund Balance, June 30, 2007	\$ 12,040,658	\$ 0	\$ (1,173,954)	\$ 10,866,704	\$ 6,496,669	\$ 6,281,293	\$ 4,585,411

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,550,143	\$ 0	\$ 0	\$ 4,550,143	\$ 4,578,215	\$ 4,578,215	\$ (28,072)
Licenses and Permits	186,895	0	0	186,895	184,000	184,000	2,895
Other Local Revenues	1,498,191	0	0	1,498,191	1,469,398	1,469,398	28,793
State of Tennessee	2,835,223	0	0	2,835,223	2,760,943	3,109,693	(274,470)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Total Revenues	\$ 9,080,852	\$ 0	\$ 0	\$ 9,080,852	\$ 9,002,956	\$ 9,351,706	\$ (270,854)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 301,107	\$ (278)	\$ 62	\$ 300,891	\$ 298,845	\$ 308,845	\$ 7,954
Highway and Bridge Maintenance	6,125,766	(13,075)	30,347	6,143,038	6,275,111	6,275,111	132,073
Operation and Maintenance of Equipment	583,081	(2,961)	13,034	593,154	600,000	603,200	10,046
Asphalt Plant Operations	1,203,202	(44,022)	8,525	1,167,705	1,204,000	1,204,000	36,295
Traffic Control	8,746	(1,576)	2,767	9,937	10,000	10,000	63
Other Charges	98,693	(1,067)	0	97,626	115,000	101,800	4,174
Capital Outlay	477,250	(6,504)	16,573	487,319	500,000	500,000	12,681
<u>Capital Projects</u>							
Highway & Street Capital Projects	61,738	(61,738)	346,024	346,024	0	348,750	2,726
Total Expenditures	\$ 8,859,583	\$ (131,221)	\$ 417,332	\$ 9,145,694	\$ 9,002,956	\$ 9,351,706	\$ 206,012
Excess (Deficiency) of Revenues Over Expenditures	\$ 221,269	\$ 131,221	\$ (417,332)	\$ (64,842)	\$ 0	\$ 0	\$ (64,842)
Net Change in Fund Balance	\$ 221,269	\$ 131,221	\$ (417,332)	\$ (64,842)	\$ 0	\$ 0	\$ (64,842)
Fund Balance, July 1, 2006	4,348,702	(131,221)	0	4,217,481	3,934,052	3,934,052	283,429
Fund Balance, June 30, 2007	\$ 4,569,971	\$ 0	\$ (417,332)	\$ 4,152,639	\$ 3,934,052	\$ 3,934,052	\$ 218,587

Exhibit F-3

Sullivan County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2007

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	19.92 %
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

SULLIVAN COUNTY, TENNESSEE
NOTES TO REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2007

BUDGETARY INFORMATION

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the Sullivan 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 Sullivan County Commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and 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 relating 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

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

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, 2007

	Special Revenue Funds					
	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>ASSETS</u>						
Cash	\$ 250	\$ 200	\$ 0	\$ 0	\$ 200	\$ 0
Equity in Pooled Cash and Investments	461,232	463,057	173,016	18,001	105,133	8,591
Accounts Receivable	34,605	24,080	1,162,720	0	2,414	0
Due from Other Governments	106,437	399,139	0	0	0	0
Due from Other Funds	12,671	0	0	0	0	0
Due from Component Units	468	48,090	0	0	0	0
Property Taxes Receivable	717,709	1,136,374	0	0	0	0
Allowance for Uncollectible Property Taxes	(19,776)	(31,311)	0	0	0	0
Total Assets	<u>\$ 1,313,596</u>	<u>\$ 2,039,629</u>	<u>\$ 1,335,736</u>	<u>\$ 18,001</u>	<u>\$ 107,747</u>	<u>\$ 8,591</u>
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 39,311	\$ 39,095	\$ 4,329	\$ 34	\$ 1,957	\$ 0
Accrued Payroll	23,301	147,196	107,973	0	4,418	0
Payroll Deductions Payable	0	88	4,087	0	0	0
Retainage Payable	0	0	0	0	0	0
Due to Other Funds	8,837	4,199	931	0	2,096	0
Deferred Revenue - Current Property Taxes	682,595	1,080,777	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	13,884	21,984	0	0	0	0
Other Deferred Revenues	0	0	879,786	0	0	0
Total Liabilities	<u>\$ 767,928</u>	<u>\$ 1,293,339</u>	<u>\$ 997,106</u>	<u>\$ 34</u>	<u>\$ 8,471</u>	<u>\$ 0</u>
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 20,291	\$ 90,619	\$ 25,431	\$ 6,771	\$ 33,373	\$ 0
Unreserved	525,377	655,671	313,199	11,196	65,903	8,591
Total Fund Balances	<u>\$ 545,668</u>	<u>\$ 746,290</u>	<u>\$ 338,630</u>	<u>\$ 17,967</u>	<u>\$ 99,276</u>	<u>\$ 8,591</u>
Total Liabilities and Fund Balances	<u>\$ 1,313,596</u>	<u>\$ 2,039,629</u>	<u>\$ 1,335,736</u>	<u>\$ 18,001</u>	<u>\$ 107,747</u>	<u>\$ 8,591</u>

(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	Sanitation Projects	Other Capital Projects	Total	
<u>ASSETS</u>						
Cash	\$ 144,558	\$ 145,208	\$ 0	\$ 0	\$ 0	\$ 145,208
Equity in Pooled Cash and Investments	0	1,229,030	1,151,184	242,741	1,393,925	2,622,955
Accounts Receivable	4,837	1,228,656	0	0	0	1,228,656
Due from Other Governments	0	505,576	0	0	0	505,576
Due from Other Funds	0	12,671	0	0	0	12,671
Due from Component Units	0	48,558	0	0	0	48,558
Property Taxes Receivable	0	1,854,083	0	0	0	1,854,083
Allowance for Uncollectible Property Taxes	0	(51,087)	0	0	0	(51,087)
Total Assets	\$ 149,395	\$ 4,972,695	\$ 1,151,184	\$ 242,741	\$ 1,393,925	\$ 6,366,620
<u>LIABILITIES AND FUND BALANCES</u>						
<u>Liabilities</u>						
Accounts Payable	\$ 0	\$ 84,726	\$ 0	\$ 0	\$ 0	\$ 84,726
Accrued Payroll	0	282,888	0	0	0	282,888
Payroll Deductions Payable	0	4,175	0	0	0	4,175
Retainage Payable	0	0	0	14,004	14,004	14,004
Due to Other Funds	149,395	165,458	0	26,941	26,941	192,399
Deferred Revenue - Current Property Taxes	0	1,763,372	0	0	0	1,763,372
Deferred Revenue - Delinquent Property Taxes	0	35,868	0	0	0	35,868
Other Deferred Revenues	0	879,786	0	0	0	879,786
Total Liabilities	\$ 149,395	\$ 3,216,273	\$ 0	\$ 40,945	\$ 40,945	\$ 3,257,218
<u>Fund Balances</u>						
Reserved for Encumbrances	\$ 0	\$ 176,485	\$ 0	\$ 12,990	\$ 12,990	\$ 189,475
Unreserved	0	1,579,937	1,151,184	188,806	1,339,990	2,919,927
Total Fund Balances	\$ 0	\$ 1,756,422	\$ 1,151,184	\$ 201,796	\$ 1,352,980	\$ 3,109,402
Total Liabilities and Fund Balances	\$ 149,395	\$ 4,972,695	\$ 1,151,184	\$ 242,741	\$ 1,393,925	\$ 6,366,620

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, 2007

	Special Revenue Funds					
	Solid Waste / Sanitation	Health Department	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Revenues</u>						
Local Taxes	\$ 693,621	\$ 1,098,247	\$ 0	\$ 0	\$ 0	0
Fines, Forfeitures, and Penalties	0	0	0	17,972	0	13,561
Charges for Current Services	801,848	985,495	3,908,250	60	146,456	21
Other Local Revenues	103,753	6,084	0	0	0	0
State of Tennessee	20,743	933,619	0	0	0	0
Federal Government	0	1,879,846	0	0	0	0
Other Governments and Citizens Groups	117,278	575,128	6,445	0	0	0
Total Revenues	<u>\$ 1,737,243</u>	<u>\$ 5,478,419</u>	<u>\$ 3,914,695</u>	<u>\$ 18,032</u>	<u>\$ 146,456</u>	<u>\$ 13,582</u>
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Finance	0	0	0	85	0	0
Administration of Justice	0	0	0	0	0	16,917
Public Safety	0	0	0	27,851	0	0
Public Health and Welfare	1,921,943	5,958,481	4,068,782	0	0	0
Social, Cultural, and Recreational Services	0	0	0	0	186,334	0
Debt Service:						
Principal on Debt	0	0	114,585	0	0	0
Interest on Debt	0	0	4,884	0	0	0
Capital Projects	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0
Total Expenditures	<u>\$ 1,921,943</u>	<u>\$ 5,958,481</u>	<u>\$ 4,188,251</u>	<u>\$ 27,936</u>	<u>\$ 186,334</u>	<u>\$ 16,917</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (184,700)</u>	<u>\$ (480,062)</u>	<u>\$ (273,556)</u>	<u>\$ (9,904)</u>	<u>\$ (39,878)</u>	<u>\$ (3,335)</u>
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 0	\$ 0	\$ 69,891	\$ 0	\$ 0	0
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 69,891</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
Net Change in Fund Balances	<u>\$ (184,700)</u>	<u>\$ (480,062)</u>	<u>\$ (203,665)</u>	<u>\$ (9,904)</u>	<u>\$ (39,878)</u>	<u>\$ (3,335)</u>
Fund Balance, July 1, 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>
Fund Balance, June 30, 2007	<u>\$ 545,668</u>	<u>\$ 746,290</u>	<u>\$ 338,630</u>	<u>\$ 17,967</u>	<u>\$ 99,276</u>	<u>\$ 8,591</u>

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constitu- tional Officers - Fees	Total	Sanitation Projects	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 1,791,868	\$ 0	\$ 0	\$ 0	\$ 1,791,868
Fines, Forfeitures, and Penalties	0	31,533	0	0	0	31,533
Charges for Current Services	14,000	5,856,130	0	0	0	5,856,130
Other Local Revenues	0	109,837	0	0	0	109,837
State of Tennessee	0	954,362	0	0	0	954,362
Federal Government	0	1,879,846	0	527,089	527,089	2,406,935
Other Governments and Citizens Groups	0	698,851	0	0	0	698,851
Total Revenues	\$ 14,000	\$ 11,322,427	\$ 0	\$ 527,089	\$ 527,089	\$ 11,849,516
<u>Expenditures</u>						
Current:						
General Government	\$ 14,000	\$ 14,000	\$ 0	\$ 0	\$ 0	\$ 14,000
Finance	0	85	0	0	0	85
Administration of Justice	0	16,917	0	0	0	16,917
Public Safety	0	27,851	0	0	0	27,851
Public Health and Welfare	0	11,949,206	0	0	0	11,949,206
Social, Cultural, and Recreational Services	0	186,334	0	339,001	339,001	525,335
Debt Service:						
Principal on Debt	0	114,585	0	0	0	114,585
Interest on Debt	0	4,884	0	0	0	4,884
Capital Projects	0	0	0	2,857,243	2,857,243	2,857,243
Capital Projects - Donated	0	0	0	184,700	184,700	184,700
Total Expenditures	\$ 14,000	\$ 12,313,862	\$ 0	\$ 3,380,944	\$ 3,380,944	\$ 15,694,806
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ (991,435)	\$ 0	\$ (2,853,855)	\$ (2,853,855)	\$ (3,845,290)
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 0	\$ 69,891	\$ 0	\$ 0	\$ 0	\$ 69,891
Total Other Financing Sources (Uses)	\$ 0	\$ 69,891	\$ 0	\$ 0	\$ 0	\$ 69,891
Net Change in Fund Balances	\$ 0	\$ (921,544)	\$ 0	\$ (2,853,855)	\$ (2,853,855)	\$ (3,775,399)
Fund Balance, July 1, 2006	0	2,677,966	1,151,184	3,055,651	4,206,835	6,884,801
Fund Balance, June 30, 2007	\$ 0	\$ 1,756,422	\$ 1,151,184	\$ 201,796	\$ 1,352,980	\$ 3,109,402

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 693,621	\$ 0	\$ 0	\$ 693,621	\$ 702,430	\$ 702,430	\$ (8,809)
Charges for Current Services	801,848	0	0	801,848	967,887	967,887	(166,039)
Other Local Revenues	103,753	0	0	103,753	60,000	60,000	43,753
State of Tennessee	20,743	0	0	20,743	20,000	20,000	743
Other Governments and Citizens Groups	117,278	0	0	117,278	104,000	104,000	13,278
Total Revenues	\$ 1,737,243	\$ 0	\$ 0	\$ 1,737,243	\$ 1,854,317	\$ 1,854,317	\$ (117,074)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 29,009	\$ 0	\$ 0	\$ 29,009	\$ 37,500	\$ 37,500	\$ 8,491
Transfer Stations	1,892,934	(183,869)	20,291	1,729,356	1,816,817	1,816,817	87,461
Total Expenditures	\$ 1,921,943	\$ (183,869)	\$ 20,291	\$ 1,758,365	\$ 1,854,317	\$ 1,854,317	\$ 95,952
Excess (Deficiency) of Revenues Over Expenditures	\$ (184,700)	\$ 183,869	\$ (20,291)	\$ (21,122)	\$ 0	\$ 0	\$ (21,122)
Net Change in Fund Balance	\$ (184,700)	\$ 183,869	\$ (20,291)	\$ (21,122)	\$ 0	\$ 0	\$ (21,122)
Fund Balance, July 1, 2006	730,368	(183,869)	0	546,499	600,000	600,000	(53,501)
Fund Balance, June 30, 2007	\$ 545,668	\$ 0	\$ (20,291)	\$ 525,377	\$ 600,000	\$ 600,000	\$ (74,623)

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,098,247	\$ 0	\$ 0	\$ 1,098,247	\$ 1,105,384	\$ 1,105,384	\$ (7,137)
Charges for Current Services	985,495	0	0	985,495	960,726	842,865	142,630
Other Local Revenues	6,084	0	0	6,084	3,000	5,940	144
State of Tennessee	933,619	0	0	933,619	1,038,429	1,053,806	(120,187)
Federal Government	1,879,846	0	0	1,879,846	1,821,582	2,004,066	(124,220)
Other Governments and Citizens Groups	575,128	0	0	575,128	653,747	653,747	(78,619)
Total Revenues	<u>\$ 5,478,419</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,478,419</u>	<u>\$ 5,582,868</u>	<u>\$ 5,665,808</u>	<u>\$ (187,389)</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 3,109,162	\$ (17,131)	\$ 43,888	\$ 3,135,919	\$ 3,341,857	\$ 3,354,797	\$ 218,878
Dental Health Program	376,921	(19,063)	6,158	364,016	611,008	611,008	246,992
Crippled Children Services	113,821	(100)	136	113,857	119,528	119,528	5,671
Other Local Health Services	2,358,577	(23,765)	40,437	2,375,249	2,674,317	2,744,317	369,068
Total Expenditures	<u>\$ 5,958,481</u>	<u>\$ (60,059)</u>	<u>\$ 90,619</u>	<u>\$ 5,989,041</u>	<u>\$ 6,746,710</u>	<u>\$ 6,829,650</u>	<u>\$ 840,609</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (480,062)</u>	<u>\$ 60,059</u>	<u>\$ (90,619)</u>	<u>\$ (510,622)</u>	<u>\$ (1,163,842)</u>	<u>\$ (1,163,842)</u>	<u>\$ 653,220</u>
Net Change in Fund Balance	<u>\$ (480,062)</u>	<u>\$ 60,059</u>	<u>\$ (90,619)</u>	<u>\$ (510,622)</u>	<u>\$ (1,163,842)</u>	<u>\$ (1,163,842)</u>	<u>\$ 653,220</u>
Fund Balance, July 1, 2006	1,226,352	(60,059)	0	1,166,293	1,163,842	1,163,842	2,451
Fund Balance, June 30, 2007	<u>\$ 746,290</u>	<u>\$ 0</u>	<u>\$ (90,619)</u>	<u>\$ 655,671</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 655,671</u>

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 3,908,250	\$ 0	\$ 0	\$ 3,908,250	\$ 3,967,164	\$ 3,967,164	\$ (58,914)
Other Governments and Citizens Groups	6,445	0	0	6,445	6,600	6,600	(155)
Total Revenues	\$ 3,914,695	\$ 0	\$ 0	\$ 3,914,695	\$ 3,973,764	\$ 3,973,764	\$ (59,069)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 4,068,782	\$ (64,527)	\$ 25,431	\$ 4,029,686	\$ 3,973,764	\$ 4,141,873	\$ 112,187
<u>Principal on Debt</u>							
General Government	114,585	0	0	114,585	0	114,585	0
<u>Interest on Debt</u>							
General Government	4,884	0	0	4,884	0	6,538	1,654
Total Expenditures	\$ 4,188,251	\$ (64,527)	\$ 25,431	\$ 4,149,155	\$ 3,973,764	\$ 4,262,996	\$ 113,841
Excess (Deficiency) of Revenues Over Expenditures							
	\$ (273,556)	\$ 64,527	\$ (25,431)	\$ (234,460)	\$ 0	\$ (289,232)	\$ 54,772
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 69,891	\$ 0	\$ 0	\$ 69,891	\$ 0	\$ 69,891	\$ 0
Total Other Financing Sources (Uses)	\$ 69,891	\$ 0	\$ 0	\$ 69,891	\$ 0	\$ 69,891	\$ 0
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ (203,665)	\$ 64,527	\$ (25,431)	\$ (164,569)	\$ 0	\$ (219,341)	\$ 54,772
	542,295	(64,527)	0	477,768	450,000	669,341	(191,573)
Fund Balance, June 30, 2007	\$ 338,630	\$ 0	\$ (25,431)	\$ 313,199	\$ 450,000	\$ 450,000	\$ (136,801)

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 17,972	\$ 0	\$ 0	\$ 17,972	\$ 40,000	\$ 40,000	\$ (22,028)
Charges for Current Services	60	0	0	60	0	0	60
Other Local Revenues	0	0	0	0	500	500	(500)
Total Revenues	\$ 18,032	\$ 0	\$ 0	\$ 18,032	\$ 40,500	\$ 40,500	\$ (22,468)
<u>Expenditures</u>							
<u>Finance</u>							
Other Finance	\$ 85	\$ 0	\$ 0	\$ 85	\$ 500	\$ 500	\$ 415
<u>Public Safety</u>							
Sheriff's Department	27,851	(1,477)	6,771	33,145	40,000	40,000	6,855
Total Expenditures	\$ 27,936	\$ (1,477)	\$ 6,771	\$ 33,230	\$ 40,500	\$ 40,500	\$ 7,270
Excess (Deficiency) of Revenues Over Expenditures	\$ (9,904)	\$ 1,477	\$ (6,771)	\$ (15,198)	\$ 0	\$ 0	\$ (15,198)
Net Change in Fund Balance	\$ (9,904)	\$ 1,477	\$ (6,771)	\$ (15,198)	\$ 0	\$ 0	\$ (15,198)
Fund Balance, July 1, 2006	27,871	(1,477)	0	26,394	25,000	25,000	1,394
Fund Balance, June 30, 2007	\$ 17,967	\$ 0	\$ (6,771)	\$ 11,196	\$ 25,000	\$ 25,000	\$ (13,804)

