

**ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2010



ANNUAL FINANCIAL REPORT
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FOR THE YEAR ENDED JUNE 30, 2010

DEPARTMENT OF AUDIT
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DIVISION OF COUNTY AUDIT
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This financial report is available at www.tn.gov/comptroller

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Audit Highlights
Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2010

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2010.

Results

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

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF COUNTY MAYOR

- ◆ The Solid Waste Department's receipting software did not have adequate application controls.

HEALTH DEPARTMENT

- ◆ The Health Department had deficiencies in the use of funds in the Federal Special Supplemental Nutrition Program for Women, Infants, and Children.

OFFICE OF HIGHWAY COMMISSIONER

- ◆ The county did not meet the required five-year average for local revenues in the Highway/Public Works Fund.
 - ◆ The Highway Commissioner and a county employee have been indicted by the Sullivan County Grand Jury.
-

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Duties were not segregated adequately in the central office.
-

OFFICE OF CLERK AND MASTER

- ◆ A cash shortage of \$203.50 was discovered by the clerk and master.
-

BEST PRACTICE

Sullivan County does not have an Audit Committee. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted by the governing body to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2010

Officials

Steve Godsey, County Mayor
Allan Pope, Highway Commissioner
Jubal Yennie, 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, County Mayor, Chairman	Bill Kilgore
Cathy Armstrong	Elliott Kilgore
Garth Blackburn	Dwight King
Linda Brittenham	James King
James Brotherton	Jim King
Darlene Calton	Bart Long
O.W. Ferguson	Wayne McConnell
Clyde Groseclose	John McKamey
Larry Hall	Randy Morrell
Terry Harkleroad	Michael Surgenor
Joe Herron	Mark Vance
Dennis Houser	Eddie Williams
Sam Jones	

Budget Committee

Eddie Williams, Chairman	Dennis Houser
James King	Bill Kilgore
Cathy Armstrong	Dwight King
Joe Herron	Michael Surgenor

Board of Education

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

FINANCIAL SECTION



**STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
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JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
PHONE (615) 401-7841**

INDEPENDENT AUDITOR'S REPORT

October 29, 2010

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, 2010, 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, 2010, 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, 2010, 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 October 29, 2010, on our consideration of Sullivan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Sullivan County has adopted the provisions of Governmental Accounting Standards Board Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments, which became effective for the year ended June 30, 2010.

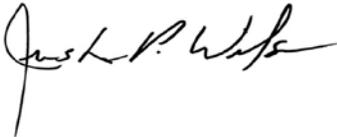
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

Accounting principles generally accepted in the United States of America require that the budgetary comparison, pension, and other postemployment benefits information on pages 72 through 79 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required

supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

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 by us 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 by us 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, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Assets
June 30, 2010

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Sullivan County School Department</u>
<u>ASSETS</u>		
Cash	\$ 15,411,235	\$ 33,816
Equity in Pooled Cash and Investments	13,512,761	7,098,562
Inventories	137,530	421,166
Accounts Receivable	2,465,545	36,400
Allowance for Uncollectibles	(503,090)	0
Due from Other Governments	3,951,121	2,287,171
Due from Component Units	86,488	0
Property Taxes Receivable	27,374,728	28,463,087
Allowance for Uncollectible Property Taxes	(908,711)	(944,683)
Prepaid Items	399,783	0
Deferred Charges - Debt Issuance Cost	459,264	98,715
Capital Assets:		
Assets Not Depreciated:		
Land	1,939,721	1,051,748
Construction in Progress	0	134,078
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	23,217,100	50,290,666
Infrastructure	13,003,176	0
Other Capital Assets	6,004,768	2,691,009
Total Assets	<u>\$ 106,551,419</u>	<u>\$ 91,661,735</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 753,970	\$ 79,976
Accrued Payroll	258,269	0
Accrued Interest Payable	397,518	120,479
Payroll Deductions Payable	447,505	506,596
Contracts Payable	0	6,800
Retainage Payable	0	5,181
Claims and Judgments Payable	413,444	0
Due to Primary Government	0	86,488
Other Current Liabilities	1,058,760	11,199
Deferred Revenue - Property Taxes	25,737,847	26,761,543
Noncurrent Liabilities:		
Due Within One Year	3,652,516	1,996,040
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	49,055,006	27,347,095
Total Liabilities	<u>\$ 81,774,835</u>	<u>\$ 56,921,397</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	\$ 37,877,123	\$ 38,802,537
Restricted for:		
Highways	883,751	0
Debt Service	617,205	48,460
Solid Waste/Sanitation	1,196,929	0
Alcohol and Drug Treatment	593,951	0
Capital Projects	588,167	0
State and Federal Assistance Programs	0	1,253,856
State Insurance Commission Bond	350,000	0
Litigation Tax - Public Defender	78,104	0
Drug Court	79,590	0
Other Purposes	33,467	0
Unrestricted	<u>(17,521,703)</u>	<u>(5,364,515)</u>
Total Net Assets	<u>\$ 24,776,584</u>	<u>\$ 34,740,338</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, 2010