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 146,456	\$ 0	\$ 0	\$ 146,456	\$ 269,032	\$ 269,032	\$ (122,576)
Total Revenues	\$ 146,456	\$ 0	\$ 0	\$ 146,456	\$ 269,032	\$ 269,032	\$ (122,576)
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 186,334	\$ (27,230)	\$ 33,373	\$ 192,477	\$ 269,032	\$ 269,032	\$ 76,555
Total Expenditures	\$ 186,334	\$ (27,230)	\$ 33,373	\$ 192,477	\$ 269,032	\$ 269,032	\$ 76,555
Excess (Deficiency) of Revenues Over Expenditures	\$ (39,878)	\$ 27,230	\$ (33,373)	\$ (46,021)	\$ 0	\$ 0	\$ (46,021)
Net Change in Fund Balance	\$ (39,878)	\$ 27,230	\$ (33,373)	\$ (46,021)	\$ 0	\$ 0	\$ (46,021)
Fund Balance, July 1, 2006	139,154	(27,230)	0	111,924	110,000	110,000	1,924
Fund Balance, June 30, 2007	\$ 99,276	\$ 0	\$ (33,373)	\$ 65,903	\$ 110,000	\$ 110,000	\$ (44,097)

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, long-term 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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,509,639	\$ 2,523,651	\$ 2,523,651	\$ (14,012)
Other Local Revenues	422,990	234,649	234,649	188,341
Other Governments and Citizens Groups	0	1,042,320	4,000	(4,000)
Total Revenues	<u>\$ 2,932,629</u>	<u>\$ 3,800,620</u>	<u>\$ 2,762,300</u>	<u>\$ 170,329</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 49,874	\$ 50,000	\$ 50,000	\$ 126
<u>Principal on Debt</u>				
General Government	1,355,000	2,000,000	1,377,000	22,000
<u>Interest on Debt</u>				
General Government	1,414,695	1,851,731	1,430,411	15,716
<u>Other Debt Service</u>				
General Government	3,046	4,000	10,000	6,954
Total Expenditures	<u>\$ 2,822,615</u>	<u>\$ 3,905,731</u>	<u>\$ 2,867,411</u>	<u>\$ 44,796</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 110,014</u>	<u>\$ (105,111)</u>	<u>\$ (105,111)</u>	<u>\$ 215,125</u>
Net Change in Fund Balance	\$ 110,014	\$ (105,111)	\$ (105,111)	\$ 215,125
Fund Balance, July 1, 2006	1,706,832	850,000	850,000	856,832
Fund Balance, June 30, 2007	<u>\$ 1,816,846</u>	<u>\$ 744,889</u>	<u>\$ 744,889</u>	<u>\$ 1,071,957</u>

Proprietary 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, 2007

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 196,909	\$ 0	\$ 196,909
Equity in Pooled Cash and Investments	3,393,795	1,148,661	4,542,456
Due from Other Funds	0	322,340	322,340
Due from Component Units	38,806	0	38,806
Total Assets	\$ 3,629,510	\$ 1,471,001	\$ 5,100,511
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 18,161	\$ 0	\$ 18,161
Claims and Judgments Payable	277,697	8,296	285,993
Total Liabilities	\$ 295,858	\$ 8,296	\$ 304,154
<u>NET ASSETS</u>			
Unrestricted	\$ 3,333,652	\$ 1,462,705	\$ 4,796,357
Total Net Assets	\$ 3,333,652	\$ 1,462,705	\$ 4,796,357

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, 2007

	<u>Internal Service Funds</u>		Total
	Self- Insurance	Employee Insurance - General	
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 757,724	\$ 608,218	\$ 1,365,942
Cobra Insurance Payments	0	5,079	5,079
Total Operating Revenues	<u>\$ 757,724</u>	<u>\$ 613,297</u>	<u>\$ 1,371,021</u>
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 60,698	\$ 31,631	\$ 92,329
Dental Insurance	0	325,946	325,946
Contracts with Private Agencies	1,657	0	1,657
Building and Contents Insurance	58,624	0	58,624
Liability Insurance	85,415	0	85,415
Medical Claims	0	269,882	269,882
Trustee's Commission	237	0	237
Vehicle and Equipment Insurance	77,853	0	77,853
Worker's Compensation Insurance	547,897	0	547,897
Liability Claims	2,726	0	2,726
Printing, Stationery, and Forms	86	0	86
Periodicals	374	0	374
Total Operating Expenses	<u>\$ 835,567</u>	<u>\$ 627,459</u>	<u>\$ 1,463,026</u>
Operating Income (Loss)	<u>\$ (77,843)</u>	<u>\$ (14,162)</u>	<u>\$ (92,005)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 23,694	\$ 0	\$ 23,694
Sale of Materials and Supplies	265	0	265
Total Nonoperating Revenues (Expenses)	<u>\$ 23,959</u>	<u>\$ 0</u>	<u>\$ 23,959</u>
Change in Net Assets	\$ (53,884)	\$ (14,162)	\$ (68,046)
Net Assets, July 1, 2006	<u>3,387,536</u>	<u>1,476,867</u>	<u>4,864,403</u>
Net Assets, June 30, 2007	<u>\$ 3,333,652</u>	<u>\$ 1,462,705</u>	<u>\$ 4,796,357</u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2007

	<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	\$ 847,441	\$ 698,684	\$ 1,546,125
Payments to Insurers	(807,746)	(325,946)	(1,133,692)
Payments for Claims	(57,376)	(261,586)	(318,962)
Payments for Administrative Costs	(62,355)	(31,631)	(93,986)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (80,036)</u>	<u>\$ 79,521</u>	<u>\$ (515)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	\$ 23,694	\$ 0	\$ 23,694
Net Cash Provided By (Used In) Investing Activities	<u>\$ 23,694</u>	<u>\$ 0</u>	<u>\$ 23,694</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Sale of Materials and Supplies	\$ 265	\$ 0	\$ 265
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 265</u>	<u>\$ 0</u>	<u>\$ 265</u>
Increase (Decrease) in Cash	\$ (56,077)	\$ 79,521	\$ 23,444
Cash, July 1, 2006	3,646,781	1,069,140	4,715,921
Cash, June 30, 2007	<u>\$ 3,590,704</u>	<u>\$ 1,148,661</u>	<u>\$ 4,739,365</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (77,843)	\$ (14,162)	\$ (92,005)
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	89,717	85,387	175,104
Increase (Decrease) in Other Current Liabilities	(91,910)	8,296	(83,614)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (80,036)</u>	<u>\$ 79,521</u>	<u>\$ (515)</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 state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2007

	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	\$ 8,699,083	\$ 0	\$ 8,699,083
Equity in Pooled Cash and Investments	0	371,576	567,951	230,833	0	81,197	1,251,557
Accounts Receivable	0	239	365	0	3,454	0	4,058
Due from Other Governments	3,242,438	657,164	1,004,410	0	0	12,851	4,916,863
Taxes Receivable	0	8,788,716	13,449,776	0	0	0	22,238,492
Allowance for Uncollectible Taxes	0	(242,162)	(370,594)	0	0	0	(612,756)
Total Assets	<u>\$ 3,242,438</u>	<u>\$ 9,575,533</u>	<u>\$ 14,651,908</u>	<u>\$ 230,833</u>	<u>\$ 8,702,537</u>	<u>\$ 94,048</u>	<u>\$ 36,497,297</u>
<u>LIABILITIES</u>							
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 249	\$ 249
Due to Other Taxing Units	3,242,438	9,575,533	14,651,908	0	0	0	27,469,879
Due to Litigants, Heirs, and Others	0	0	0	0	8,702,537	0	8,702,537
Due to Joint Ventures	0	0	0	230,833	0	93,799	324,632
Total Liabilities	<u>\$ 3,242,438</u>	<u>\$ 9,575,533</u>	<u>\$ 14,651,908</u>	<u>\$ 230,833</u>	<u>\$ 8,702,537</u>	<u>\$ 94,048</u>	<u>\$ 36,497,297</u>

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2007

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 20,258,508	\$ 20,258,508	\$ 0
Due from Other Governments	3,050,684	3,242,438	3,050,684	3,242,438
Total Assets	\$ 3,050,684	\$ 23,500,946	\$ 23,309,192	\$ 3,242,438
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,050,684	\$ 23,500,946	\$ 23,309,192	\$ 3,242,438
Total Liabilities	\$ 3,050,684	\$ 23,500,946	\$ 23,309,192	\$ 3,242,438
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 366,979	\$ 12,571,075	\$ 12,566,478	\$ 371,576
Accounts Receivable	265	239	265	239
Due from Other Governments	609,412	657,164	609,412	657,164
Taxes Receivable	8,470,239	8,788,716	8,470,239	8,788,716
Allowance for Uncollectible Taxes	(210,887)	(242,162)	(210,887)	(242,162)
Total Assets	\$ 9,236,008	\$ 21,775,032	\$ 21,435,507	\$ 9,575,533
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 9,236,008	\$ 21,775,032	\$ 21,435,507	\$ 9,575,533
Total Liabilities	\$ 9,236,008	\$ 21,775,032	\$ 21,435,507	\$ 9,575,533
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 560,697	\$ 19,236,101	\$ 19,228,847	\$ 567,951
Accounts Receivable	405	365	405	365
Due from Other Governments	946,775	1,004,410	946,775	1,004,410
Taxes Receivable	12,929,541	13,449,776	12,929,541	13,449,776
Allowance for Uncollectible Taxes	(321,912)	(370,594)	(321,912)	(370,594)
Total Assets	\$ 14,115,506	\$ 33,320,058	\$ 32,783,656	\$ 14,651,908
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 14,115,506	\$ 33,320,058	\$ 32,783,656	\$ 14,651,908
Total Liabilities	\$ 14,115,506	\$ 33,320,058	\$ 32,783,656	\$ 14,651,908

(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	\$ 165,347	\$ 66,148	\$ 662	\$ 230,833
Total Assets	\$ 165,347	\$ 66,148	\$ 662	\$ 230,833
<u>Liabilities</u>				
Due to Joint Ventures	\$ 165,347	\$ 66,148	\$ 662	\$ 230,833
Total Liabilities	\$ 165,347	\$ 66,148	\$ 662	\$ 230,833
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 8,259,688	\$ 27,592,276	\$ 27,152,881	\$ 8,699,083
Accounts Receivable	13,497	3,454	13,497	3,454
Total Assets	\$ 8,273,185	\$ 27,595,730	\$ 27,166,378	\$ 8,702,537
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 8,273,185	\$ 27,595,730	\$ 27,166,378	\$ 8,702,537
Total Liabilities	\$ 8,273,185	\$ 27,595,730	\$ 27,166,378	\$ 8,702,537
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 170,875	\$ 113,145	\$ 202,823	\$ 81,197
Due from Other Governments	3,057	12,851	3,057	12,851
Total Assets	\$ 173,932	\$ 125,996	\$ 205,880	\$ 94,048
<u>Liabilities</u>				
Accounts Payable	\$ 402	\$ 249	\$ 402	\$ 249
Due to Joint Ventures	173,530	125,747	205,478	93,799
Total Liabilities	\$ 173,932	\$ 125,996	\$ 205,880	\$ 94,048

(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	\$ 1,263,898	\$ 52,244,977	\$ 52,257,318	\$ 1,251,557
Cash	8,259,688	27,592,276	27,152,881	8,699,083
Accounts Receivable	14,167	4,058	14,167	4,058
Due from Other Governments	4,609,928	4,916,863	4,609,928	4,916,863
Taxes Receivable	21,399,780	22,238,492	21,399,780	22,238,492
Allowance for Uncollectible Taxes	(532,799)	(612,756)	(532,799)	(612,756)
Total Assets	<u>\$ 35,014,662</u>	<u>\$ 106,383,910</u>	<u>\$ 104,901,275</u>	<u>\$ 36,497,297</u>
<u>Liabilities</u>				
Accounts Payable	\$ 402	\$ 249	\$ 402	\$ 249
Due to Joint Ventures	338,877	191,895	206,140	324,632
Due to Other Taxing Units	\$ 26,402,198	\$ 78,596,036	\$ 77,528,355	\$ 27,469,879
Due to Litigants, Heirs, and Others	8,273,185	27,595,730	27,166,378	8,702,537
Total Liabilities	<u>\$ 35,014,662</u>	<u>\$ 106,383,910</u>	<u>\$ 104,901,275</u>	<u>\$ 36,497,297</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
Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2007

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Assets Total Governmental Activities
Governmental Activities:					
Instruction	\$ 55,182,599	\$ 15,100	\$ 5,509,695	\$ 184,700	\$ (49,473,104)
Support Services	28,676,659	405,802	185,797	0	(28,085,060)
Operation of Non-Instructional Services	6,495,613	2,416,459	3,050,229	0	(1,028,925)
Interest on Long-term Debt	1,004,402	0	0	0	(1,004,402)
Total Governmental Activities	\$ 91,359,273	\$ 2,837,361	\$ 8,745,721	\$ 184,700	\$ (79,591,491)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 26,624,558
Local Option Sales Tax					12,867,260
Other Local Taxes					10,853
Grants and Contributions Not Restricted for Specific Programs					38,982,832
Unrestricted Investment Income					645
Miscellaneous					531,596
Total General Revenues					\$ 79,017,744
Change in Net Assets					\$ (573,747)
Net Assets, July 1, 2006					46,048,174
Net Assets, June 30, 2007					\$ 45,474,427

Exhibit K-2

Sullivan County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Sullivan County School Department
 June 30, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	<u>Total Govern- mental Funds</u>
	General Purpose School	Other Govern- mental Funds	
<u>ASSETS</u>			
Cash	\$ 126,024	\$ 0	\$ 126,024
Equity in Pooled Cash and Investments	5,474,441	369,536	5,843,977
Inventories	561,508	0	561,508
Accounts Receivable	35,788	0	35,788
Due from Other Governments	2,436,577	45,475	2,482,052
Due from Other Funds	12,952	0	12,952
Due from Primary Government	321,000	0	321,000
Property Taxes Receivable	26,287,290	1,325,131	27,612,421
Allowance for Uncollectible Property Taxes	(724,317)	(36,513)	(760,830)
Total Assets	<u>\$ 34,531,263</u>	<u>\$ 1,703,629</u>	<u>\$ 36,234,892</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 101,542	\$ 39,911	\$ 141,453
Payroll Deductions Payable	461,358	0	461,358
Contracts Payable	0	39,938	39,938
Due to Other Funds	0	12,952	12,952
Due to Primary Government	90,081	0	90,081
Due to State of Tennessee	44	0	44
Other Current Liabilities	6,098	0	6,098
Deferred Revenue - Current Property Taxes	25,001,186	1,260,299	26,261,485
Deferred Revenue - Delinquent Property Taxes	508,529	25,634	534,163
Other Deferred Revenues	1,062,607	0	1,062,607
Total Liabilities	<u>\$ 27,231,445</u>	<u>\$ 1,378,734</u>	<u>\$ 28,610,179</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 511,912	\$ 51,371	\$ 563,283
Reserved for Inventory	561,508	0	561,508
Reserved for Career Ladder - Extended Contract	120,881	0	120,881
Reserved for Career Ladder Program	96,824	0	96,824
Reserved for Technology	31,688	0	31,688
Reserved for Title I Grants to Local Education Agencies	0	505	505
Reserved for Special Education - Grants to States	0	47,855	47,855
Other Federal Reserves	0	1,052	1,052
Unreserved, Reported In:			
General Fund	5,977,005	0	5,977,005
Special Revenue Funds	0	196,738	196,738
Debt Service Funds	0	27,374	27,374
Total Fund Balances	<u>\$ 7,299,818</u>	<u>\$ 324,895</u>	<u>\$ 7,624,713</u>
Total Liabilities and Fund Balances	<u>\$ 34,531,263</u>	<u>\$ 1,703,629</u>	<u>\$ 36,234,892</u>

Exhibit K-3

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, 2007

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)		\$	7,624,713
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,066,895	
Add: buildings and improvements net of accumulated depreciation		54,157,155	
Add: other capital assets net of accumulated depreciation		<u>3,129,846</u>	58,353,896
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,596,770
(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.			136,683
(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.			(148,979)
(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: bonds payable	\$	(18,395,000)	
Less: compensated absences		(2,809,389)	
Less: unamortized premiums on bonds		(1,172,440)	
Add: deferred amount on refunded bonds		<u>288,173</u>	<u>(22,088,656)</u>
Net assets of governmental activities (Exhibit A)		\$	<u><u>45,474,427</u></u>

Exhibit K-4

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, 2007

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 38,229,052	\$ 1,281,195	\$ 39,510,247
Licenses and Permits	6,220	0	6,220
Charges for Current Services	2,834,908	0	2,834,908
Other Local Revenues	534,694	0	534,694
State of Tennessee	39,190,308	0	39,190,308
Federal Government	2,898,656	4,948,418	7,847,074
Other Governments and Citizens Groups	0	184,700	184,700
Total Revenues	<u>\$ 83,693,838</u>	<u>\$ 6,414,313</u>	<u>\$ 90,108,151</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 21,100	\$ 21,100
Instruction	49,599,640	3,760,747	53,360,387
Support Services	25,834,770	1,310,152	27,144,922
Operation of Non-Instructional Services	5,765,488	0	5,765,488
Capital Outlay	175,172	1,435,177	1,610,349
Debt Service:			
Principal on Debt	0	1,181,884	1,181,884
Interest on Debt	27,444	943,600	971,044
Other Debt Service	0	501	501
Total Expenditures	<u>\$ 81,402,514</u>	<u>\$ 8,653,161</u>	<u>\$ 90,055,675</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,291,324</u>	<u>\$ (2,238,848)</u>	<u>\$ 52,476</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 412,000	\$ 2,143,029	\$ 2,555,029
Transfers Out	(2,143,029)	(412,000)	(2,555,029)
Total Other Financing Sources (Uses)	<u>\$ (1,731,029)</u>	<u>\$ 1,731,029</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 560,295	\$ (507,819)	\$ 52,476
Fund Balance, July 1, 2006	6,739,523	832,714	7,572,237
Fund Balance, June 30, 2007	<u>\$ 7,299,818</u>	<u>\$ 324,895</u>	<u>\$ 7,624,713</u>

Exhibit K-5

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, 2007

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-4)		\$	52,476
(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 assets purchased in the current period	\$	1,332,356	
Less: current year depreciation expense		<u>(2,274,526)</u>	(942,170)
(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	\$	184,700	
Less: book value of capital assets disposals		<u>(1,118,976)</u>	(934,276)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.			
Less: deferred delinquent property taxes and other deferred June 30, 2006	\$	(1,526,888)	
Add: deferred delinquent property taxes and other deferred June 30, 2007		<u>1,596,769</u>	69,881
(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	\$	(137,048)	
Add: principal payment on notes		11,884	
Add: principal payment on bonds		1,170,000	
Add: change in premium on debt issuances		108,559	
Less: change in deferred debt issuance costs		<u>(12,656)</u>	1,140,739
(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	\$	8,288	
Change in compensated absences		<u>31,315</u>	<u>39,603</u>
Change in net assets of governmental activities (Exhibit B)		\$	<u>(573,747)</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2007

	<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	\$ 279,948	\$ 62,214	\$ 342,162	\$ 27,374	\$ 369,536
Due from Other Governments	0	45,475	45,475	0	45,475
Property Taxes Receivable	1,325,131	0	1,325,131	0	1,325,131
Allowance for Uncollectible Property Taxes	(36,513)	0	(36,513)	0	(36,513)
Total Assets	\$ 1,568,566	\$ 107,689	\$ 1,676,255	\$ 27,374	\$ 1,703,629
<u>LIABILITIES AND FUND BALANCES</u>					
<u>Liabilities</u>					
Accounts Payable	\$ 700	\$ 39,211	\$ 39,911	\$ 0	\$ 39,911
Contracts Payable	39,938	0	39,938	0	39,938
Due to Other Funds	0	12,952	12,952	0	12,952
Deferred Revenue - Current Property Taxes	1,260,299	0	1,260,299	0	1,260,299
Deferred Revenue - Delinquent Property Taxes	25,634	0	25,634	0	25,634
Total Liabilities	\$ 1,326,571	\$ 52,163	\$ 1,378,734	\$ 0	\$ 1,378,734
<u>Fund Balances</u>					
Reserved for Encumbrances	\$ 45,257	\$ 6,114	\$ 51,371	\$ 0	\$ 51,371
Reserved for Title I Grants to Local Education Agencies	0	505	505	0	505
Reserved for Special Education - Grants to States	0	47,855	47,855	0	47,855
Other Federal Reserves	0	1,052	1,052	0	1,052
Unreserved	196,738	0	196,738	27,374	224,112
Total Fund Balances	\$ 241,995	\$ 55,526	\$ 297,521	\$ 27,374	\$ 324,895
Total Liabilities and Fund Balances	\$ 1,568,566	\$ 107,689	\$ 1,676,255	\$ 27,374	\$ 1,703,629

Exhibit K-7

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, 2007

	<u>Special Revenue Funds</u>			<u>Debt Service</u>	<u>Total</u>
	<u>Special Purpose</u>	<u>School Federal Projects</u>	<u>Total</u>	<u>Education Debt Service</u>	<u>Nonmajor Governmental Funds</u>
<u>Revenues</u>					
Local Taxes	\$ 1,281,195	\$ 0	\$ 1,281,195	\$ 0	\$ 1,281,195
Federal Government	0	4,948,418	4,948,418	0	4,948,418
Other Governments and Citizens Groups	184,700	0	184,700	0	184,700
Total Revenues	\$ 1,465,895	\$ 4,948,418	\$ 6,414,313	\$ 0	\$ 6,414,313
<u>Expenditures</u>					
Current:					
Finance	\$ 0	\$ 0	\$ 0	\$ 21,100	\$ 21,100
Instruction	0	3,760,747	3,760,747	0	3,760,747
Support Services	25,444	1,284,708	1,310,152	0	1,310,152
Capital Outlay	1,435,177	0	1,435,177	0	1,435,177
Debt Service:					
Principal on Debt	11,884	0	11,884	1,170,000	1,181,884
Interest on Debt	0	0	0	943,600	943,600
Other Debt Service	0	0	0	501	501
Total Expenditures	\$ 1,472,505	\$ 5,045,455	\$ 6,517,960	\$ 2,135,201	\$ 8,653,161
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,610)	\$ (97,037)	\$ (103,647)	\$ (2,135,201)	\$ (2,238,848)
<u>Other Financing Sources (Uses)</u>					
Transfers In	\$ 0	\$ 0	\$ 0	\$ 2,143,029	\$ 2,143,029
Transfers Out	(412,000)	0	(412,000)	0	(412,000)
Total Other Financing Sources (Uses)	\$ (412,000)	\$ 0	\$ (412,000)	\$ 2,143,029	\$ 1,731,029
Net Change in Fund Balances	\$ (418,610)	\$ (97,037)	\$ (515,647)	\$ 7,828	\$ (507,819)
Fund Balance, July 1, 2006	660,605	152,563	813,168	19,546	832,714
Fund Balance, June 30, 2007	\$ 241,995	\$ 55,526	\$ 297,521	\$ 27,374	\$ 324,895

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
General Purpose School Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 38,229,052	\$ 0	\$ 0	\$ 38,229,052	\$ 38,063,937	\$ 38,063,937	\$ 165,115
Licenses and Permits	6,220	0	0	6,220	7,949	7,949	(1,729)
Charges for Current Services	2,834,908	0	0	2,834,908	2,766,950	2,766,950	67,958
Other Local Revenues	534,694	0	0	534,694	530,300	650,300	(115,606)
State of Tennessee	39,190,308	0	0	39,190,308	38,668,358	39,222,670	(32,362)
Federal Government	2,898,656	0	0	2,898,656	2,607,728	2,590,745	307,911
Other Governments and Citizens Groups	0	0	0	0	120,000	0	0
Total Revenues	\$ 83,693,838	\$ 0	\$ 0	\$ 83,693,838	\$ 82,765,222	\$ 83,302,551	\$ 391,287
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 42,101,230	\$ (33,203)	\$ 35,513	\$ 42,103,540	\$ 41,702,233	\$ 42,238,918	\$ 135,378
Special Education Program	4,860,219	(2,065)	409	4,858,563	4,851,801	4,874,135	15,572
Vocational Education Program	2,593,174	(6,741)	0	2,586,433	2,850,439	2,683,978	97,545
Adult Education Program	45,017	0	0	45,017	56,636	56,636	11,619
<u>Support Services</u>							
Health Services	11,728	0	45	11,773	22,000	22,000	10,227
Other Student Support	1,513,287	0	0	1,513,287	1,710,902	1,639,706	126,419
Regular Instruction Program	3,287,229	(24,636)	7,709	3,270,302	3,355,278	3,445,683	175,381
Special Education Program	153,791	0	0	153,791	166,539	199,946	46,155
Vocational Education Program	180,376	(144)	166	180,398	225,674	231,764	51,366
Adult Programs	52,446	0	0	52,446	63,751	63,751	11,305
Board of Education	1,352,807	(588)	259	1,352,478	1,553,723	1,576,278	223,800
Director of Schools	615,407	(2,731)	322	612,998	669,897	673,452	60,454
Office of the Principal	5,249,923	0	0	5,249,923	5,347,918	5,357,919	107,996
Fiscal Services	313,438	(2,800)	275	310,913	330,269	331,412	20,499

(Continued)

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
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	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	\$ 5,479,563	\$ 0	\$ 0	\$ 5,479,563	\$ 5,336,439	\$ 5,500,236	\$ 20,673
Maintenance of Plant	3,696,764	(5,550)	3,975	3,695,189	3,563,345	3,689,783	(5,406)
Transportation	3,649,222	0	99,162	3,748,384	3,675,300	3,789,707	41,323
Central and Other	278,789	0	43	278,832	290,120	299,268	20,436
<u>Operation of Non-Instructional Services</u>							
Food Service	5,709,234	(18,251)	300,032	5,991,015	5,707,776	6,211,485	220,470
Community Services	56,254	0	0	56,254	92,378	92,378	36,124
<u>Capital Outlay</u>							
Regular Capital Outlay	175,172	0	64,002	239,174	118,500	318,500	79,326
<u>Interest on Debt</u>							
Education	27,444	0	0	27,444	0	27,445	1
Total Expenditures	\$ 81,402,514	\$ (96,709)	\$ 511,912	\$ 81,817,717	\$ 81,690,918	\$ 83,324,380	\$ 1,506,663
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 2,291,324	\$ 96,709	\$ (511,912)	\$ 1,876,121	\$ 1,074,304	\$ (21,829)	\$ 1,897,950
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 412,000	\$ 0	\$ 0	\$ 412,000	\$ 412,000	\$ 412,000	\$ 0
Transfers Out	(2,143,029)	0	0	(2,143,029)	(2,142,600)	(2,143,031)	2
Total Other Financing Sources (Uses)	\$ (1,731,029)	\$ 0	\$ 0	\$ (1,731,029)	\$ (1,730,600)	\$ (1,731,031)	\$ 2
Net Change in Fund Balance							
Fund Balance, July 1, 2006	\$ 560,295	\$ 96,709	\$ (511,912)	\$ 145,092	\$ (656,296)	\$ (1,752,860)	\$ 1,897,952
	6,739,523	(96,709)	0	6,642,814	5,835,159	5,835,159	807,655
Fund Balance, June 30, 2007							
	\$ 7,299,818	\$ 0	\$ (511,912)	\$ 6,787,906	\$ 5,178,863	\$ 4,082,299	\$ 2,705,607

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
Special Purpose Fund
For the Year Ended June 30, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,281,195	\$ 0	\$ 0	\$ 1,281,195	\$ 1,267,144	\$ 1,267,144	\$ 14,051
Other Governments and Citizens Groups	184,700	0	0	184,700	0	184,700	0
Total Revenues	\$ 1,465,895	\$ 0	\$ 0	\$ 1,465,895	\$ 1,267,144	\$ 1,451,844	\$ 14,051
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 25,444	\$ 0	\$ 0	\$ 25,444	\$ 27,000	\$ 27,000	\$ 1,556
<u>Capital Outlay</u>							
Regular Capital Outlay	1,435,177	(65,431)	45,257	1,415,003	783,729	1,558,429	143,426
<u>Principal on Debt</u>							
Education	11,884	0	0	11,884	15,000	15,000	3,116
Total Expenditures	\$ 1,472,505	\$ (65,431)	\$ 45,257	\$ 1,452,331	\$ 825,729	\$ 1,600,429	\$ 148,098
Excess (Deficiency) of Revenues Over Expenditures	\$ (6,610)	\$ 65,431	\$ (45,257)	\$ 13,564	\$ 441,415	\$ (148,585)	\$ 162,149
<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	\$ (418,610)	\$ 65,431	\$ (45,257)	\$ (398,436)	\$ 29,415	\$ (560,585)	\$ 162,149
Fund Balance, July 1, 2006	660,605	(65,431)	0	595,174	590,000	590,000	5,174
Fund Balance, June 30, 2007	\$ 241,995	\$ 0	\$ (45,257)	\$ 196,738	\$ 619,415	\$ 29,415	\$ 167,323

Exhibit K-10

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, 2007

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2006	Add: Encumbrances 6/30/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 4,948,418	\$ 0	\$ 0	\$ 4,948,418	\$ 5,217,386	\$ 5,217,336	\$ (268,918)
Total Revenues	\$ 4,948,418	\$ 0	\$ 0	\$ 4,948,418	\$ 5,217,386	\$ 5,217,336	\$ (268,918)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 1,553,179	\$ 0	\$ 0	\$ 1,553,179	\$ 1,870,399	\$ 1,746,383	\$ 193,204
Special Education Program	2,068,730	0	5,239	2,073,969	2,143,826	2,117,998	44,029
Vocational Education Program	138,838	(1,578)	875	138,135	140,050	138,135	0
<u>Support Services</u>							
Attendance	125,210	0	0	125,210	144,265	150,304	25,094
Health Services	578	0	0	578	1,000	1,000	422
Other Student Support	65,006	(1,194)	0	63,812	61,897	63,812	0
Regular Instruction Program	535,017	(1,511)	0	533,506	467,139	584,415	50,909
Special Education Program	42,939	0	0	42,939	43,072	43,072	133
Transportation	515,958	0	0	515,958	495,848	521,677	5,719
Total Expenditures	\$ 5,045,455	\$ (4,283)	\$ 6,114	\$ 5,047,286	\$ 5,367,496	\$ 5,366,796	\$ 319,510
Excess (Deficiency) of Revenues Over Expenditures	\$ (97,037)	\$ 4,283	\$ (6,114)	\$ (98,868)	\$ (150,110)	\$ (149,460)	\$ 50,592
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 160,000	\$ 0	\$ 0
Transfers Out	0	0	0	0	(160,000)	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ (97,037)	\$ 4,283	\$ (6,114)	\$ (98,868)	\$ (150,110)	\$ (149,460)	\$ 50,592
Fund Balance, July 1, 2006	152,563	(4,283)	0	148,280	150,110	150,110	(1,830)
Fund Balance, June 30, 2007	\$ 55,526	\$ 0	\$ (6,114)	\$ 49,412	\$ 0	\$ 650	\$ 48,762

Exhibit K-11

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, 2007

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 2,142,600	\$ 0	\$ 0
Total Revenues	\$ 0	\$ 2,142,600	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 21,100	\$ 22,000	\$ 22,000	\$ 900
<u>Principal on Debt</u>				
Education	1,170,000	1,170,000	1,170,000	0
<u>Interest on Debt</u>				
Education	943,600	943,600	943,600	0
<u>Other Debt Service</u>				
Education	501	7,000	7,000	6,499
Total Expenditures	\$ 2,135,201	\$ 2,142,600	\$ 2,142,600	\$ 7,399
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,135,201)	\$ 0	\$ (2,142,600)	\$ 7,399
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,143,029	\$ 0	\$ 2,142,600	\$ 429
Total Other Financing Sources (Uses)	\$ 2,143,029	\$ 0	\$ 2,142,600	\$ 429
Net Change in Fund Balance	\$ 7,828	\$ 0	\$ 0	\$ 7,828
Fund Balance, July 1, 2006	19,546	0	0	19,546
Fund Balance, June 30, 2007	\$ 27,374	\$ 0	\$ 0	\$ 27,374

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
Schedule of Changes in Long-term Notes, Capital Lease, and Bonds
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2007

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-06	Issued During Period	Matured During Period	Outstanding 6-30-07
<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	\$ 60,000	\$ 0	\$ 60,000	\$ 0
EMS Vehicles	130,000	2.8	9-10-04	9-10-07	65,000	0	43,333	21,667
Total Payable through Ambulance Service Fund					<u>\$ 125,000</u>	<u>\$ 0</u>	<u>\$ 103,333</u>	<u>\$ 21,667</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	\$ 1,750,000	\$ 0	\$ 350,000	\$ 1,400,000
General Obligation Refunding, Series 2003	3,330,000	3.2	12-1-03	4-1-11	2,845,000	0	410,000	2,435,000
Industrial Park	1,995,000	4.5 to 5.05	6-1-05	4-1-17	1,995,000	0	75,000	1,920,000
Industrial Park	505,000	5.54	2-1-06	2-1-17	505,000	0	15,000	490,000
Total Payable through General Debt Service Fund					<u>\$ 7,095,000</u>	<u>\$ 0</u>	<u>\$ 850,000</u>	<u>\$ 6,245,000</u>
Total Notes Payable					<u>\$ 7,220,000</u>	<u>\$ 0</u>	<u>\$ 953,333</u>	<u>\$ 6,266,667</u>
<u>CAPITAL LEASE PAYABLE</u>								
<u>Payable through Ambulance Service Fund</u>								
Equipment for EMS Department	69,891	7.9	1-18-07	1-22-10	\$ 0	\$ 69,891	\$ 11,252	\$ 58,639
Total Capital Lease Payable					<u>\$ 0</u>	<u>\$ 69,891</u>	<u>\$ 11,252</u>	<u>\$ 58,639</u>

(Continued)

Exhibit L-1

Sullivan County, Tennessee
Schedule of Changes in Long-term Notes, Capital Lease, 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 7-1-06	Issued During Period	Matured During Period	Outstanding 6-30-07
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Public Improvement Bonds, Series 2002	\$ 4,465,000	2.5 to 3.5%	10-1-02	8-1-14	\$ 3,500,000	\$ 0	\$ 345,000	\$ 3,155,000
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	160,000	5,840,000
Schools Refunding	16,320,000	4.75 to 5	9-1-05	4-1-24	16,320,000	0	0	16,320,000
Industrial Park Series 2007	6,500,000	5.9 to 6.25	7-11-07	4-1-28	0	6,500,000	0	6,500,000
Total Bonds Payable					<u>\$ 25,820,000</u>	<u>\$ 6,500,000</u>	<u>\$ 505,000</u>	<u>\$ 31,815,000</u>
<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	\$ 11,884	\$ 0	\$ 11,884	\$ 0
Total Notes Payable					<u>\$ 11,884</u>	<u>\$ 0</u>	<u>\$ 11,884</u>	<u>\$ 0</u>
<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	\$ 6,345,000	\$ 0	\$ 1,170,000	\$ 5,175,000
Schools Refunding	13,220,000	5	11-1-04	5-1-19	13,220,000	0	0	13,220,000
Total Bonds Payable					<u>\$ 19,565,000</u>	<u>\$ 0</u>	<u>\$ 1,170,000</u>	<u>\$ 18,395,000</u>

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			Discretely Presented Component Unit- School Department		
	Bond Requirements	Interest Requirements	Total Requirements	Bond Requirements	Interest Requirements	Total Requirements
2008	\$ 520,000	\$ 1,405,456	\$ 1,925,456	\$ 1,215,000	\$ 893,875	\$ 2,108,875
2009	640,000	1,499,517	2,139,517	1,265,000	839,200	2,104,200
2010	655,000	1,476,480	2,131,480	1,320,000	782,275	2,102,275
2011	670,000	1,452,739	2,122,739	1,375,000	722,875	2,097,875
2012	1,370,000	1,427,830	2,797,830	1,395,000	661,000	2,056,000
2013	1,460,000	1,367,840	2,827,840	1,460,000	591,250	2,051,250
2014	1,585,000	1,303,100	2,888,100	1,530,000	518,250	2,048,250
2015	1,690,000	1,231,025	2,921,025	1,605,000	441,750	2,046,750
2016	1,360,000	1,161,775	2,521,775	1,680,000	361,500	2,041,500
2017	1,445,000	1,097,400	2,542,400	1,750,000	277,500	2,027,500
2018	2,030,000	1,029,063	3,059,063	1,850,000	190,000	2,040,000
2019	2,150,000	932,687	3,082,687	1,950,000	97,500	2,047,500
2020	2,290,000	830,213	3,120,213	0	0	0
2021	2,455,000	719,887	3,174,887	0	0	0
2022	2,655,000	597,738	3,252,738	0	0	0
2023	2,825,000	465,137	3,290,137	0	0	0
2024	3,025,000	323,987	3,348,987	0	0	0
2025	1,115,000	172,303	1,287,303	0	0	0
2026	600,000	115,313	715,313	0	0	0
2027	625,000	78,412	703,412	0	0	0
2028	650,000	39,975	689,975	0	0	0
Total	\$ 31,815,000	\$ 18,727,877	\$ 50,542,877	\$ 18,395,000	\$ 6,376,975	\$ 24,771,975

Exhibit L-3

Sullivan County, Tennessee
Schedule of Transfers
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2007

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</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>2,143,029</u>
Total Transfers			<u>\$ 2,555,029</u>

Exhibit L-4

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, 2007

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Richard Venable (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	\$ 13,315	\$ 50,000	Cincinnati Insurance Company
Steve Godsey (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	76,309	50,000	"
Highway Commissioner:				
John LeSueur, Jr. (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	14,535	100,000	"
Allan Pope (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	72,676	100,000	"
Director of Schools	State Board of Education and County Board of Education	112,295 (1)	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	73,069	3,918,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	73,069	10,000	"
Director of Accounts and Budgets	Section 5-13-101, et. seq., <u>TCA</u>	73,069	25,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	54,744	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	73,069	50,000	"
Circuit Court Clerk:				
Raymond Winters (7-1-06 through 8-31-06)	Section 8-24-102, <u>TCA</u>	12,178	50,000	"
Tommy Kerns (9-1-06 through 6-30-07)	Section 8-24-102, <u>TCA</u>	60,891	100,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	87,069 (2)	80,000	"
Register	Section 8-24-102, <u>TCA</u>	73,069	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	87,811 (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 \$14,000.
(3) Includes \$6,835 supplement as workhouse superintendent and \$600 law enforcement training supplement.