Functions/Programs	Program Revenues					Net (Expense) Revenue and Changes in Net Assets	
	Expenses	Charges for Services	Operating		Capital Grants and Contributions	Primary Government	Component Unit Sullivan County School Department
			Grants and Contributions	Grants and Contributions			
Primary Government:							
Governmental Activities:							
General Government	\$ 4,478,208	\$ 1,523,061	\$ 75,492	\$ 204,858	\$ (2,674,797)	\$ 0	0
Finance	5,415,653	3,522,331	41,857	0	(1,851,465)	0	0
Administration of Justice	4,963,266	3,550,603	114,456	0	(1,298,207)	0	0
Public Safety	20,969,685	2,339,604	346,517	98,540	(18,185,024)	0	0
Public Health and Welfare	15,016,147	7,848,649	3,148,040	148,536	(3,870,922)	0	0
Social, Cultural, and Recreational Services	1,496,338	263,457	5,200	7,965	(1,219,716)	0	0
Agriculture and Natural Resources	176,223	0	0	0	(176,223)	0	0
Other Operations	1,111,451	13,739	0	148,295	(949,417)	0	0
Highways	9,911,284	11,990	2,755,526	360,896	(6,782,872)	0	0
Education	735,598	442,393	0	0	(293,205)	0	0
Debt Service:							
Interest	1,805,010	0	200,000	0	(1,605,010)	0	0
Other Debt Service	1,881	0	0	0	(1,881)	0	0
Total Primary Government	\$ 66,080,744	\$ 19,515,827	\$ 6,687,088	\$ 969,090	\$ (38,908,739)	\$ 0	0
Component Unit:							
Sullivan County School Department	\$ 100,973,864	\$ 2,441,540	\$ 10,363,536	\$ 169,839	\$ 0	\$ (87,998,949)	0
Total Component Unit	\$ 100,973,864	\$ 2,441,540	\$ 10,363,536	\$ 169,839	\$ 0	\$ (87,998,949)	0

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		
	Expenses			Primary Government	Component Unit
					Sullivan County School Department
General Revenues:					
Property Taxes Levied for General Purposes				\$ 23,531,012	\$ 26,984,107
Property Taxes Levied for Debt Service				2,436,717	0
Local Option Sales Taxes				3,257,156	11,762,403
Litigation Tax - General				502,181	0
Litigation Tax - Office of Public Defender				187,938	0
Litigation Tax - Jail, Workhouse, or Courthouse				355,433	0
Business Tax				1,859,165	0
Mineral Severance Tax				162,358	0
Wholesale Beer Tax				439,508	0
Interstate Telecommunications Tax				9,677	0
Other Local Taxes				0	5,310
Grants and Contributions Not Restricted to Specific Programs				1,408,413	45,065,369
Unrestricted Investment Income				131,535	23
Miscellaneous				93,795	462,021
Total General Revenues				\$ 34,374,888	\$ 84,279,233
Change in Net Assets				\$ (4,533,851)	\$ (3,719,716)
Net Assets, July 1, 2009				29,310,435	43,818,031
Prior-period Adjustment				0	(5,357,977)
Net Assets, June 30, 2010				\$ 24,776,584	\$ 34,740,338

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, 2010

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
\$	350	0	0	\$ 15,194,243	\$ 143,979	\$ 15,338,572	
Cash	5,239,265	739,870	1,973,559	0	3,149,779	11,102,473	
Equity in Pooled Cash and Investments	137,530	0	0	0	0	137,530	
Inventories	269,354	88,150	151,809	0	1,453,142	1,962,455	
Accounts Receivable	3,340,468	548,888	0	0	61,765	3,951,121	
Due from Other Governments	672,395	0	0	0	13,801	686,196	
Due from Other Funds	50,637	0	0	0	1,044	51,681	
Due from Component Units	22,560,850	1,491,523	2,568,735	0	753,620	27,374,728	
Property Taxes Receivable	(748,798)	(49,512)	(85,270)	0	(25,131)	(908,711)	
Allowance for Uncollectible Property Taxes	259,125	70,765	19,544	0	50,349	399,783	
Prepaid Items							
Total Assets	\$ 31,781,176	\$ 2,889,684	\$ 4,628,377	\$ 15,194,243	\$ 5,602,348	\$ 60,095,828	

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Inventories
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Due from Component Units
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Prepaid Items

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Other Current Liabilities
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

\$	619,507	12,767	0	0	0	69,601	701,875
	175,322	45,567	0	0	0	37,380	258,269
	301,241	81,581	0	0	0	64,683	447,505
	13,727	134,688	0	0	0	683,693	832,108
	0	0	1,058,760	0	0	0	1,058,760
	21,212,123	1,402,337	2,415,136	0	708,251	25,737,847	
	552,805	36,558	62,962	0	18,648	670,973	
	515,409	243,566	151,809	0	922,001	1,832,785	
Total Liabilities	\$ 23,390,134	\$ 1,957,064	\$ 3,688,667	\$ 0	\$ 2,504,257	\$ 31,540,122	

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
\$	990,249	\$ 7,535	\$ 0	\$ 0	\$ 0	\$ 636,578	\$ 1,634,362
	593,951	0	0	0	0	0	593,951
	78,104	0	0	0	0	0	78,104
	79,590	0	0	0	0	0	79,590
	15,657	0	0	0	0	0	15,657
	137,530	0	0	0	0	0	137,530
	350,000	0	9,655	0	0	0	359,655
	6,145,961	0	0	0	0	0	6,145,961
	0	925,085	0	0	0	1,988,735	2,913,820
	0	0	930,055	0	0	0	930,055
	0	0	0	15,194,243	472,778	0	15,667,021
	\$ 8,391,042	\$ 932,620	\$ 939,710	\$ 15,194,243	\$ 3,098,091	\$ 5,602,348	\$ 60,095,828
	\$ 31,781,176	\$ 2,889,684	\$ 4,628,377	\$ 15,194,243	\$ 5,602,348	\$ 60,095,828	\$ 60,095,828

LIABILITIES AND FUND BALANCES (Cont.)

Fund Balances	
Reserved for Encumbrances	
Reserved for Alcohol and Drug Treatment	
Reserved for Litigation Tax - Office of Public Defender	
Reserved for Drug Court	
Reserved for Sexual Offender Registration	
Reserved for Inventory	
Reserved for Other General Purposes	
Unreserved, Reported In:	
General Fund	
Special Revenue Funds	
Debt Service Funds	
Capital Projects Funds	
Total Fund Balances	
Total Liabilities and Fund Balances	

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, 2010

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)		\$ 28,555,706
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,939,721	
Add: infrastructure net of accumulated depreciation	13,003,176	
Add: buildings and improvements net of accumulated depreciation	23,217,100	
Add: other capital assets net of accumulated depreciation	<u>6,004,768</u>	44,164,765
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,503,758
(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.		2,198,131
(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.		459,264
(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.		(397,518)
(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	\$ (3,150,000)	
Less: other loans payable	(15,480,000)	
Less: bonds payable	(30,000,000)	
Add: deferred amount on refunded notes	12,051	
Add: deferred amount on refunded bonds	322,576	
Less: compensated absences payable	(1,656,908)	
Less: other postemployment benefits liability	(1,724,276)	
Less: other deferred revenue - premium on bonds	<u>(1,030,965)</u>	<u>(52,707,522)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 24,776,584</u>

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

Sullivan County, Tennessee
 Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Governmental Funds
 For the Year Ended June 30, 2010