Exhibit L-5

Sullivan County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2007

	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	\$ 18,598,523	\$ 663,246	\$ 1,050,139	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	389,190	13,879	21,975	0	0	0
Circuit/Clerk & Master Collections - Prior Years	159,207	5,670	8,987	0	0	0
Interest and Penalty	141,271	5,034	7,976	0	0	0
Pick-up Taxes	106,658	3,804	6,022	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	338,517	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	4,235	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	316,718	0	0	0	0	0
Litigation Tax - General	363,360	0	0	0	0	0
Litigation Tax - Office of Public Defender	207,793	0	0	0	0	0
Business Tax	1,795,773	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	55,751	1,988	3,148	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0
Total Local Taxes	\$ 22,482,901	\$ 693,621	\$ 1,098,247	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Animal Registration	\$ 685	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	615,907	0	0	0	0	0
<u>Permits</u>						
Beer Permits	1,662	0	0	0	0	0
Building Permits	103,145	0	0	0	0	0
Total Licenses and Permits	\$ 721,399	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 45,023	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-5

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	85,581	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	163,806	0	0	0	0	0
Fines for Littering	665	0	0	0	0	0
Officers Costs	160,239	0	0	0	0	0
Game and Fish Fines	1,196	0	0	0	0	0
Drug Control Fines	0	0	0	0	14,414	0
Drug Court Fees	31,717	0	0	0	0	0
Courtroom Security Fee	5,545	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	17,283	0	0	0	0	0
Data Entry Fee - Chancery Court	3,096	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Courtroom Security Fee	144	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	10	0	0	0	3,558	0
Total Fines, Forfeitures, and Penalties	\$ 514,305	\$ 0	\$ 0	\$ 0	\$ 17,972	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 801,848	\$ 0	\$ 0	\$ 0	0
Patient Charges	0	0	539,872	3,908,250	0	0
Zoning Studies	6,415	0	0	0	0	0
Work Release Charges for Board	51,307	0	0	0	0	0
Health Department Collections	0	0	445,623	0	0	0
Other General Service Charges	167	0	0	0	0	0
Backflow Charges	627	0	0	0	60	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	0	146,456
Copy Fees	5,046	0	0	0	0	0

(Continued)

Exhibit L-5

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>						
Library Fees	\$ 9,982	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Telephone Commissions	165,940	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	60,322	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	7,500	0	0	0	0	0
Total Charges for Current Services	\$ 307,306	\$ 801,848	\$ 985,495	\$ 3,908,250	\$ 60	\$ 146,456
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 167,478	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	45,126	0	0	0	0	0
Sale of Materials and Supplies	875	1,246	0	0	0	0
Commissary Sales	45,502	0	0	0	0	0
Sale of Maps	407	0	0	0	0	0
Sale of Recycled Materials	70	92,222	0	0	0	0
Miscellaneous Refunds	23,985	285	3,144	0	0	0
<u>Nonrecurring Items</u>						
Accrued Interest on Debt Issues	0	0	0	0	0	0
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Property	96,405	10,000	0	0	0	0
Damages Recovered from Individuals	1,599	0	0	0	0	0
Contributions & Gifts	1,360	0	2,940	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	56	0	0	0	0	0
Total Other Local Revenues	\$ 382,863	\$ 103,753	\$ 6,084	\$ 0	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees-In-Lieu of Salary</u>						
County Clerk	\$ 1,402,882	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	640,899	0	0	0	0	0
General Sessions Court Clerk	1,050,103	0	0	0	0	0
Clerk and Master	565,419	0	0	0	0	0

(Continued)

Exhibit L-5

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>Fees Received from County Officials (Cont.)</u>						
<u>Fees-In-Lieu of Salary (Cont.)</u>						
Register	\$ 918,453	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sheriff	74,915	0	0	0	0	0
Trustee	2,143,803	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,796,474	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 83,521	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	58,800	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	0	0	591,696	0	0	0
<u>Public Works Grants</u>						
Litter Program	44,262	16,375	0	0	0	0
Tennessee Industrial Infrastructure Program	259,870	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	526,368	0	0	0	0	0
Beer Tax	18,753	0	0	0	0	0
Alcoholic Beverage Tax	148,937	0	0	0	0	0
Mixed Drink Tax	13,195	0	0	0	0	0
Prisoner Transportation	15,971	0	0	0	0	0
Contracted Prisoner Boarding	1,708,536	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	51,798	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0
Other State Grants	0	0	341,923	0	0	0
Other State Revenues	346,412	4,368	0	0	0	0
Total State of Tennessee	\$ 3,292,803	\$ 20,743	\$ 933,619	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit L-5

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</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 14,680	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	284,969	0	0	0	0	0
Law Enforcement Grants	16,006	0	0	0	0	0
Other Federal through State	351,645	0	1,818,340	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	1,913	0	0	0	0	0
Medicare	0	0	61,506	0	0	0
Other Direct Federal Revenue	51,618	0	0	0	0	0
Total Federal Government	\$ 720,831	\$ 0	\$ 1,879,846	\$ 0	\$ 0	0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 13,000	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	381,759	117,278	575,128	0	0	0
<u>Citizens Groups</u>						
Donations	0	0	0	6,445	0	0
<u>Other</u>						
Other	52,640	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 447,399	\$ 117,278	\$ 575,128	\$ 6,445	\$ 0	0
Total	\$ 35,666,281	\$ 1,737,243	\$ 5,478,419	\$ 3,914,695	\$ 18,032	\$ 146,456

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 0	\$ 1,298,857	\$ 2,238,455	\$ 0	\$ 0	\$ 23,849,220
Trustee's Collections - Prior Year	0	0	27,180	46,842	0	0	499,066
Circuit/Clerk & Master Collections - Prior Years	0	0	11,129	19,150	0	0	204,143
Interest and Penalty	0	0	9,871	18,045	0	0	182,197
Pick-up Taxes	0	0	7,449	12,837	0	0	136,770
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	5,905
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	338,517
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	4,235
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	2,500,000	0	0	0	2,816,718
Litigation Tax - General	0	0	0	167,600	0	0	530,960
Litigation Tax - Office of Public Defender	0	0	0	0	0	0	207,793
Business Tax	0	0	0	0	0	0	1,795,773
Mineral Severance Tax	0	0	200,017	0	0	0	200,017
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	0	3,893	6,710	0	0	71,490
Wholesale Beer Tax	0	0	472,141	0	0	0	472,141
Interstate Telecommunications Tax	0	0	19,606	0	0	0	19,606
Total Local Taxes	\$ 0	\$ 0	\$ 4,550,143	\$ 2,509,639	\$ 0	\$ 0	\$ 31,334,551
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 685
Cable TV Franchise	0	0	186,895	0	0	0	802,802
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	1,662
Building Permits	0	0	0	0	0	0	103,145
Total Licenses and Permits	\$ 0	\$ 0	\$ 186,895	\$ 0	\$ 0	\$ 0	\$ 908,294
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,023

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Circuit Court (Cont.)</u>							
District Attorney General Fees	\$ 13,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,561
<u>Criminal Court</u>							
DUI Treatment Fines	0	0	0	0	0	0	85,581
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	163,806
Fines for Littering	0	0	0	0	0	0	665
Officers Costs	0	0	0	0	0	0	160,239
Game and Fish Fines	0	0	0	0	0	0	1,196
Drug Control Fines	0	0	0	0	0	0	14,414
Drug Court Fees	0	0	0	0	0	0	31,717
Courtroom Security Fee	0	0	0	0	0	0	5,545
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	17,283
Data Entry Fee - Chancery Court	0	0	0	0	0	0	3,096
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	0	0	0	0	0	0	144
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	3,568
Total Fines, Forfeitures, and Penalties	\$ 13,561	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	545,838
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	801,848
Patient Charges	0	0	0	0	0	0	4,448,122
Zoning Studies	0	0	0	0	0	0	6,415
Work Release Charges for Board	0	0	0	0	0	0	51,307
Health Department Collections	0	0	0	0	0	0	445,623
Other General Service Charges	0	0	0	0	0	0	167
Backflow Charges	21	0	0	0	0	0	708
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	146,456
Copy Fees	0	0	0	0	0	0	5,046

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
Charges for Current Services (Cont.)							
Fees (Cont.)							
Library Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	9,982
Telephone Commissions	0	0	0	0	0	0	165,940
Special Commissioner Fees/Special Master Fees	0	14,000	0	0	0	0	14,000
Data Processing Fee - Register	0	0	0	0	0	0	60,322
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	7,500
Total Charges for Current Services	\$ 21	\$ 14,000	\$ 0	\$ 0	\$ 0	\$ 0	6,163,436
Other Local Revenues							
Recurring Items							
Investment Income	\$ 0	\$ 0	\$ 1,492,457	\$ 220,534	\$ 0	\$ 0	1,880,469
Lease/Rentals	0	0	0	0	0	0	45,126
Sale of Materials and Supplies	0	0	5,734	0	0	0	7,855
Commissary Sales	0	0	0	0	0	0	45,502
Sale of Maps	0	0	0	0	0	0	407
Sale of Recycled Materials	0	0	0	0	0	0	92,292
Miscellaneous Refunds	0	0	0	0	0	0	27,414
Nonrecurring Items							
Accrued Interest on Debt Issues	0	0	0	0	3,474	0	3,474
Revenue from Joint Ventures	0	0	0	159,791	0	0	159,791
Sale of Property	0	0	0	42,665	0	0	149,070
Damages Recovered from Individuals	0	0	0	0	0	0	1,599
Contributions & Gifts	0	0	0	0	0	0	4,300
Other Local Revenues							
Other Local Revenues	0	0	0	0	0	0	56
Total Other Local Revenues	\$ 0	\$ 0	\$ 1,498,191	\$ 422,990	\$ 3,474	\$ 0	2,417,355
Fees Received from County Officials							
Fees-In-Lieu of Salary							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,402,882
Circuit Court Clerk	0	0	0	0	0	0	640,899
General Sessions Court Clerk	0	0	0	0	0	0	1,050,103
Clerk and Master	0	0	0	0	0	0	565,419

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees-In-Lieu of Salary (Cont.)</u>							
Register	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	918,453
Sheriff	0	0	0	0	0	0	74,915
Trustee	0	0	0	0	0	0	2,143,803
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,796,474
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	83,521
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	58,800
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	591,696
<u>Public Works Grants</u>							
Litter Program	0	0	0	0	0	0	60,637
Tennessee Industrial Infrastructure Program	0	0	0	0	0	0	259,870
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	526,368
Beer Tax	0	0	0	0	0	0	18,753
Alcoholic Beverage Tax	0	0	0	0	0	0	148,937
Mixed Drink Tax	0	0	0	0	0	0	13,195
Prisoner Transportation	0	0	0	0	0	0	15,971
Contracted Prisoner Boarding	0	0	0	0	0	0	1,708,536
Gasoline and Motor Fuel Tax	0	0	2,712,107	0	0	0	2,712,107
Petroleum Special Tax	0	0	123,116	0	0	0	123,116
Reappraisal Program Reimbursement	0	0	0	0	0	0	51,798
Registrar's Salary Supplement	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	341,923
Other State Revenues	0	0	0	0	0	0	350,780
Total State of Tennessee	\$ 0	\$ 0	2,835,223	\$ 0	\$ 0	\$ 0	7,082,388

(Continued)

Exhibit L-5

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

	Special Revenue Funds			Debt Service Fund	Capital Projects Funds		Total
	District Attorney General	Constitu - tional Officers - Fees	Highway / Public Works	General Debt Service	Community Development/ Industrial Park	Other Capital Projects	
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,680
Homeland Security Grants	0	0	0	0	0	0	284,969
Law Enforcement Grants	0	0	0	0	0	0	16,006
Other Federal through State	0	0	0	0	0	527,089	2,697,074
<u>Direct Federal Revenue</u>							
Forest Service	0	0	10,400	0	0	0	12,313
Medicare	0	0	0	0	0	0	61,506
Other Direct Federal Revenue	0	0	0	0	0	0	51,618
Total Federal Government	\$ 0	\$ 0	\$ 10,400	\$ 0	\$ 0	\$ 527,089	\$ 3,138,166
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	13,000
Contracted Services	0	0	0	0	0	0	1,074,165
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	6,445
<u>Other</u>							
Other	0	0	0	0	0	0	52,640
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,146,250
Total	\$ 13,582	\$ 14,000	\$ 9,080,852	\$ 2,932,629	\$ 3,474	\$ 527,089	\$ 59,532,752

Exhibit L-6

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2007

	Special Purpose	General Purpose School	School Federal Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 1,228,069	\$ 24,361,821	\$ 0	\$ 25,589,890
Trustee's Collections - Prior Year	22,171	439,813	0	461,984
Circuit/Clerk & Master Collections - Prior Years	10,797	208,795	0	219,592
Interest and Penalty	9,418	185,210	0	194,628
Pick-up Taxes	7,023	139,316	0	146,339
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	12,809,509	0	12,809,509
<u>Statutory Local Taxes</u>				
Bank Excise Tax	3,717	73,740	0	77,457
Interstate Telecommunications Tax	0	10,848	0	10,848
Total Local Taxes	\$ 1,281,195	\$ 38,229,052	\$ 0	\$ 39,510,247
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Marriage Licenses	\$ 0	\$ 6,220	\$ 0	\$ 6,220
Total Licenses and Permits	\$ 0	\$ 6,220	\$ 0	\$ 6,220
<u>Charges for Current Services</u>				
<u>Education Charges</u>				
Tuition - Summer School	\$ 0	\$ 15,100	\$ 0	\$ 15,100
Lunch Payments - Children	0	1,463,991	0	1,463,991
Lunch Payments - Adults	0	169,290	0	169,290
Income from Breakfast	0	131,468	0	131,468
A la carte Sales	0	651,710	0	651,710
Receipts from Individual Schools	0	79,357	0	79,357
TBI Criminal Background Fees	0	4,365	0	4,365
<u>Other Charges for Services</u>				
Other Charges for Services	0	319,627	0	319,627
Total Charges for Current Services	\$ 0	\$ 2,834,908	\$ 0	\$ 2,834,908
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 0	\$ 645	\$ 0	\$ 645
Sale of Materials and Supplies	0	2,453	0	2,453
Refund of Telecommunication & Internet Fees (E-Rate)	0	81,061	0	81,061
Retirees' Insurance Payments	0	293,655	0	293,655
Cobra Insurance Payments	0	1,744	0	1,744
Miscellaneous Refunds	0	150,495	0	150,495
<u>Nonrecurring Items</u>				
Damages Recovered from Individuals	0	3,611	0	3,611
<u>Other Local Revenues</u>				
Other Local Revenues	0	1,030	0	1,030
Total Other Local Revenues	\$ 0	\$ 534,694	\$ 0	\$ 534,694
<u>State of Tennessee</u>				
<u>State Education Funds</u>				
Basic Education Program	\$ 0	\$ 36,249,561	\$ 0	\$ 36,249,561
Early Childhood Education	0	272,807	0	272,807

(Continued)

Exhibit L-6

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 (Cont.)</u>				
School Food Service	\$ 0	\$ 64,837	\$ 0	\$ 64,837
Driver Education	0	20,936	0	20,936
Other State Education Funds	0	335,069	0	335,069
Career Ladder Program	0	764,726	0	764,726
Career Ladder - Extended Contract	0	328,218	0	328,218
<u>Other State Revenues</u>				
State Revenue Sharing - T.V.A.	0	936,948	0	936,948
Other State Grants	0	16,983	0	16,983
Other State Revenues	0	200,223	0	200,223
Total State of Tennessee	\$ 0	\$ 39,190,308	\$ 0	\$ 39,190,308
<u>Federal Government</u>				
<u>Federal Through State</u>				
USDA School Lunch Program	\$ 0	\$ 1,817,999	\$ 0	\$ 1,817,999
Breakfast	0	554,434	0	554,434
USDA - Other	0	5,465	0	5,465
Adult Education State Grant Program	0	50,947	0	50,947
Vocational Education - Basic Grants to States	0	0	201,947	201,947
Title I Grants to Local Education Agencies	0	0	1,494,921	1,494,921
Innovative Education Program Strategies	0	0	17,502	17,502
Special Education - Grants to States	0	189,618	2,547,754	2,737,372
Special Education Preschool Grants	0	0	115,959	115,959
Eisenhower Professional Development State Grants	0	0	524,577	524,577
Other Federal through State	0	37,332	45,758	83,090
<u>Direct Federal Revenue</u>				
ROTC Reimbursement	0	159,227	0	159,227
Forest Service	0	21,000	0	21,000
Other Direct Federal Revenue	0	62,634	0	62,634
Total Federal Government	\$ 0	\$ 2,898,656	\$ 4,948,418	\$ 7,847,074
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Contributions	\$ 184,700	\$ 0	\$ 0	\$ 184,700
Total Other Governments and Citizens Groups	\$ 184,700	\$ 0	\$ 0	\$ 184,700
Total	\$ 1,465,895	\$ 83,693,838	\$ 4,948,418	\$ 90,108,151

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2007

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	95,400	
Social Security		5,915	
Employer Medicare		1,384	
Contracts with Government Agencies		95,261	
Data Processing Services		2,500	
Freight Expenses		25	
Legal Notices, Recording, and Court Costs		1,063	
Maintenance & Repair Services - Office Equipment		2,283	
Postal Charges		715	
Printing, Stationery, and Forms		176	
Travel		7,206	
Tuition		2,980	
Food Supplies		67	
Office Supplies		780	
Road Signs		162	
Other Supplies and Materials		163	
Total County Commission			\$ 216,080

County Mayor/Executive

County Official/Administrative Officer	\$	89,624
Secretary(ies)		31,544
Social Security		6,827
State Retirement		16,422
Life Insurance		81
Medical Insurance		14,642
Dental Insurance		618
Employer Medicare		1,597
Communication		2,019
Dues and Memberships		2,837
Legal Notices, Recording, and Court Costs		50
Licenses		24
Maintenance & Repair Services - Office Equipment		384
Postal Charges		405
Printing, Stationery, and Forms		231
Travel		1,203
Tuition		315
Data Processing Supplies		70
Food Supplies		14
Gasoline		1,605
General Construction Materials		352

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Mayor/Executive (Cont.)

Office Supplies	\$	1,551	
Periodicals		580	
Other Supplies and Materials		67	
Data Processing Equipment		655	
Furniture and Fixtures		1,000	
Total County Mayor/Executive			\$ 174,717

County Attorney

County Official/Administrative Officer	\$	96,150	
Secretary(ies)		35,942	
Social Security		7,942	
State Retirement		19,207	
Life Insurance		88	
Medical Insurance		18,255	
Dental Insurance		723	
Employer Medicare		1,857	
Communication		1,750	
Dues and Memberships		1,405	
Legal Notices, Recording, and Court Costs		90	
Licenses		82	
Maintenance & Repair Services - Office Equipment		802	
Postal Charges		564	
Printing, Stationery, and Forms		9	
Travel		1,195	
Tuition		45	
Other Contracted Services		84	
Custodial Supplies		35	
Office Supplies		848	
Periodicals		6,917	
Furniture and Fixtures		162	
Total County Attorney			194,152

Election Commission

County Official/Administrative Officer	\$	65,762
Clerical Personnel		84,250
Temporary Personnel		22,581
Part-time Personnel		17,581
Election Commission		8,248
Election Workers		93,033
Social Security		11,789

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

State Retirement	\$	20,126	
Life Insurance		157	
Medical Insurance		30,065	
Dental Insurance		1,287	
Unemployment Compensation		167	
Employer Medicare		2,757	
Communication		7,194	
Data Processing Services		9,872	
Dues and Memberships		907	
Freight Expenses		2,786	
Legal Notices, Recording, and Court Costs		6,412	
Licenses		7,740	
Maintenance & Repair Services - Equipment		2,146	
Maintenance & Repair Services - Office Equipment		2,442	
Postal Charges		7,195	
Printing, Stationery, and Forms		5,069	
Rentals		2,048	
Travel		1,156	
Contracts for Postclosure Care Costs		1,068	
Other Contracted Services		606	
Data Processing Supplies		1,728	
General Construction Materials		219	
Office Supplies		4,082	
Other Supplies and Materials		29	
Other Charges		25,000	
Data Processing Equipment		6,014	
Furniture and Fixtures		1,196	
Office Equipment		3,108	
Voting Machines		467,231	
Total Election Commission			\$ 923,051

Register of Deeds

County Official/Administrative Officer	\$	73,069
Clerical Personnel		188,121
Part-time Personnel		9,632
Social Security		16,177
State Retirement		31,560
Life Insurance		309
Medical Insurance		43,255
Dental Insurance		2,024

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Employer Medicare	\$	3,783	
Communication		3,221	
Data Processing Services		116,950	
Dues and Memberships		1,897	
Maintenance & Repair Services - Equipment		8,740	
Maintenance & Repair Services - Office Equipment		101,826	
Postal Charges		1,756	
Printing, Stationery, and Forms		4,126	
Travel		1,229	
Tuition		165	
Data Processing Supplies		25	
Food Supplies		418	
Office Supplies		3,280	
Data Processing Equipment		200	
Total Register of Deeds			\$ 611,763

Planning

Supervisor/Director	\$	47,554
Clerical Personnel		28,122
Other Salaries & Wages		102,654
Board and Committee Members Fees		3,950
Social Security		11,139
State Retirement		26,278
Life Insurance		211
Medical Insurance		19,944
Dental Insurance		1,042
Employer Medicare		2,606
Communication		3,537
Consultants		905
Contracts with Government Agencies		13,500
Data Processing Services		292
Dues and Memberships		884
Legal Notices, Recording, and Court Costs		564
Licenses		161
Maintenance & Repair Services - Office Equipment		2,018
Maintenance & Repair Services - Vehicles		688
Postal Charges		738
Printing, Stationery, and Forms		256
Travel		3,099
Tuition		2,125

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Permits	\$	2,500	
Data Processing Supplies		2,295	
Food Supplies		690	
Gasoline		2,999	
Lubricants		159	
Office Supplies		2,170	
Periodicals		36	
Tires and Tubes		36	
Vehicle Parts		598	
Other Supplies and Materials		280	
Other Charges		75	
Data Processing Equipment		967	
Furniture and Fixtures		662	
Motor Vehicles		13,773	
Total Planning			\$ 299,507

Geographical Information Systems

Consultants	\$	8,865	
Other Contracted Services		31,492	
Data Processing Supplies		8,608	
Office Supplies		370	
Total Geographical Information Systems			49,335

County Buildings

Supervisor/Director	\$	42,854	
Mechanic(s)		45,569	
Guards		54,057	
Clerical Personnel		30,959	
Custodial Personnel		123,280	
Maintenance Personnel		142,097	
Social Security		27,841	
State Retirement		52,692	
Life Insurance		547	
Medical Insurance		65,587	
Dental Insurance		3,170	
Unemployment Compensation		3,700	
Employer Medicare		6,511	
Communication		9,659	
Contracts with Private Agencies		525	
Evaluation and Testing		1,369	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Licenses	\$	117
Maintenance & Repair Services - Buildings		286
Maintenance & Repair Services - Equipment		26,341
Maintenance & Repair Services - Vehicles		434
Pest Control		540
Printing, Stationery, and Forms		151
Rentals		4,477
Tuition		796
Disposal Fees		421
Permits		532
Other Contracted Services		300
Custodial Supplies		12,753
Data Processing Supplies		1,617
Electricity		253,725
Equipment Parts - Heavy		1,852
Equipment Parts - Light		1,957
Equipment and Machinery Parts		4,967
Garage Supplies		271
Gasoline		11,307
General Construction Materials		22,135
Riprap		79
Lubricants		209
Natural Gas		13,603
Office Supplies		1,444
Prisoners Clothing		96
Small Tools		2,025
Tires and Tubes		680
Uniforms		206
Vehicle Parts		7,060
Water and Sewer		23,291
Drainage Materials		45
Wire		276
Chemicals		1,757
Other Supplies and Materials		15,562
Building Construction		2,700
Building Improvements		69,384
Data Processing Equipment		6,146
Furniture and Fixtures		3,196
Heating and Air Conditioning Equipment		24,787
Maintenance Equipment		350

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Motor Vehicles	\$	16,957	
Traffic Control Equipment		2,578	
Other Capital Outlay		217,122	
Total County Buildings			\$ 1,364,949

Other Facilities

Contracts with Government Agencies	\$	151,672	
Total Other Facilities			151,672

Preservation of Records

Part-time Personnel	\$	25,873	
Social Security		1,604	
Employer Medicare		375	
Communication		1,958	
Contributions		1,200	
Data Processing Services		209	
Maintenance & Repair Services - Office Equipment		145	
Postal Charges		80	
Printing, Stationery, and Forms		89	
Rentals		28	
Travel		642	
Tuition		85	
Other Contracted Services		3,198	
Data Processing Supplies		4,484	
Library Books/Media		9,795	
Office Supplies		13,536	
Periodicals		71	
Total Preservation of Records			63,372

Risk Management

Supervisor/Director	\$	44,356	
Social Security		2,602	
State Retirement		6,387	
Life Insurance		44	
Medical Insurance		9,128	
Dental Insurance		359	
Employer Medicare		609	
Communication		968	
Data Processing Services		1,108	
Postal Charges		92	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Risk Management (Cont.)

Travel	\$	524	
Tuition		325	
Data Processing Supplies		195	
Office Supplies		1,833	
Boiler Insurance		19,695	
Building and Contents Insurance		14,228	
Liability Insurance		477,779	
Premiums on Corporate Surety Bonds		14,612	
Vehicle and Equipment Insurance		40,897	
Workers' Compensation Insurance		88,407	
Other Self-Insured Claims		477,882	
Total Risk Management			\$ 1,202,030

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	73,069
Supervisor/Director		182,400
Clerical Personnel		128,736
Part-time Personnel		18,774
Social Security		24,370
State Retirement		44,712
Life Insurance		415
Medical Insurance		45,566
Dental Insurance		2,411
Employer Medicare		5,700
Communication		8,006
Dues and Memberships		572
Freight Expenses		39
Maintenance & Repair Services - Office Equipment		2,338
Postal Charges		8,728
Printing, Stationery, and Forms		1,804
Rentals		44
Travel		724
Tuition		1,405
Data Processing Supplies		3,094
Equipment Parts - Light		34
Food Supplies		210
Gasoline		2,041
Instructional Supplies and Materials		695
Lubricants		5

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Supplies	\$	4,561	
Periodicals		319	
Data Processing Equipment		2,000	
Total Accounting and Budgeting			\$ 562,772

Purchasing

County Official/Administrative Officer	\$	54,744
Assistant(s)		41,459
Supervisor/Director		73,815
Purchasing Personnel		120,062
Equipment Operators		59,709
Clerical Personnel		59,631
Maintenance Personnel		29,511
Part-time Personnel		212
Social Security		26,367
State Retirement		64,595
Life Insurance		595
Medical Insurance		57,317
Dental Insurance		3,001
Employer Medicare		6,212
Communication		6,185
Data Processing Services		600
Dues and Memberships		335
Freight Expenses		467
Legal Notices, Recording, and Court Costs		6,234
Licenses		60
Maintenance & Repair Services - Equipment		1,360
Maintenance & Repair Services - Office Equipment		2,644
Maintenance & Repair Services - Vehicles		268
Postal Charges		1,388
Printing, Stationery, and Forms		1,173
Rentals		5,976
Travel		782
Custodial Supplies		117
Data Processing Supplies		1,805
Diesel Fuel		255
Drugs and Medical Supplies		6
Duplicating Supplies		1,524
Electricity		463
Equipment Parts - Light		844

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Food Supplies	\$	696	
Garage Supplies		169	
Gasoline		1,853	
Lubricants		37	
Office Supplies		3,927	
Periodicals		364	
Small Tools		161	
Tires and Tubes		619	
Uniforms		788	
Vehicle Parts		500	
Other Supplies and Materials		1,667	
Office Equipment		13,000	
Total Purchasing			\$ 653,497

Property Assessor's Office

County Official/Administrative Officer	\$	73,069
Assistant(s)		53,728
Supervisor/Director		44,252
Deputy(ies)		270,552
Internal Audit Personnel		47,424
Clerical Personnel		442,664
Part-time Personnel		4,928
Board and Committee Members Fees		440
Social Security		56,533
State Retirement		136,399
Life Insurance		1,218
Medical Insurance		139,303
Dental Insurance		7,224
Employer Medicare		13,223
Audit Services		15,511
Communication		12,886
Contracts with Other Public Agencies		9,885
Dues and Memberships		1,667
Legal Notices, Recording, and Court Costs		144
Licenses		134
Maintenance & Repair Services - Office Equipment		4,289
Maintenance & Repair Services - Vehicles		443
Postal Charges		6,675
Printing, Stationery, and Forms		1,179
Travel		2,572

(Continued)

Exhibit L-7

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

General Fund (Cont.)Finance (Cont.)Property Assessor's Office (Cont.)

Tuition	\$	740	
Other Contracted Services		66	
Data Processing Supplies		1,220	
Food Supplies		412	
Gasoline		14,061	
Instructional Supplies and Materials		156	
Lubricants		383	
Office Supplies		5,166	
Periodicals		572	
Tires and Tubes		606	
Vehicle Parts		560	
Other Supplies and Materials		544	
Other Charges		12,517	
Data Processing Equipment		24,428	
Motor Vehicles		32,304	
Other Capital Outlay		6,195	
Total Property Assessor's Office			\$ 1,446,272

County Trustee's Office

County Official/Administrative Officer	\$	73,069
Assistant(s)		38,679
Deputy(ies)		168,595
Part-time Personnel		19,040
Social Security		17,626
State Retirement		34,364
Life Insurance		332
Medical Insurance		51,959
Dental Insurance		2,662
Unemployment Compensation		1,594
Employer Medicare		4,122
Communication		10,680
Dues and Memberships		1,852
Licenses		70
Maintenance Agreements		3,727
Maintenance & Repair Services - Office Equipment		2,029
Postal Charges		30,764
Printing, Stationery, and Forms		20,389
Rentals		70
Travel		1,306
Data Processing Supplies		1,000

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Food Supplies	\$	47	
Office Supplies		2,268	
Other Supplies and Materials		156	
Data Processing Equipment		5,578	
Furniture and Fixtures		3,469	
Office Equipment		1,856	
Total County Trustee's Office			\$ 497,303

County Clerk's Office

County Official/Administrative Officer	\$	73,069	
Deputy(ies)		626,970	
Part-time Personnel		42,734	
Board and Committee Members Fees		480	
Social Security		45,292	
State Retirement		102,556	
Life Insurance		1,029	
Medical Insurance		129,560	
Dental Insurance		6,543	
Employer Medicare		10,333	
Communication		17,721	
Data Processing Services		70,192	
Dues and Memberships		350	
Legal Notices, Recording, and Court Costs		311	
Maintenance & Repair Services - Office Equipment		4,209	
Postal Charges		45,051	
Printing, Stationery, and Forms		2,788	
Travel		1,893	
Other Contracted Services		975	
Data Processing Supplies		3,238	
Food Supplies		256	
General Construction Materials		431	
Office Supplies		5,633	
Office Equipment		6,841	
Total County Clerk's Office			1,198,455

Data Processing

Communication	\$	1,079	
Data Processing Services		7,756	
Maintenance Agreements		55,495	
Maintenance & Repair Services - Office Equipment		4,429	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Data Processing Supplies	\$	4,789	
Office Supplies		1,565	
Data Processing Equipment		20,689	
Total Data Processing			\$ 95,802

Other Finance

Refunds	\$	4,325	
Trustee's Commission		433,869	
Total Other Finance			438,194

Administration of Justice

Circuit Court Judge

Communication	\$	8,153	
Contracts with Private Agencies		80	
Postal Charges		514	
Office Supplies		2,087	
Other Supplies and Materials		620	
Total Circuit Court Judge			11,454

Circuit Court Clerk

County Official/Administrative Officer	\$	73,069	
Assistant(s)		42,873	
Clerical Personnel		666,986	
Part-time Personnel		19,025	
Social Security		45,475	
State Retirement		107,795	
Life Insurance		994	
Medical Insurance		119,943	
Dental Insurance		5,836	
Unemployment Compensation		4,320	
Employer Medicare		10,635	
Communication		19,938	
Data Processing Services		3,437	
Dues and Memberships		787	
Legal Notices, Recording, and Court Costs		415	
Maintenance Agreements		4,278	
Maintenance & Repair Services - Buildings		120	
Maintenance & Repair Services - Office Equipment		6,442	
Postal Charges		11,074	
Printing, Stationery, and Forms		14,355	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court Clerk (Cont.)

Rentals	\$	70	
Travel		965	
Tuition		300	
Data Processing Supplies		1,046	
Equipment and Machinery Parts		820	
Food Supplies		349	
Office Supplies		16,712	
Periodicals		296	
Data Processing Equipment		12,511	
Furniture and Fixtures		13,438	
Motor Vehicles		3,459	
Total Circuit Court Clerk			\$ 1,207,763

General Sessions Court

Judge(s)	\$	250,332	
Secretary(ies)		69,073	
Social Security		16,642	
State Retirement		43,796	
Life Insurance		147	
Medical Insurance		15,817	
Dental Insurance		646	
Employer Medicare		4,320	
Communication		4,735	
Dues and Memberships		376	
Licenses		400	
Maintenance & Repair Services - Office Equipment		511	
Postal Charges		1,789	
Printing, Stationery, and Forms		1,829	
Travel		3,275	
Tuition		968	
Data Processing Supplies		334	
Office Supplies		763	
Periodicals		4,290	
Other Supplies and Materials		448	
Total General Sessions Court			420,491

General Sessions Judge

Judge(s)	\$	264,118
Assistant(s)		57,858
Secretary(ies)		30,411

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Judge (Cont.)

Social Security	\$	18,025	
State Retirement		51,198	
Life Insurance		220	
Medical Insurance		30,193	
Dental Insurance		1,448	
Employer Medicare		4,920	
Communication		4,714	
Dues and Memberships		376	
Licenses		400	
Maintenance & Repair Services - Office Equipment		808	
Postal Charges		525	
Printing, Stationery, and Forms		273	
Travel		3,689	
Tuition		580	
Data Processing Supplies		426	
Food Preparation Supplies		433	
Office Supplies		641	
Periodicals		1,864	
Total General Sessions Judge			\$ 473,120

Drug Court

Contracts with Private Agencies	\$	124,913	
Total Drug Court			124,913

Chancery Court

County Official/Administrative Officer	\$	73,069	
Clerical Personnel		210,587	
Part-time Personnel		31,009	
Social Security		15,063	
State Retirement		38,251	
Life Insurance		319	
Medical Insurance		45,405	
Dental Insurance		1,571	
Employer Medicare		3,523	
Communication		7,204	
Data Processing Services		250	
Dues and Memberships		1,210	
Maintenance & Repair Services - Office Equipment		8,473	
Postal Charges		2,904	
Printing, Stationery, and Forms		3,780	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Travel	\$	219	
Office Supplies		5,332	
Periodicals		268	
Other Supplies and Materials		98	
Data Processing Equipment		2,580	
Furniture and Fixtures		1,174	
Total Chancery Court			\$ 452,289

Juvenile Court

Supervisor/Director	\$	90,115
Probation Officer(s)		32,126
Guidance Personnel		176,289
Secretary(ies)		46,945
Clerical Personnel		43,569
Social Security		23,250
State Retirement		56,847
Life Insurance		487
Medical Insurance		60,035
Dental Insurance		3,463
Employer Medicare		5,437
Communication		2,254
Contracts with Other Public Agencies		360
Data Processing Services		50
Freight Expenses		25
Legal Services		28,001
Licenses		200
Maintenance & Repair Services - Office Equipment		440
Maintenance & Repair Services - Vehicles		26
Postal Charges		55
Printing, Stationery, and Forms		79
Rentals		60
Travel		6,421
Tuition		1,881
Other Contracted Services		75,952
Data Processing Supplies		803
Drugs and Medical Supplies		1,537
Gasoline		880
Instructional Supplies and Materials		157
Lubricants		23
Office Supplies		1,723

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Periodicals	\$	112	
Uniforms		140	
Vehicle Parts		66	
Data Processing Equipment		1,455	
Total Juvenile Court			\$ 661,263

District Attorney General

Assistant(s)	\$	144,108	
Salary Supplements		4,240	
Secretary(ies)		23,466	
Part-time Personnel		1,660	
Social Security		10,356	
State Retirement		23,961	
Life Insurance		162	
Medical Insurance		16,781	
Dental Insurance		1,139	
Employer Medicare		2,422	
Travel		3,515	
Total District Attorney General			231,810

Office of Public Defender

Paraprofessionals	\$	111,271	
Social Security		6,342	
State Retirement		15,111	
Life Insurance		75	
Medical Insurance		16,210	
Dental Insurance		571	
Employer Medicare		1,483	
Licenses		800	
Travel		669	
Tuition		132	
Total Office of Public Defender			152,664

Other Administration of Justice

Board and Committee Members Fees	\$	300	
Jury and Witness Fees		102,689	
Other Per Diem & Fees		35,108	
Consultants		86	
Legal Services		2,852	
Total Other Administration of Justice			141,035

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	87,811
Assistant(s)		237,804
Supervisor/Director		57,406
Deputy(ies)		2,024,030
Captain(s)		182,530
Lieutenant(s)		639,412
Sergeant(s)		958,286
Mechanic(s)		91,637
Dispatchers/Radio Operators		505,580
Guards		650
Secretary(ies)		332,104
Social Security		308,064
State Retirement		734,676
Life Insurance		6,083
Medical Insurance		781,075
Dental Insurance		38,034
Unemployment Compensation		315
Employer Medicare		72,047
Advertising		108
Communication		88,372
Data Processing Services		33,110
Dues and Memberships		9,135
Evaluation and Testing		352
Financial Advisory Services		533
Freight Expenses		102
Laundry Service		434
Legal Services		33
Licenses		1,030
Maintenance & Repair Services - Buildings		3,008
Maintenance & Repair Services - Equipment		25,741
Maintenance & Repair Services - Office Equipment		10,029
Maintenance & Repair Services - Vehicles		5,072
Medical and Dental Services		1,133
Pest Control		440
Postal Charges		5,648
Printing, Stationery, and Forms		4,380
Rentals		1,198
Tow-in Services		2,476
Travel		41,595
Tuition		30,892

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Veterinary Services	\$	1,120	
Disposal Fees		3,361	
Other Contracted Services		7,122	
Animal Food and Supplies		2,001	
Asphalt		3,363	
Custodial Supplies		1,742	
Data Processing Supplies		7,016	
Drugs and Medical Supplies		801	
Electricity		3,676	
Equipment Parts - Light		2,936	
Equipment and Machinery Parts		4,702	
Fertilizer, Lime, and Seed		54	
Food Supplies		598	
Garage Supplies		340	
Gasoline		278,489	
General Construction Materials		4,883	
Instructional Supplies and Materials		9,038	
Law Enforcement Supplies		30,397	
Lubricants		5,338	
Office Supplies		18,124	
Periodicals		2,187	
Small Tools		176	
Tires and Tubes		16,644	
Uniforms		58,446	
Vehicle Parts		52,552	
Water and Sewer		141	
Other Supplies and Materials		5,960	
Communication Equipment		9,749	
Data Processing Equipment		44,985	
Furniture and Fixtures		6,029	
Law Enforcement Equipment		97,188	
Maintenance Equipment		3,315	
Motor Vehicles		267,905	
Office Equipment		<u>4,432</u>	
Total Sheriff's Department			\$ 8,277,175

Administration of the Sexual Offender Registry

Contracts with Government Agencies	\$	<u>800</u>	
Total Administration of the Sexual Offender Registry			800