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General	General	Capital Projects	Other		
		Public Works	Debt Service	Capital Projects		Governmental Funds	Governmental Funds	
Revenues								
Local Taxes	\$ 25,470,534	\$ 4,528,679	\$ 2,602,839	\$ 0	\$ 0	\$ 722,617	\$ 33,324,669	
Licenses and Permits	540,680	222,000	0	0	0	0	762,680	
Fines, Forfeitures, and Penalties	577,224	0	0	0	0	90,166	667,390	
Charges for Current Services	1,563,682	0	0	0	0	6,418,320	7,982,002	
Other Local Revenues	235,723	112,437	74,357	19,776	0	143,018	585,311	
Fees Received from County Officials	6,303,999	0	0	0	0	0	6,303,999	
State of Tennessee	3,918,389	3,108,816	0	0	0	73,466	7,100,671	
Federal Government	2,652,125	10,400	0	0	0	204,858	2,867,383	
Other Governments and Citizens Groups	1,048,075	13,738	200,000	0	0	109,719	1,371,532	
Total Revenues	\$ 42,310,431	\$ 7,996,070	\$ 2,877,196	\$ 19,776	\$ 0	\$ 7,762,164	\$ 60,965,637	
Expenditures								
Current:								
General Government	\$ 3,973,843	\$ 0	\$ 0	\$ 0	\$ 0	\$ 363,532	\$ 4,337,375	
Finance	5,146,433	0	49,979	0	0	3	5,196,415	
Administration of Justice	4,506,791	0	0	0	0	15,123	4,521,914	
Public Safety	19,683,484	0	0	0	0	76,865	19,760,349	
Public Health and Welfare	6,345,347	0	0	0	0	6,576,280	12,921,627	
Social, Cultural, and Recreational Services	1,173,865	0	0	0	0	241,646	1,415,511	
Agriculture and Natural Resources	174,794	0	0	0	0	0	174,794	
Other Operations	1,221,435	0	0	0	0	93,746	1,315,181	
Highways	0	8,715,033	0	0	0	0	8,715,033	
Instruction	210,239	0	0	0	0	0	210,239	
Debt Service:								
Principal on Debt	0	0	1,790,000	0	0	0	1,790,000	
Interest on Debt	0	0	1,810,629	0	0	0	1,810,629	
Other Debt Service	0	0	1,881	171,455	0	0	173,336	
Capital Projects	1,651,704	363,460	0	0	0	33,783	2,048,947	
Capital Projects - Donated	0	0	0	134,078	0	234,490	368,568	
Total Expenditures	\$ 44,087,935	\$ 9,078,493	\$ 3,652,489	\$ 305,533	\$ 0	\$ 7,635,468	\$ 64,759,918	

(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 /	General	General	Other		
		Public Works	Debt Service	Capital Projects	Governmental Funds	Governmental Funds	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,777,504)	\$ (1,082,423)	\$ (775,293)	\$ (285,757)	\$ 126,696	\$ (3,794,281)	
Other Financing Sources (Uses)							
Other Loans Issued	0	0	0	\$ 15,480,000	0	\$ 15,480,000	
Transfers In	534,000	0	249,403	0	0	783,403	
Transfers Out	0	0	0	0	(792,737)	(792,737)	
Total Other Financing Sources (Uses)	\$ 534,000	\$ 0	\$ 249,403	\$ 15,480,000	\$ (792,737)	\$ 15,470,666	
Net Change in Fund Balances	\$ (1,243,504)	\$ (1,082,423)	\$ (525,890)	\$ 15,194,243	\$ (666,041)	\$ 11,676,385	
Fund Balance, July 1, 2009	9,634,546	2,015,043	1,465,600	0	3,764,132	16,879,321	
Fund Balance, June 30, 2010	\$ 8,391,042	\$ 932,620	\$ 939,710	\$ 15,194,243	\$ 3,098,091	\$ 28,555,706	

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, 2010

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 11,676,385
(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	\$ 1,650,683	
Less: current year depreciation expense	<u>(2,254,198)</u>	(603,515)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: book value of assets disposed		(324,975)
(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, 2009	\$ (2,389,216)	
Add: deferred delinquent property taxes and other deferred June 30, 2010	<u>2,503,758</u>	114,542
(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: other loan proceeds	\$ (15,480,000)	
Add: change in premium on debt issuances	74,708	
Add: change in deferred debt issuance costs	136,617	
Add: principal payments on bonds	655,000	
Add: principal payments on notes	1,135,000	
Less: change in deferred amount on refunding debt	<u>(52,477)</u>	(13,531,152)
(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	\$ 18,225	
Change in compensated absences payable	(325,034)	
Change in other postemployment benefits liability	<u>(605,176)</u>	(911,985)

(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>\$ (953,151)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (4,533,851)</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, 2010

Governmental
 Activities -
 Internal
Service Funds

ASSETS

Current Assets:	
Cash	\$ 72,663
Equity in Pooled Cash and Investments	2,410,288
Due from Other Funds	145,912
Due from Component Units	<u>34,807</u>
Total Assets	<u>\$ 2,663,670</u>

LIABILITIES

Current Liabilities:	
Accounts Payable	\$ 52,095
Claims and Judgments Payable	<u>413,444</u>
Total Liabilities	<u>\$ 465,539</u>