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	120,533
Deputy(ies)		1,953,278
Captain(s)		63,175
Lieutenant(s)		266,306
Sergeant(s)		202,864
Medical Personnel		281,131
Secretary(ies)		25,766
Cafeteria Personnel		91,842
Board and Committee Members Fees		22,506
Social Security		184,223
State Retirement		447,020
Life Insurance		3,972
Medical Insurance		525,694
Dental Insurance		26,047
Unemployment Compensation		362
Employer Medicare		43,085
Advertising		2,424
Communication		16,076
Contracts with Government Agencies		800
Data Processing Services		18,038
Dues and Memberships		4,784
Evaluation and Testing		4,465
Financial Advisory Services		548
Licenses		579
Maintenance & Repair Services - Buildings		3,508
Maintenance & Repair Services - Equipment		38,641
Maintenance & Repair Services - Office Equipment		8,228
Maintenance & Repair Services - Vehicles		120
Medical and Dental Services		262,395
Pest Control		2,085
Postal Charges		831
Printing, Stationery, and Forms		6,630
Rentals		2,487
Tow-in Services		120
Transportation - Other than Students		27,414
Travel		24,187
Tuition		7,459
Disposal Fees		17,312
Other Contracted Services		428
Custodial Supplies		71,780

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Data Processing Supplies	\$	3,603	
Drugs and Medical Supplies		116,504	
Electricity		199,384	
Equipment Parts - Light		6,913	
Equipment and Machinery Parts		21,434	
Fertilizer, Lime, and Seed		130	
Food Preparation Supplies		17,455	
Food Supplies		520,642	
Gasoline		79,859	
General Construction Materials		11,318	
Instructional Supplies and Materials		280	
Law Enforcement Supplies		10,680	
Natural Gas		83,115	
Office Supplies		9,924	
Periodicals		1,103	
Prisoners Clothing		23,616	
Small Tools		956	
Tires and Tubes		128	
Uniforms		30,674	
Vehicle Parts		7,991	
Water and Sewer		129,233	
Liner Materials		8,341	
Fencing		203	
Chemicals		1,120	
Other Supplies and Materials		15,486	
Communication Equipment		2,419	
Data Processing Equipment		15,388	
Food Service Equipment		16,670	
Furniture and Fixtures		1,437	
Heating and Air Conditioning Equipment		3,500	
Law Enforcement Equipment		391	
Maintenance Equipment		873	
Motor Vehicles		13,908	
Other Equipment		14,074	
Total Jail			\$ 6,147,895

Workhouse

Deputy(ies)	\$	50,499
Social Security		3,012
State Retirement		7,393

(Continued)

Exhibit L-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Workhouse (Cont.)</u>		
Life Insurance	\$	83
Medical Insurance		10,176
Dental Insurance		489
Employer Medicare		704
Communication		282
Custodial Supplies		1,348
Law Enforcement Supplies		80
Road Signs		421
Total Workhouse		<u>74,487</u>
	\$	
<u>Juvenile Services</u>		
Contracts with Government Agencies	\$	331,000
Contributions		292,522
Total Juvenile Services		<u>623,522</u>
<u>Fire Prevention and Control</u>		
Contributions	\$	1,323,867
Total Fire Prevention and Control		<u>1,323,867</u>
<u>Civil Defense</u>		
Supervisor/Director	\$	45,890
Medical Personnel		207,092
Secretary(ies)		26,083
Part-time Personnel		40,111
Social Security		18,047
State Retirement		40,470
Life Insurance		338
Medical Insurance		45,482
Dental Insurance		2,039
Employer Medicare		4,221
Advertising		60
Bank Charges		6
Communication		3,503
Licenses		34
Maintenance & Repair Services - Buildings		186
Maintenance & Repair Services - Equipment		649
Maintenance & Repair Services - Vehicles		640
Postal Charges		277
Printing, Stationery, and Forms		95
Travel		85

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Tuition	\$	35	
Other Contracted Services		100	
Data Processing Supplies		1,645	
Equipment Parts - Light		1,493	
Gasoline		1,717	
Instructional Supplies and Materials		1,396	
Lubricants		121	
Office Supplies		1,110	
Periodicals		270	
Textbooks		96	
Tires and Tubes		204	
Uniforms		1,129	
Vehicle Parts		763	
Other Supplies and Materials		952	
Law Enforcement Equipment		3,103	
Motor Vehicles		17,227	
Traffic Control Equipment		716	
Health Equipment		5,376	
Other Equipment		3,624	
Other Capital Outlay		800	
Total Civil Defense			\$ 477,185

Rescue Squad

Contributions	\$	247,401	
Total Rescue Squad			247,401

Disaster Relief

Contributions	\$	6,000	
Data Processing Equipment		45,684	
Furniture and Fixtures		29,981	
Motor Vehicles		10,000	
Other Equipment		265,759	
Other Capital Outlay		15,046	
Total Disaster Relief			372,470

County Coroner/Medical Examiner

Other Per Diem & Fees	\$	19,950	
Communication		632	
Contributions		59,927	
Freight Expenses		56	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner (Cont.)

Other Contracted Services	\$	24,000	
Drugs and Medical Supplies		4,506	
Equipment Parts - Light		45	
Gasoline		2,211	
Lubricants		58	
Vehicle Parts		736	
Other Charges		3,600	
Other Capital Outlay		700	
Total County Coroner/Medical Examiner			\$ 116,421

Other Public Safety

Communication	\$	2,627	
Maintenance & Repair Services - Equipment		127,864	
Electricity		12,473	
General Construction Materials		1,551	
Natural Gas		608	
Propane Gas		362	
Vehicle Parts		43	
Other Supplies and Materials		136	
Total Other Public Safety			145,664

Public Health and WelfareRabies and Animal Control

Truck Drivers	\$	133,991	
Social Security		7,383	
State Retirement		18,530	
Life Insurance		181	
Medical Insurance		29,811	
Dental Insurance		1,310	
Employer Medicare		1,727	
Communication		2,824	
Licenses		370	
Maintenance & Repair Services - Buildings		676	
Maintenance & Repair Services - Equipment		4	
Maintenance & Repair Services - Office Equipment		180	
Medical and Dental Services		435	
Pest Control		1,160	
Postal Charges		7	
Printing, Stationery, and Forms		347	
Veterinary Services		16,980	

(Continued)

Exhibit L-7

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.)

Disposal Fees	\$	1,932	
Animal Food and Supplies		4,046	
Custodial Supplies		7,408	
Drugs and Medical Supplies		2,244	
Electricity		6,227	
Equipment and Machinery Parts		217	
Gasoline		10,583	
General Construction Materials		1,287	
Natural Gas		4,724	
Office Supplies		119	
Tires and Tubes		184	
Uniforms		1,296	
Vehicle Parts		1,835	
Water and Sewer		2,787	
Other Supplies and Materials		1,211	
Other Charges		100	
Building Improvements		9,952	
Food Service Equipment		979	
Other Equipment		942	
Total Rabies and Animal Control			\$ 273,989

Other Local Health Services

Contributions	\$	30,000	
Total Other Local Health Services			30,000

Regional Mental Health Center

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

Aid to Dependent Children

Contributions	\$	27,250	
Total Aid to Dependent Children			27,250

Other Local Welfare Services

Contributions	\$	5,760	
Pauper Burials		10,000	
Other Construction		1,200	
Total Other Local Welfare Services			16,960

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Public Health and Welfare

Contributions	\$ 20,000	
Total Other Public Health and Welfare		\$ 20,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Contributions	\$ 8,900	
Total Senior Citizens Assistance		8,900

Libraries

Supervisor/Director	\$ 33,264
Clerical Personnel	231,876
Custodial Personnel	45,077
Part-time Personnel	27,171
Social Security	20,336
State Retirement	38,640
Life Insurance	383
Medical Insurance	30,427
Dental Insurance	1,987
Unemployment Compensation	1,702
Employer Medicare	4,756
Advertising	4,354
Communication	15,129
Contributions	30,000
Data Processing Services	11,776
Dues and Memberships	589
Janitorial Services	1,549
Licenses	3,385
Maintenance & Repair Services - Buildings	102
Maintenance & Repair Services - Equipment	491
Maintenance & Repair Services - Office Equipment	17,105
Pest Control	690
Postal Charges	4,084
Printing, Stationery, and Forms	1,587
Rentals	1,531
Travel	4,661
Tuition	650
Disposal Fees	321
Other Contracted Services	300
Custodial Supplies	1,677
Data Processing Supplies	4,986

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Electricity	\$	14,324	
Equipment Parts - Light		572	
Equipment and Machinery Parts		69	
General Construction Materials		296	
Instructional Supplies and Materials		15,639	
Library Books/Media		68,137	
Natural Gas		3,666	
Office Supplies		18,700	
Periodicals		3,150	
Small Tools		34	
Water and Sewer		908	
Other Charges		8,157	
Building Improvements		5,267	
Data Processing Equipment		31,903	
Furniture and Fixtures		2,725	
Total Libraries			\$ 714,133

Parks and Fair Boards

Contributions	\$	65,000	
Payments to Schools - Other		300,000	
Maintenance Equipment		13,800	
Total Parks and Fair Boards			378,800

Agriculture & Natural Resources

Agriculture Extension Service

Part-time Personnel	\$	2,340	
Social Security		145	
Employer Medicare		34	
Communication		2,814	
Matching Share		107,061	
Printing, Stationery, and Forms		214	
Travel		100	
Other Charges		7,000	
Total Agriculture Extension Service			119,708

Forest Service

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)Agriculture & Natural Resources (Cont.)Soil Conservation

Secretary(ies)	\$	25,628	
Social Security		1,494	
State Retirement		3,697	
Life Insurance		40	
Medical Insurance		9,128	
Employer Medicare		349	
Contributions		5,100	
Total Soil Conservation			\$ 45,436

Other OperationsTourism

Supervisor/Director	\$	36,036	
Social Security		2,198	
State Retirement		5,276	
Life Insurance		45	
Medical Insurance		2,990	
Dental Insurance		372	
Employer Medicare		514	
Advertising		2,102	
Communication		1,832	
Contributions		10,000	
Data Processing Services		120	
Dues and Memberships		135	
Freight Expenses		18	
Postal Charges		185	
Printing, Stationery, and Forms		3,235	
Travel		2,283	
Tuition		846	
Data Processing Supplies		108	
Food Supplies		266	
Gasoline		25	
Office Supplies		369	
Uniforms		77	
Building Improvements		41,666	
Total Tourism			110,698

Industrial Development

Contributions	\$	353,940	
Land		52,275	
Site Development		108,498	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development (Cont.)

Other Construction	\$ 528,477	
Total Industrial Development		\$ 1,043,190

Housing and Urban Development

Contributions	\$ 20,000	
Total Housing and Urban Development		20,000

Other Economic and Community Development

Contributions	\$ 13,000	
Other Charges	5,958	
Total Other Economic and Community Development		18,958

Veterans' Services

Rentals	\$ 11,900	
Total Veterans' Services		11,900

Contributions to Other Agencies

Contributions	\$ 25,000	
Total Contributions to Other Agencies		25,000

Employee Benefits

Social Security	\$ 8,508	
Handling Charges & Administrative Costs	2,746	
State Retirement	19,418	
Employee and Dependent Insurance	196,207	
Life Insurance	289	
Medical Insurance	134,994	
Dental Insurance	1,653	
Employer Medicare	1,990	
Other Fringe Benefits	9,052	
Total Employee Benefits		374,857

Miscellaneous

Dues and Memberships	\$ 21,663	
Other Charges	31,099	
Total Miscellaneous		52,762

Instruction

Vocational Education Program

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Instruction (Cont.)

Other

Contracts with Other Public Agencies	\$ 160,000	
Total Other		\$ 160,000

Capital Projects

Public Utility Projects

Other Capital Outlay	\$ 706,132	
Total Public Utility Projects		706,132

Highway & Street Capital Projects

Legal Notices, Recording, and Court Costs	\$ 51	
Other Road Supplies	2,315	
Road Signs	9,078	
Right-of-Way	4,650	
Total Highway & Street Capital Projects		16,094

Capital Projects - Donated

Capital Projects Donated to Other Entities

Communication Equipment	\$ 131,227	
Other Equipment	84,774	
Other Capital Outlay	14,120	
Total Capital Projects Donated to Other Entities		230,121

Total General Fund		\$ 36,312,098
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 904	
Dues and Memberships	125	
Printing, Stationery, and Forms	8	
Travel	406	
Tuition	250	
Other Contracted Services	13,028	
Asphalt	5,817	
Custodial Supplies	586	
Gravel and Chert	2,866	
Other Supplies and Materials	731	
Other Charges	4,288	
Total Sanitation Education/Information		\$ 29,009

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations

Supervisor/Director	\$	54,297
Mechanic(s)		28,018
Equipment Operators		29,692
Truck Drivers		234,033
Clerical Personnel		24,627
Maintenance Personnel		142,070
Part-time Personnel		16,676
Social Security		30,832
Handling Charges & Administrative Costs		190
State Retirement		72,957
Employee and Dependent Insurance		8,409
Life Insurance		739
Medical Insurance		104,447
Dental Insurance		5,001
Employer Medicare		7,211
Communication		5,294
Contracts with Government Agencies		920
Dues and Memberships		2,387
Licenses		76
Maintenance & Repair Services - Buildings		640
Maintenance & Repair Services - Equipment		41,102
Maintenance & Repair Services - Vehicles		12,389
Postal Charges		206
Printing, Stationery, and Forms		442
Rentals		2,998
Tow-in Services		900
Travel		5,467
Tuition		1,525
Disposal Fees		522,338
Permits		100
Other Contracted Services		6,795
Concrete		1,728
Custodial Supplies		1,392
Data Processing Supplies		8,029
Diesel Fuel		68,745
Electricity		10,884
Equipment Parts - Heavy		25,290
Equipment Parts - Light		409
Fuel Oil		711
Garage Supplies		10,653

(Continued)

Exhibit L-7

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.)

Gasoline	\$	11,130	
General Construction Materials		351	
Lubricants		9,224	
Office Supplies		1,529	
Periodicals		29	
Propane Gas		2,575	
Small Tools		94	
Structural Steel		12,980	
Tires and Tubes		16,161	
Uniforms		144	
Vehicle Parts		32,360	
Water and Sewer		1,717	
Other Supplies and Materials		6,605	
Trustee's Commission		18,064	
Motor Vehicles		165,918	
Solid Waste Equipment		123,434	
Total Transfer Stations			\$ 1,892,934

Total Solid Waste/Sanitation Fund

\$ 1,921,943

Health Department Fund

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	66,528
Assistant(s)		142,267
Supervisor/Director		124,056
Teachers		5,040
Medical Personnel		1,073,646
Education Media Personnel		1,041
Instructional Computer Personnel		40,846
Clerical Personnel		307,026
Custodial Personnel		28,486
Part-time Personnel		55,532
Social Security		111,817
Handling Charges & Administrative Costs		877
State Retirement		198,111
Employee and Dependent Insurance		2,803
Life Insurance		1,622
Medical Insurance		180,308
Dental Insurance		9,977

(Continued)

Exhibit L-7

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.)

Unemployment Compensation	\$	2,964
Employer Medicare		26,152
Advertising		7,373
Bank Charges		31
Communication		43,243
Contracts with Government Agencies		28,622
Dues and Memberships		1,840
Freight Expenses		321
Janitorial Services		64,113
Operating Lease Payments		23,477
Licenses		666
Maintenance & Repair Services - Buildings		3,180
Maintenance & Repair Services - Equipment		30,857
Maintenance & Repair Services - Vehicles		639
Medical and Dental Services		24,823
Pest Control		1,700
Postal Charges		12,087
Printing, Stationery, and Forms		2,928
Rentals		2,735
Travel		17,687
Tuition		8,820
Disposal Fees		1,163
Other Contracted Services		3,261
Custodial Supplies		4,324
Data Processing Supplies		9,375
Drugs and Medical Supplies		236,978
Electricity		63,140
Equipment Parts - Light		52
Equipment and Machinery Parts		107
Food Preparation Supplies		638
Food Supplies		2,943
Gasoline		6,229
General Construction Materials		3,406
Instructional Supplies and Materials		10,892
Lubricants		85
Natural Gas		8,842
Office Supplies		29,908
Periodicals		3,777
Tires and Tubes		439
Uniforms		623

(Continued)

Exhibit L-7

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.)

Vehicle Parts	\$	573	
Water and Sewer		7,145	
Other Supplies and Materials		3,923	
Trustee's Commission		21,815	
Furniture and Fixtures		837	
Heating and Air Conditioning Equipment		5,571	
Office Equipment		15,900	
Health Equipment		12,975	
Total Local Health Center			\$ 3,109,162

Dental Health Program

Medical Personnel	\$	214,160
Part-time Personnel		312
Social Security		12,549
State Retirement		31,232
Life Insurance		219
Medical Insurance		38,878
Dental Insurance		1,443
Employer Medicare		3,016
Bank Charges		182
Communication		665
Contracts with Private Agencies		3,909
Freight Expenses		1
Janitorial Services		6,092
Maintenance & Repair Services - Equipment		424
Pest Control		95
Printing, Stationery, and Forms		10
Travel		1,389
Tuition		315
Disposal Fees		738
Other Contracted Services		144
Custodial Supplies		21
Data Processing Supplies		13,979
Drugs and Medical Supplies		26,043
Electricity		4,135
Equipment and Machinery Parts		158
Food Supplies		323
General Construction Materials		275
Instructional Supplies and Materials		1,279
Office Supplies		724

(Continued)

Exhibit L-7

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.)

Periodicals	\$	9	
Uniforms		140	
Other Supplies and Materials		964	
Health Equipment		4,931	
Other Capital Outlay		8,167	
Total Dental Health Program			\$ 376,921

Crippled Children Services

Clerical Personnel	\$	85,868	
Social Security		5,267	
State Retirement		10,445	
Life Insurance		49	
Medical Insurance		6,485	
Dental Insurance		805	
Employer Medicare		1,232	
Communication		139	
Postal Charges		300	
Printing, Stationery, and Forms		19	
Travel		2,846	
Tuition		40	
Office Supplies		299	
Other Supplies and Materials		27	
Total Crippled Children Services			113,821

Other Local Health Services

Supervisor/Director	\$	108,228	
Teachers		181,279	
Medical Personnel		751,581	
Education Media Personnel		27,958	
Instructional Computer Personnel		40,846	
Clerical Personnel		242,421	
Part-time Personnel		57,154	
Other Salaries & Wages		50,088	
Social Security		84,299	
State Retirement		188,793	
Life Insurance		1,677	
Medical Insurance		201,895	
Dental Insurance		10,080	
Unemployment Compensation		1,039	
Employer Medicare		19,715	

(Continued)

Exhibit L-7

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.)

Advertising	\$	1,516	
Communication		29,838	
Contracts with Government Agencies		58,188	
Contracts with Other Public Agencies		21,812	
Dues and Memberships		95	
Freight Expenses		103	
Maintenance & Repair Services - Equipment		200	
Maintenance & Repair Services - Office Equipment		1,700	
Matching Share		1,646	
Medical and Dental Services		2,248	
Pest Control		350	
Postal Charges		2,693	
Printing, Stationery, and Forms		2,111	
Rentals		5,551	
Travel		41,194	
Tuition		1,353	
Other Contracted Services		4,446	
Data Processing Supplies		100,019	
Drugs and Medical Supplies		10,234	
Electricity		1,457	
Equipment Parts - Light		22	
Equipment and Machinery Parts		532	
Food Preparation Supplies		28	
Food Supplies		2,417	
General Construction Materials		451	
Instructional Supplies and Materials		73,125	
Office Supplies		12,894	
Periodicals		660	
Uniforms		2,157	
Other Supplies and Materials		12,484	
Total Other Local Health Services			\$ 2,358,577

Total Health Department Fund \$ 5,958,481

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	45,923
Captain(s)		133,914
Lieutenant(s)		129,813

(Continued)

Exhibit L-7

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.)

Medical Personnel	\$ 1,712,695
Clerical Personnel	109,273
Part-time Personnel	261,164
Other Salaries & Wages	8,548
Social Security	143,552
Handling Charges & Administrative Costs	469
State Retirement	322,548
Life Insurance	2,707
Medical Insurance	370,195
Dental Insurance	17,216
Unemployment Compensation	2,606
Employer Medicare	33,573
Advertising	1,073
Bank Charges	322
Communication	18,818
Consultants	4,100
Data Processing Services	117
Dues and Memberships	615
Janitorial Services	272
Legal Notices, Recording, and Court Costs	164
Licenses	2,538
Maintenance & Repair Services - Buildings	2,208
Maintenance & Repair Services - Equipment	5,020
Maintenance & Repair Services - Vehicles	1,013
Medical and Dental Services	76
Postal Charges	19,480
Printing, Stationery, and Forms	1,632
Rentals	14,400
Tow-in Services	560
Travel	1,520
Tuition	9,278
Disposal Fees	2,607
Other Contracted Services	703
Custodial Supplies	5,873
Data Processing Supplies	2,022
Diesel Fuel	84,326
Drugs and Medical Supplies	107,238
Electricity	12,978
Equipment Parts - Heavy	350
Equipment Parts - Light	7,516

(Continued)

Exhibit L-7

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.)

Equipment and Machinery Parts	\$	1,570	
Food Supplies		945	
Gasoline		1,774	
Instructional Supplies and Materials		1,339	
Lubricants		1,509	
Natural Gas		7,642	
Office Supplies		5,172	
Periodicals		224	
Small Tools		26	
Tires and Tubes		10,760	
Uniforms		9,262	
Vehicle Parts		22,123	
Water and Sewer		1,085	
Other Supplies and Materials		2,757	
Trustee's Commission		38,294	
Workers' Compensation Insurance		67	
Communication Equipment		6,070	
Data Processing Equipment		2,400	
Furniture and Fixtures		1,300	
Motor Vehicles		228,573	
Health Equipment		35,945	
Other Equipment		88,930	
Total Ambulance/Emergency Medical Services			\$ 4,068,782

Principal on Debt

General Government

Principal on Notes	\$	103,333	
Principal on Capital Leases		11,252	
Total General Government			114,585

Interest on Debt

General Government

Interest on Notes	\$	2,996	
Interest on Capital Leases		1,888	
Total General Government			4,884

Total Ambulance Service Fund \$ 4,188,251

(Continued)

Exhibit L-7

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

Drug Control Fund

Finance

Other Finance

Trustee's Commission	\$ 85		
Total Other Finance		\$	85

Public Safety

Sheriff's Department

Communication	\$ 2,666		
Confidential Drug Enforcement Payments	5,000		
Licenses	58		
Rentals	1,800		
Other Contracted Services	48		
Equipment Parts - Light	40		
Instructional Supplies and Materials	2,075		
Law Enforcement Supplies	261		
Vehicle Parts	106		
Trustee's Commission	84		
Motor Vehicles	15,713		
Total Sheriff's Department		_____	27,851

Total Drug Control Fund		\$	27,936
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Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$ 26,682		
Laborers	19,615		
Temporary Personnel	43,036		
Part-time Personnel	830		
Social Security	5,554		
Handling Charges & Administrative Costs	12		
State Retirement	6,778		
Life Insurance	72		
Medical Insurance	2,990		
Dental Insurance	476		
Unemployment Compensation	528		
Employer Medicare	1,299		
Advertising	732		
Bank Charges	159		
Communication	596		
Licenses	260		
Maintenance & Repair Services - Equipment	288		

(Continued)

Exhibit L-7

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.)

Postal Charges	\$	110	
Rentals		1,251	
Disposal Fees		3,794	
Crushed Stone		2,377	
Custodial Supplies		173	
Diesel Fuel		1,655	
Electricity		33,415	
Equipment Parts - Light		490	
Equipment and Machinery Parts		486	
Food Supplies		20	
Garage Supplies		98	
Gasoline		2,911	
General Construction Materials		2,612	
Ice		676	
Lubricants		75	
Office Supplies		283	
Propane Gas		1,093	
Road Signs		897	
Small Tools		8	
Tires and Tubes		136	
Vehicle Parts		390	
Water and Sewer		21,945	
Other Supplies and Materials		23	
Trustee's Commission		1,509	
Total Parks and Fair Boards			\$ 186,334

Total Sports and Recreation Fund \$ 186,334

District Attorney General Fund

Administration of Justice

District Attorney General

Jury and Witness Fees	\$	25
Communication		286
Dues and Memberships		2,290
Janitorial Services		1,700
Licenses		149
Printing, Stationery, and Forms		1,232
Travel		4,229
Tuition		3,695
Other Contracted Services		603

(Continued)

Exhibit L-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Data Processing Supplies	\$	231	
Library Books/Media		1,336	
Periodicals		711	
Trustee's Commission		112	
Furniture and Fixtures		318	
Total District Attorney General			\$ 16,917

Total District Attorney General Fund \$ 16,917

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	14,000	
Total Other General Administration			\$ 14,000

Total Constitutional Officers - Fees Fund 14,000

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	87,211	
Social Security		5,262	
State Retirement		12,768	
Life Insurance		41	
Medical Insurance		5,989	
Dental Insurance		341	
Employer Medicare		1,231	
Communication		14,434	
Contracts with Other Public Agencies		1,568	
Data Processing Services		2,719	
Dues and Memberships		4,485	
Evaluation and Testing		1,311	
Licenses		2,135	
Maintenance Agreements		1,437	
Maintenance & Repair Services - Buildings		3,663	
Maintenance & Repair Services - Equipment		483	
Maintenance & Repair Services - Office Equipment		249	
Postal Charges		422	
Printing, Stationery, and Forms		420	
Rentals		1,200	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Travel	\$	611	
Tuition		645	
Permits		232	
Other Contracted Services		1,933	
Concrete		520	
Custodial Supplies		203	
Data Processing Supplies		875	
Electricity		24,302	
Equipment Parts - Light		140	
Garage Supplies		50	
General Construction Materials		1,614	
Instructional Supplies and Materials		459	
Natural Gas		10,378	
Office Supplies		1,521	
Structural Steel		194	
Water and Sewer		3,341	
Other Supplies and Materials		568	
Trustee's Commission		106,152	
Total Administration			\$ 301,107

Highway and Bridge Maintenance

Assistant(s)	\$	97,178
Supervisor/Director		214,880
Paraprofessionals		72,811
Foremen		372,196
Mechanic(s)		278,657
Equipment Operators		1,168,246
Equipment Operators - Heavy		758,587
Truck Drivers		669,312
Dispatchers/Radio Operators		42,249
Laborers		199,912
Social Security		231,080
Handling Charges & Administrative Costs		1,549
State Retirement		560,725
Employee and Dependent Insurance		114,942
Life Insurance		5,900
Medical Insurance		848,492
Dental Insurance		37,188
Unemployment Compensation		6,015
Employer Medicare		54,021

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Highway and Bridge Maintenance (Cont.)

Communication	\$	688	
Evaluation and Testing		2,768	
Maintenance & Repair Services - Office Equipment		60	
Rentals		17,779	
Disposal Fees		421	
Other Contracted Services		113,364	
Concrete		10,466	
Crushed Stone		40,400	
Custodial Supplies		94	
Diesel Fuel		26,062	
Electricity		1,540	
Equipment Parts - Light		312	
Explosives and Drilling Supplies		4,762	
Fertilizer, Lime, and Seed		5,245	
General Construction Materials		30,893	
Office Supplies		150	
Other Road Supplies		1,683	
Pipe		15	
Pipe - Concrete		5,357	
Pipe - Metal		20,420	
Salt		95,014	
Small Tools		934	
Structural Steel		5,731	
Uniforms		7,147	
Vehicle Parts		55	
Wood Products		285	
Other Supplies and Materials		181	
Total Highway and Bridge Maintenance			\$ 6,125,766

Operation and Maintenance of Equipment

Maintenance & Repair Services - Buildings	\$	344
Maintenance & Repair Services - Equipment		15,429
Maintenance & Repair Services - Vehicles		29,510
Rentals		3,525
Travel		851
Disposal Fees		2,548
Custodial Supplies		8,329
Diesel Fuel		153,350
Drugs and Medical Supplies		581
Equipment Parts - Heavy		85,999

(Continued)

Exhibit L-7

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.)

Equipment Parts - Light	\$	6,497	
Equipment and Machinery Parts		4,413	
Explosives and Drilling Supplies		18	
Fuel Oil		2,918	
Garage Supplies		9,815	
Gasoline		117,585	
General Construction Materials		2,267	
Instructional Supplies and Materials		321	
Lubricants		28,361	
Office Supplies		198	
Other Road Supplies		131	
Pipe		273	
Small Tools		8,366	
Structural Steel		10,781	
Tires and Tubes		36,064	
Vehicle Parts		42,583	
Wood Products		278	
Other Supplies and Materials		11,746	
Total Operation and Maintenance of Equipment			\$ 583,081

Asphalt Plant Operations

Licenses	\$	362	
Maintenance & Repair Services - Equipment		355	
Permits		32	
Asphalt		546,531	
Asphalt - Hot Mix		297,186	
Crushed Stone		240,235	
Electricity		17,295	
Equipment Parts - Heavy		30,062	
Equipment Parts - Light		22	
Equipment and Machinery Parts		85	
General Construction Materials		245	
Lubricants		376	
Natural Gas		69,688	
Water and Sewer		728	
Total Asphalt Plant Operations			1,203,202

Traffic Control

Other Road Supplies	\$	556	
Road Signs		8,042	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Traffic Control (Cont.)

Other Supplies and Materials	\$ 148	
Total Traffic Control		\$ 8,746

Other Charges

Equipment Parts - Heavy	\$ 792	
Structural Steel	128	
Wood Products	147	
Liability Insurance	97,626	
Total Other Charges		98,693

Capital Outlay

Building Improvements	\$ 9,065	
Communication Equipment	5,761	
Data Processing Equipment	20,496	
Furniture and Fixtures	4,416	
Heating and Air Conditioning Equipment	7,200	
Highway Equipment	248,109	
Maintenance Equipment	3,200	
Motor Vehicles	119,955	
Office Equipment	1,643	
Other Equipment	55,177	
Other Capital Outlay	2,228	
Total Capital Outlay		477,250

Capital Projects

Highway & Street Capital Projects

Other Capital Outlay	\$ 61,738	
Total Highway & Street Capital Projects		61,738

Total Highway/Public Works Fund		\$ 8,859,583
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General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 49,874	
Total Other Finance		\$ 49,874

Principal on Debt

General Government

Principal on Bonds	\$ 505,000	
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(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

General Government (Cont.)

Principal on Notes	\$ 850,000	
Total General Government		\$ 1,355,000

Interest on Debt

General Government

Interest on Bonds	\$ 1,129,176	
Interest on Notes	285,519	
Total General Government		1,414,695

Other Debt Service

General Government

Bank Charges	\$ 1,151	
Other Debt Service	1,895	
Total General Government		3,046

Total General Debt Service Fund		\$ 2,822,615
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Community Development/Industrial Park Fund

Other Debt Service

General Government

Underwriter's Discount	\$ 28,980	
Other Debt Issuance Charges	46,053	
Total General Government		\$ 75,033

Total Community Development/Industrial Park Fund		75,033
--	--	--------

Other Capital Projects Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Architects	\$ 7,200	
Consultants	2,500	
Building Improvements	329,301	
Total Other Social, Cultural, and Recreational		\$ 339,001

Capital Projects

Public Safety Projects

Building Construction	\$ 2,799,185	
Building Improvements	31,418	
Food Service Equipment	196	
Furniture and Fixtures	3,599	

(Continued)

Exhibit L-7

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

Other Capital Projects Fund (Cont.)

Capital Projects (Cont.)

Public Safety Projects (Cont.)

Maintenance Equipment	\$	850	
Office Equipment		34	
Other Capital Outlay		<u>21,961</u>	
Total Public Safety Projects	\$		2,857,243

Capital Projects - Donated

Capital Projects Donated to School Department

Contributions	\$	<u>184,700</u>	
Total Capital Projects Donated to School Department			<u>184,700</u>

Total Other Capital Projects Fund \$ 3,380,944

Total Governmental Funds - Primary Government \$ 63,764,135

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2007

Special Purpose Fund

Support Services

Board of Education

Trustee's Commission	\$ 25,444	
Total Board of Education		\$ 25,444

Capital Outlay

Regular Capital Outlay

Architects	\$ 24,530	
Other Contracted Services	12,400	
Building Improvements	675,443	
Heating and Air Conditioning Equipment	68,424	
Other Capital Outlay	<u>654,380</u>	
Total Regular Capital Outlay		1,435,177

Principal on Debt

Education

Principal on Notes	\$ 11,884	
Total Education		<u>11,884</u>

Total Special Purpose Fund		\$ 1,472,505
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General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$ 75,549
Teachers	26,697,208
Career Ladder Program	441,979
Career Ladder Extended Contracts	183,000
Homebound Teachers	107,156
Salary Supplements	404,017
Educational Assistants	1,227,012
Other Salaries & Wages	319,537
Certified Substitute Teachers	251,551
Non-certified Substitute Teachers	233,063
Social Security	1,777,616
Handling Charges & Administrative Costs	50,156
State Retirement	1,848,734
Life Insurance	33,753
Medical Insurance	4,843,125
Dental Insurance	94,989
Unemployment Compensation	21,720

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	415,733	
Contracts with Government Agencies		666,764	
Evaluation and Testing		25,033	
Freight Expenses		5	
Other Contracted Services		6,450	
Basic Skills Materials		15,110	
Equipment and Machinery Parts		4,179	
Instructional Supplies and Materials		621,926	
Office Supplies		373	
Textbooks		1,067,708	
Other Supplies and Materials		213,472	
Medical Claims		198,289	
In Service/Staff Development		2,793	
Other Charges		87,731	
Data Processing Equipment		73,774	
Motor Vehicles		69,056	
Regular Instruction Equipment		22,669	
Total Regular Instruction Program			\$ 42,101,230

Special Education Program

Teachers	\$	3,053,802
Career Ladder Program		62,573
Psychological Personnel		11,647
Career Ladder Extended Contracts		18,500
Homebound Teachers		71,733
Educational Assistants		310,405
Certified Substitute Teachers		19,082
Non-certified Substitute Teachers		28,470
Social Security		211,886
Handling Charges & Administrative Costs		5,520
State Retirement		238,583
Life Insurance		4,542
Medical Insurance		598,152
Dental Insurance		13,250
Unemployment Compensation		2,727
Employer Medicare		49,555
Contracts with Private Agencies		49,975
Evaluation and Testing		5,684
Maintenance & Repair Services - Equipment		652

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	51,130	
Instructional Supplies and Materials		33,649	
Other Supplies and Materials		584	
In Service/Staff Development		8,373	
Data Processing Equipment		715	
Special Education Equipment		9,030	
Total Special Education Program			\$ 4,860,219

Vocational Education Program

Teachers	\$	1,821,912	
Career Ladder Program		18,995	
Certified Substitute Teachers		11,985	
Non-certified Substitute Teachers		14,530	
Social Security		110,363	
Handling Charges & Administrative Costs		1,944	
State Retirement		111,406	
Life Insurance		2,051	
Medical Insurance		334,271	
Dental Insurance		6,524	
Unemployment Compensation		1,281	
Employer Medicare		25,811	
Maintenance & Repair Services - Equipment		1,384	
Other Contracted Services		581	
Equipment and Machinery Parts		836	
Instructional Supplies and Materials		95,700	
Vocational Instruction Equipment		33,600	
Total Vocational Education Program			2,593,174

Adult Education Program

Teachers	\$	36,840	
Other Salaries & Wages		263	
Social Security		2,297	
State Retirement		1,376	
Unemployment Compensation		69	
Employer Medicare		537	
Instructional Supplies and Materials		804	
Other Equipment		2,831	
Total Adult Education Program			45,017

(Continued)

Exhibit L-8

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	\$ 11,728	
Total Health Services		\$ 11,728

Other Student Support

Career Ladder Program	\$ 17,620	
Guidance Personnel	1,073,057	
Secretary(ies)	67,940	
Social Security	69,024	
Handling Charges & Administrative Costs	1,184	
State Retirement	76,548	
Life Insurance	1,331	
Medical Insurance	185,275	
Dental Insurance	4,396	
Unemployment Compensation	770	
Employer Medicare	16,142	
Total Other Student Support		1,513,287

Regular Instruction Program

Supervisor/Director	\$ 191,731
Career Ladder Program	29,000
Career Ladder Extended Contracts	4,000
Librarians	1,129,822
Materials Supervisor	141,341
Truck Drivers	30,072
Secretary(ies)	113,600
Educational Assistants	34,971
Other Salaries & Wages	192,571
Social Security	113,159
Handling Charges & Administrative Costs	4,594
State Retirement	137,797
Life Insurance	2,130
Medical Insurance	331,713
Dental Insurance	6,398
Unemployment Compensation	1,271
Employer Medicare	26,465
Advertising	174
Communication	34,348
Consultants	3,741
Dues and Memberships	8,840

(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.)

Freight Expenses	\$	144	
Maintenance & Repair Services - Equipment		33,498	
Postal Charges		106	
Printing, Stationery, and Forms		38,669	
Rentals		11,886	
Travel		57,687	
Other Contracted Services		58,365	
Equipment and Machinery Parts		579	
Instructional Supplies and Materials		130,001	
Library Books/Media		117,763	
Office Supplies		12,334	
Periodicals		24,966	
Propane Gas		344	
Other Supplies and Materials		148	
In Service/Staff Development		259,227	
Administration Equipment		1,533	
Data Processing Equipment		2,241	
Total Regular Instruction Program			\$ 3,287,229

Special Education Program

Supervisor/Director	\$	91,749	
Career Ladder Program		3,000	
Other Salaries & Wages		4,000	
Social Security		6,076	
Handling Charges & Administrative Costs		46	
State Retirement		5,980	
Life Insurance		53	
Medical Insurance		5,206	
Dental Insurance		196	
Unemployment Compensation		49	
Employer Medicare		1,421	
Communication		681	
Maintenance & Repair Services - Equipment		1,829	
Rentals		1,720	
Travel		28,886	
Office Supplies		1,305	
Administration Equipment		1,594	
Total Special Education Program			153,791

(Continued)

Exhibit L-8

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	\$	72,801	
Career Ladder Program		2,000	
Secretary(ies)		24,868	
Other Salaries & Wages		5,000	
Social Security		9,133	
Handling Charges & Administrative Costs		94	
State Retirement		15,566	
Life Insurance		181	
Medical Insurance		24,466	
Dental Insurance		336	
Unemployment Compensation		98	
Employer Medicare		2,136	
Dues and Memberships		190	
Travel		18,069	
Other Contracted Services		3,920	
Office Supplies		1,518	
Total Vocational Education Program			\$ 180,376

Adult Programs

Teachers	\$	37,742	
Social Security		2,325	
Handling Charges & Administrative Costs		47	
State Retirement		2,090	
Life Insurance		38	
Medical Insurance		4,741	
Unemployment Compensation		18	
Employer Medicare		544	
Travel		436	
In Service/Staff Development		2,326	
Other Charges		2,139	
Total Adult Programs			52,446

Board of Education

Board and Committee Members Fees	\$	3,480	
Social Security		216	
Handling Charges & Administrative Costs		204	
Medical Insurance		9,716	
Dental Insurance		504	
Unemployment Compensation		2	

(Continued)

Exhibit L-8

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.)