NET ASSETS

Unrestricted	<u>\$ 2,198,131</u>
Total Net Assets	<u>\$ 2,198,131</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, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 730,640
Cobra Insurance Payments	2,705
Total Operating Revenues	<u>\$ 733,345</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 56,309
Dental Insurance	319,058
Audit Services	3,000
Contracts with Private Agencies	2,379
Building and Contents Insurance	60,709
Boiler Insurance	440
Liability Insurance	126,652
Medical Claims	296,113
Bank Charges	34
Trustee's Commission	206
Vehicle and Equipment Insurance	184,365
Workers' Compensation Insurance	658,847
Total Operating Expenses	<u>\$ 1,708,112</u>
Operating Income (Loss)	<u>\$ (974,767)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 20,588
Miscellaneous Refunds	1,028
Total Nonoperating Revenues (Expenses)	<u>\$ 21,616</u>
Change in Net Assets	\$ (953,151)
Net Assets, July 1, 2009	<u>3,151,282</u>
Net Assets, June 30, 2010	<u><u>\$ 2,198,131</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, 2010

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 888,187
Payments to Insurers	(1,308,590)
Payments for Claims	(306,283)
Payments for Administrative Costs	<u>(61,928)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (788,614)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	<u>\$ 20,588</u>
Net Cash Provided By (Used In) Investing Activities	<u>\$ 20,588</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Refunds	<u>\$ 1,028</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,028</u>
Increase (Decrease) in Cash	\$ (766,998)
Cash, July 1, 2009	<u>3,249,949</u>
Cash, June 30, 2010	<u><u>\$ 2,482,951</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (974,767)
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	154,842
Increase (Decrease) in Other Current Liabilities	<u>31,311</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (788,614)</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, 2010

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,834,793
Equity in Pooled Cash and Investments	1,179,647
Accounts Receivable	3,510
Due from Other Governments	4,748,555
Taxes Receivable	24,432,449
Allowance for Uncollectible Taxes	<u>(810,908)</u>
Total Assets	<u>\$ 37,388,046</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 29,337,488
Due to Litigants, Heirs, and Others	7,837,654
Due to Joint Ventures	<u>212,904</u>
Total Liabilities	<u>\$ 37,388,046</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, 2010

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.

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 County Commission's approval. The financial statements of the Sullivan County Emergency Communications 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, TN 37618

B. Government-wide and Fund Financial Statements

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

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

Sullivan County issues all debt for the discretely presented Sullivan County School Department. Net debt issues totaling \$134,078 were contributed by the county to the School Department during the year ended June 30, 2010.

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 type.

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.

General Capital Projects Fund – This fund accounts for debt issued by Sullivan County that is subsequently contributed to the discretely presented Sullivan County School Department for construction and renovation 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 retirees’ supplemental health and employee dental programs.

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 the accumulation of resources for, and the payment of, certain education long-term debt principal, interest, and related costs.

Capital Projects Fund – The Education Capital Projects Fund is used to account for the receipt of debt issued by Sullivan County and contributed to the School Department for building construction and renovation.

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, cash equivalents, and cash on deposit with the county trustee. 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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

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 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 property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.74 percent of total taxes levied. Ambulance receivables are shown net of an allowance for uncollectibles for amounts exceeding 150 days.

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

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

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

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

Most payables are disaggregated on the face of the financial statements. The balance in the Other Current Liabilities account (\$1,058,760) 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 a contingent liability as discussed in footnote V.D.

The Retainage Payable account in the discretely presented Sullivan County School Department's nonmajor governmental fund 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 and Prepaid Items

Inventories of Sullivan County are recorded at cost or estimated cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased.

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

Property, plant, 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 financial 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 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 and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. Net Assets and Fund Equity

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

- a. Invested in capital assets, net of related debt – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net assets – Consists of net assets with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

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 (\$33,467), with the primary restrictions being for the district attorney general (\$16,941).

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

As of June 30, 2010, Sullivan County had \$33,130,000 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 prorations. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Bristol School System, and the City of Kingsport School System. In addition, Sullivan County had outstanding debt totaling \$8,375,000 on June 30, 2010, related to capital purposes of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in footnote V.F.). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Therefore, Sullivan County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

8. Prior-period Adjustment

Other Postemployment Benefits obligation of the discretely presented Sullivan County School Department was restated \$5,357,977 from the prior year because the state Medicare Supplement Plan and the commercial Medicare Supplement Plan values were omitted from the prior-year calculations.

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

A. Budgetary Information

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

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

The budgetary level of control is at the major category level established by the County 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.