Employer Medicare	\$	50	
Advertising		306	
Audit Services		58,442	
Dues and Memberships		10,393	
Legal Services		77,007	
Travel		17,986	
Other Contracted Services		2,911	
Periodicals		373	
Other Supplies and Materials		42	
Building and Contents Insurance		123,660	
Liability Insurance		91,300	
Trustee's Commission		693,836	
Workers' Compensation Insurance		237,379	
Other Charges		25,000	
Total Board of Education			\$ 1,352,807

Director of Schools

County Official/Administrative Officer	\$	112,295
Assistant(s)		90,113
Secretary(ies)		93,295
Other Salaries & Wages		5,600
Social Security		17,107
Handling Charges & Administrative Costs		141
State Retirement		26,409
Life Insurance		136
Medical Insurance		40,505
Dental Insurance		504
Unemployment Compensation		122
Employer Medicare		4,226
Communication		166,578
Dues and Memberships		5,598
Freight Expenses		694
Maintenance & Repair Services - Equipment		14,287
Postal Charges		13,325
Printing, Stationery, and Forms		1,500
Rentals		5,400
Travel		6,323
Other Contracted Services		259
Equipment and Machinery Parts		983

(Continued)

Exhibit L-8

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.)

Office Supplies	\$	6,288	
Other Supplies and Materials		400	
Other Charges		225	
Administration Equipment		3,090	
Data Processing Equipment		4	
Total Director of Schools			\$ 615,407

Office of the Principal

Assistant(s)	\$	1,046,374	
Principals		1,745,440	
Career Ladder Program		66,000	
Accountants/Bookkeepers		258,524	
Career Ladder Extended Contracts		36,000	
Secretary(ies)		758,130	
Social Security		231,702	
Handling Charges & Administrative Costs		3,105	
State Retirement		326,301	
Life Insurance		4,302	
Medical Insurance		686,297	
Dental Insurance		12,348	
Unemployment Compensation		2,373	
Employer Medicare		54,188	
Other Contracted Services		7,022	
Office Supplies		11,817	
Total Office of the Principal			5,249,923

Fiscal Services

Supervisor/Director	\$	68,841	
Accountants/Bookkeepers		140,975	
Social Security		12,548	
Handling Charges & Administrative Costs		141	
State Retirement		24,859	
Life Insurance		271	
Medical Insurance		33,414	
Dental Insurance		672	
Unemployment Compensation		148	
Employer Medicare		2,936	
Data Processing Services		3,295	
Maintenance & Repair Services - Equipment		365	

(Continued)

Exhibit L-8

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.)

Printing, Stationery, and Forms	\$	3,757	
Travel		858	
Office Supplies		6,717	
Administration Equipment		2,190	
Data Processing Equipment		11,451	
Total Fiscal Services			\$ 313,438

Operation of Plant

Custodial Personnel	\$	1,821,682	
Social Security		108,140	
Handling Charges & Administrative Costs		2,195	
State Retirement		262,070	
Life Insurance		3,853	
Medical Insurance		549,383	
Dental Insurance		9,226	
Unemployment Compensation		2,275	
Employer Medicare		25,290	
Other Contracted Services		50,026	
Coal		32,670	
Custodial Supplies		85,015	
Electricity		1,772,856	
Fuel Oil		84,814	
Natural Gas		307,940	
Propane Gas		25,384	
Water and Sewer		312,872	
Other Supplies and Materials		3,948	
Plant Operation Equipment		19,924	
Total Operation of Plant			5,479,563

Maintenance of Plant

Supervisor/Director	\$	62,073	
Foremen		183,305	
Secretary(ies)		59,688	
Maintenance Personnel		1,707,264	
Other Salaries & Wages		7,000	
Social Security		116,967	
Handling Charges & Administrative Costs		1,929	
State Retirement		290,147	
Life Insurance		2,876	

(Continued)

Exhibit L-8

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.)

Medical Insurance	\$	452,827	
Dental Insurance		7,700	
Unemployment Compensation		1,648	
Employer Medicare		27,355	
Communication		10,394	
Freight Expenses		1,212	
Maintenance & Repair Services - Buildings		210	
Maintenance & Repair Services - Equipment		10,847	
Maintenance & Repair Services - Vehicles		3,173	
Rentals		172	
Travel		2,178	
Other Contracted Services		155,598	
Asphalt		147	
Concrete		451	
Crushed Stone		4,727	
Diesel Fuel		7,942	
Equipment and Machinery Parts		89,222	
Garage Supplies		62,943	
Gasoline		106,690	
General Construction Materials		177,801	
Office Supplies		1,923	
Uniforms		16,846	
Other Supplies and Materials		29,066	
Administration Equipment		789	
Maintenance Equipment		93,654	
Total Maintenance of Plant			\$ 3,696,764

Transportation

Contracts with Vehicle Owners	\$	3,547,544	
Maintenance & Repair Services - Vehicles		1,019	
Garage Supplies		26,528	
Gasoline		74,131	
Total Transportation			3,649,222

Central and Other

Supervisor/Director	\$	75,875	
Secretary(ies)		28,539	
Other Salaries & Wages		99,805	
Social Security		11,952	

(Continued)

Exhibit L-8

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 (Cont.)

Handling Charges & Administrative Costs	\$	94	
State Retirement		22,845	
Life Insurance		181	
Medical Insurance		25,175	
Dental Insurance		504	
Unemployment Compensation		122	
Employer Medicare		2,795	
Communication		797	
Maintenance & Repair Services - Equipment		750	
Travel		1,751	
Other Contracted Services		2,688	
Office Supplies		2,984	
Administration Equipment		850	
Data Processing Equipment		1,082	
Total Central and Other			\$ 278,789

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	68,604
Career Ladder Program		3,000
Accountants/Bookkeepers		29,004
Truck Drivers		26,065
Secretary(ies)		52,788
Cafeteria Personnel		1,944,915
Other Salaries & Wages		111,305
Social Security		132,661
State Retirement		192,984
Life Insurance		3,672
Medical Insurance		571,827
Dental Insurance		6,580
Unemployment Compensation		4,196
Employer Medicare		31,026
Communication		1,141
Contracts with Other School Systems		7,471
Data Processing Services		29,170
Dues and Memberships		684
Freight Expenses		106
Operating Lease Payments		4,190
Maintenance & Repair Services - Equipment		19,978

(Continued)

Exhibit L-8

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.)

Printing, Stationery, and Forms	\$	625	
Travel		16,670	
Other Contracted Services		345,413	
Equipment and Machinery Parts		44,625	
Food Preparation Supplies		220,041	
Food Supplies		1,680,025	
Gasoline		2,215	
Office Supplies		4,463	
Periodicals		177	
Uniforms		5,394	
Other Supplies and Materials		22,222	
Refunds		2,344	
Food Service Equipment		123,653	
Total Food Service			\$ 5,709,234

Community Services

Other Salaries & Wages	\$	47,563	
Social Security		2,934	
State Retirement		5,015	
Unemployment Compensation		56	
Employer Medicare		686	
Total Community Services			56,254

Capital Outlay

Regular Capital Outlay

Architects	\$	41,286	
Other Contracted Services		38,898	
General Construction Materials		33,981	
Other Supplies and Materials		2,690	
Building Improvements		58,317	
Total Regular Capital Outlay			175,172

Interest on Debt

Education

Interest on Notes	\$	27,444	
Total Education			27,444

Total General Purpose School Fund \$ 81,402,514

(Continued)

Exhibit L-8

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

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	12,000	
Educational Assistants		534,276	
Other Salaries & Wages		498,618	
Certified Substitute Teachers		7,694	
Social Security		60,186	
State Retirement		107,112	
Life Insurance		1,569	
Medical Insurance		252,381	
Dental Insurance		6,628	
Unemployment Compensation		1,237	
Employer Medicare		14,076	
Other Contracted Services		4,558	
Instructional Supplies and Materials		40,680	
Other Supplies and Materials		800	
In Service/Staff Development		292	
Other Charges		3,530	
Regular Instruction Equipment		7,542	
Total Regular Instruction Program			\$ 1,553,179

Special Education Program

Teachers	\$	564,207	
Educational Assistants		845,590	
Other Salaries & Wages		75,805	
Certified Substitute Teachers		9,630	
Social Security		87,287	
State Retirement		137,761	
Life Insurance		844	
Medical Insurance		299,864	
Dental Insurance		6,182	
Unemployment Compensation		2,074	
Employer Medicare		20,413	
Consultants		10,554	
Instructional Supplies and Materials		8,519	
Total Special Education Program			2,068,730

Vocational Education Program

Clerical Personnel	\$	19,299	
Instructional Supplies and Materials		28,726	
Other Supplies and Materials		12,457	

(Continued)

Exhibit L-8

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.)

Vocational Education Program (Cont.)

Vocational Instruction Equipment	\$ 78,356	
Total Vocational Education Program		\$ 138,838

Support Services

Attendance

Social Workers	\$ 73,311	
Social Security	4,474	
State Retirement	4,494	
Life Insurance	90	
Medical Insurance	8,822	
Dental Insurance	336	
Unemployment Compensation	49	
Employer Medicare	1,046	
Travel	29,794	
Other Supplies and Materials	1,658	
Other Charges	1,136	
Total Attendance		125,210

Health Services

Other Supplies and Materials	\$ 578	
Total Health Services		578

Other Student Support

Secretary(ies)	\$ 28,746	
Travel	34,260	
In Service/Staff Development	2,000	
Total Other Student Support		65,006

Regular Instruction Program

Supervisor/Director	\$ 38,695
Teachers	94,727
Secretary(ies)	28,289
Other Salaries & Wages	56,489
Social Security	12,640
State Retirement	18,074
Life Insurance	151
Medical Insurance	21,593
Dental Insurance	560
Unemployment Compensation	121

(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 (Cont.)

Employer Medicare	\$	2,956	
Consultants		225,717	
Travel		9,718	
Instructional Supplies and Materials		9,419	
Library Books/Media		13,148	
Administration Equipment		2,720	
Total Regular Instruction Program			\$ 535,017

Special Education Program

Secretary(ies)	\$	28,539	
Social Security		1,517	
State Retirement		4,178	
Life Insurance		45	
Medical Insurance		8,112	
Dental Insurance		168	
Unemployment Compensation		25	
Employer Medicare		355	
Total Special Education Program			42,939

Transportation

Mechanic(s)	\$	64,867	
Bus Drivers		295,251	
Social Security		20,416	
State Retirement		38,021	
Life Insurance		731	
Medical Insurance		89,439	
Dental Insurance		1,848	
Unemployment Compensation		610	
Employer Medicare		4,775	
Total Transportation			515,958

Total School Federal Projects Fund \$ 5,045,455

Education Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$	21,100	
Total Other Finance			\$ 21,100

(Continued)

Exhibit L-8

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

Education Debt Service Fund (Cont.)

Principal on Debt

Education

Principal on Bonds	\$ 1,170,000	
Total Education		\$ 1,170,000

Interest on Debt

Education

Interest on Bonds	\$ 943,600	
Total Education		943,600

Other Debt Service

Education

Other Debt Service	\$ 501	
Total Education		<u>501</u>

Total Education Debt Service Fund		<u>\$ 2,135,201</u>
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Total Governmental Funds - Sullivan County School Department		<u>\$ 90,055,675</u>
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Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2007

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 8,127,162	\$ 12,437,370	\$ 20,564,532
Trustee's Collections - Prior Years	0	169,318	258,943	428,261
Circuit/Clerk and Master Collections - Prior Years	0	69,821	105,600	175,421
Interest and Penalty	0	61,668	93,896	155,564
Pick-up Taxes	0	46,575	71,275	117,850
Local Option Sales Tax	20,258,508	4,066,673	6,223,417	30,548,598
Bank Excise Tax	0	24,000	36,636	60,636
Interstate Telecommunication Tax	0	3,516	5,382	8,898
Marriage Licenses	0	2,013	3,080	5,093
Other Local Revenues	0	329	502	831
Total Cash Receipts	<u>\$ 20,258,508</u>	<u>\$ 12,571,075</u>	<u>\$ 19,236,101</u>	<u>\$ 52,065,684</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 20,055,923	\$ 12,357,051	\$ 18,908,365	\$ 51,321,339
Trustee's Commission	202,585	209,427	320,482	732,494
Total Cash Disbursements	<u>\$ 20,258,508</u>	<u>\$ 12,566,478</u>	<u>\$ 19,228,847</u>	<u>\$ 52,053,833</u>
Excess of Cash Receipts				
Over (Under) Cash Disbursements	\$ 0	\$ 4,597	\$ 7,254	\$ 11,851
Cash Balance, July 1, 2006	0	366,979	560,697	927,676
Cash Balance, June 30, 2007	<u>\$ 0</u>	<u>\$ 371,576</u>	<u>\$ 567,951</u>	<u>\$ 939,527</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

November 7, 2007

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, 2007, which collectively comprise Sullivan County's basic financial statements and have issued our report thereon dated November 7, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Sullivan County Emergency Communications District which were 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 as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sullivan County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control over financial reporting.

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

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

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

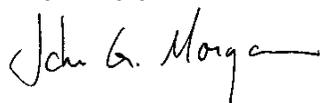
Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We noted certain other matters that we reported to management of Sullivan County in separate communications.

This report is intended solely for the information and use of management, the county mayor, director of schools, highway commissioner, director of accounts and budgets, County Commission, Board of Education, others within Sullivan County, 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/rc



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

November 7, 2007

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, 2007. 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, 2007.

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 the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control over compliance.

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

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

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

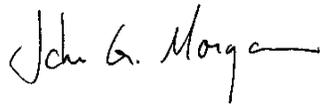
Schedule of Expenditures of Federal Awards

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, 2007, and have issued our report thereon dated November 7, 2007. Our report on the aggregate discretely presented component units' financial statements was qualified due to not including the financial statements of the Sullivan County Emergency Communications District which were not available from other auditors as of the date of this report. Our

audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Sullivan County's basic financial statements. The accompanying Schedule of Expenditures of Federal Awards 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 management, the county mayor, director of schools, highway commissioner, director of accounts and budgets, County Commission, Board of Education, others within Sullivan County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

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

John G. Morgan
Comptroller of the Treasury

JGM/rc

Sullivan County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2007

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	\$ 607,494
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	554,434
National School Lunch Program	10.555	N/A	1,823,464
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-07-12866-00	<u>514,008</u>
Total U.S. Department of Agriculture			<u>\$ 3,499,400</u>
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grant Program	16.592	N/A	\$ 16,006
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(3)	80,669
Passed-through State Department of Finance and Administration:			
Drug Court Discretionary Grant Program	16.585	Z-99-08483-00	<u>124,913</u>
Total U.S. Department of Justice			<u>\$ 221,588</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STPEN8200	\$ 527,089
State and Community Highway Safety	20.600	(4)	<u>135,313</u>
Total U.S. Department of Transportation			<u>\$ 662,402</u>
Federal Emergency Management Agency:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	Z-06-032886-00	<u>\$ 14,680</u>
Total Federal Emergency Management Agency			<u>\$ 14,680</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,780,046
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,699,967
Special Education - Preschool Grants	84.173	N/A	117,279
Vocational Education - Basic Grants to States	84.048	N/A	203,844
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	45,758
State Grants for Innovative Programs	84.298	N/A	22,566
Education Technology State Grants	84.318	(2)	18,232
Improving Teacher Quality State Grants	84.367	N/A	347,381
Hurricane Education Recovery	84.938	(2)	18,022

(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)	\$ 50,948
Total U.S. Department of Education			<u>\$ 5,304,043</u>
U.S. Election Assistance Commission: Passed-through Tennessee Secretary of State's Office: Help America Vote Act Requirements Payments	90.401	(2)	\$ 10,750
Total U.S. Election Assistance Commission			<u>\$ 10,750</u>
U.S. Department of Health and Human Services: Passed-through State Department of Labor and Workforce Development: Temporary Assistance for Needy Families	93.558	Z-07-0342580-00	\$ 19,310 (6)
Passed-through State Department of Health: Public Health and Social Services Emergency Fund Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.003	(7)	557,953
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.116	GG-07-12382-00	65,316
Family Planning Services	93.197	GG-07-12888-00	36,167
Immunization Grants	93.217	GG-07-12535-00	235,814 (12)
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.268	(8)	57,857
Cancer Control	93.283	(9)	72,578 (12)
Temporary Assistance for Needy Families	93.399	(10)	34,318
HIV Prevention Activities - Health Department Based	93.558	GG-07-03378-00	52,850 (6)
Epidemiologic Research Studies of Acquired Immunodeficiency Syndrome (AIDS) and Human Immunodeficiency Virus (HIV) Infection in Selected Population Groups	93.940	Z-06-031119-00	62,566
Block Grants for Prevention and Treatment of Substance Abuse	93.943	Z-07-038105-00	12,858
Preventive Health and Health Services Block Grant	93.959	GG-07-12713-00	23,538
Maternal and Child Health Services Block Grant to the States	93.991	GG-07-12535-00	52,222 (12)
Passed-through Upper East Tennessee Development Agency: Head Start	93.994	GG-07-12368-00	40,295
Total U.S. Department of Health and Human Services			<u>\$ 1,386,276</u>
U.S. Department of Homeland Security: Passed-through State Department of Military: State Domestic Preparedness Equipment Support Program	97.004	(11)	\$ 284,969
Total U.S. Department of Homeland Security			<u>\$ 284,969</u>
Total Expenditures of Federal Awards			<u>\$ 11,384,108</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)	\$ 33,683
Adolescent Pregnancy - State Department of Health	N/A	(2)	59,100
TennCare Dental Prevention - State Department of Health	N/A	(2)	210,658
Home Visiting - State Department of Health	N/A	(2)	288,255
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	12,000
Litter Program - State Department of Transportation	N/A	(2)	60,637
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	259,870
State Reappraisal - Comptroller of the Treasury	N/A	(2)	51,798
Adult Basic Education - State Department of Education	N/A	(2)	16,983
Safe Schools Act Grant - State Department of Education	N/A	(2)	54,642
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	<u>272,807</u>
 Total State Grants			 <u>\$ 1,320,433</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) - GG-06-12006-00: \$42; GG-07-12671-00: \$71,627; Z-07-036854-00: \$9,000.
- (4) - Z-06-027303-00: \$65,979; Z-07-035988-00: \$64,339; Z-07-035989-00: \$4,995.
- (5) - Z-06-027819-00: \$922; Z-07-0337370-00: \$50,026.
- (6) - Total for CFDA No. 93.558 (Temporary Assistance for Needy Families) from the U.S. Dept. of Health and Human Services was \$72,160.
- (7) - GG-06-12021-00: \$202,096; GG-07-12973-00: \$355,857.
- (8) - GG-06-12385-00: \$28,990; GG-07-12968-00: \$28,867.
- (9) - GG-06-12496-00: \$30,433; GG-07-12535-00: \$42,145.
- (10) - GG-07-12427-00: \$19,748; GG-07-12428-00: \$14,570.
- (11) - Z-05-025211-00: \$235,006; Z-05-031019-00: \$49,963.
- (12) - Multi-service contract.

Sullivan County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2007

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2006, which have not been corrected.

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2007

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 no significant deficiencies in internal control.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sullivan County.
4. The audit disclosed no significant deficiencies 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: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Special Supplemental Nutrition Program for Women, Infants, and Children (CFDA 10.557), the Highway Planning and Construction (CFDA No. 20.205), the Title I Grants to Local Education Agencies (CFDA No. 84.010), and the Improving Teacher Quality State Grants Program (CFDA No. 84.367) were determined to be major programs.
8. A \$341,523 threshold 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

There are no findings relating to the financial statements of Sullivan County, Tennessee, as a result of our examination for the year ended June 30, 2007.

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

There were no findings and questioned costs for federal programs.

SULLIVAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2007

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