B. Fund Deficit

The Special Purpose Fund (special revenue fund) of the discretely presented Sullivan County School Department had a deficit in unreserved fund balance of \$248,510 as of June 30, 2010. This deficit resulted from the recognition of the unperformed portion of construction contracts for boiler replacement totaling \$965,152 being reserved as encumbrances in the financial

statements of this report. Funding for these expenditures is being provided through appropriations in the 2010-11 budget. Generally accepted accounting principles require unperformed contracts to be reflected as a reservation (encumbrance) of fund balance. If unperformed portions of these construction contracts had not been reserved as an encumbrance of the fund balance in the financial statements of this report, the Special Purpose Fund would have reflected a fund balance of \$716,642. The following statement presents the condition of the Special Purpose Fund at June 30, 2010, if unperformed contracts had not been reflected as a reservation of fund balance:

Special Purpose Fund	
Fund Equity - Restated	
June 30, 2010	
Fund Balance	
Unreserved:	
Undesignated	<u>\$ 716,642</u>
Fund Balance, June 30, 2010, restated	<u><u>\$ 716,642</u></u>

The Education Capital Projects Fund had a deficit in unreserved fund balance of \$3,350,190 as of June 30, 2010. This deficit resulted from the recognition of the unperformed portion of construction contracts totaling \$3,350,190 being reserved as encumbrances in the financial statements of this report. Funding for these future expenditures has been provided through the issuance of Qualified School Construction Bonds (QSCB), which will be drawn from the paying agent on an as needed basis.

C. Expenditures Exceeded Total Appropriations

Expenditures exceeded total appropriations approved by the County Commission in the discretely presented Sullivan County School Department's Special Purpose Fund by \$566,608 due to the recognition of encumbrances for boiler replacement. Such overexpenditures are a violation of state statutes. Funding for this overexpenditure is to be appropriated in the 2010-11 budget.

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 reflected on

the balance sheets or statements of net assets represents 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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; 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 Comptroller's Office 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 fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2010, 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.

Investment	Maturities	Cost
State Treasurer's Investment Pool	Daily	\$ 8,042,576

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, 2010, 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, 2010, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,954,868	\$ 0	\$ (15,147)	\$ 1,939,721
Construction in Progress	41,665	0	(41,665)	0
Total Capital Assets Not Depreciated	\$ 1,996,533	\$ 0	\$ (56,812)	\$ 1,939,721

Governmental Activities: (Cont.)

	Balance		Balance	
	7-1-09	Increases	Decreases	6-30-10
Capital Assets Depreciated:				
Buildings and				
Improvements	\$ 32,681,734	\$ 0	\$ 0	\$ 32,681,734
Infrastructure	20,027,737	615,600	(169,328)	20,474,009
Other Capital Assets	23,697,855	1,035,083	(366,730)	24,366,208
Total Capital Assets				
Depreciated	<u>\$ 76,407,326</u>	<u>\$ 1,650,683</u>	<u>\$ (536,058)</u>	<u>\$ 77,521,951</u>
Less Accumulated				
Depreciation For:				
Buildings and				
Improvements	\$ 8,822,676	\$ 641,958	\$ 0	\$ 9,464,634
Infrastructure	7,019,473	516,083	(64,723)	7,470,833
Other Capital Assets	17,468,455	1,096,157	(203,172)	18,361,440
Total Accumulated				
Depreciation	<u>\$ 33,310,604</u>	<u>\$ 2,254,198</u>	<u>\$ (267,895)</u>	<u>\$ 35,296,907</u>
Total Capital Assets				
Depreciated, Net	<u>\$ 43,096,722</u>	<u>\$ (603,515)</u>	<u>\$ (268,163)</u>	<u>\$ 42,225,044</u>
Governmental Activities				
Capital Assets, Net	<u>\$ 45,093,255</u>	<u>\$ (603,515)</u>	<u>\$ (324,975)</u>	<u>\$ 44,164,765</u>

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

Governmental Activities:

General Government	\$ 97,536
Administration of Justice	170,436
Public Safety	690,967
Public Health and Welfare	389,203
Social, Cultural, and Recreational	37,412
Other Operations	31,287
Highways	<u>837,357</u>
 Total Depreciation Expense - Governmental Activities	 <u><u>\$ 2,254,198</u></u>

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-09	Increases	Decreases	Balance 6-30-10
Capital Assets Not Depreciated:				
Land	\$ 1,051,748	\$ 0	\$ 0	\$ 1,051,748
Construction in Progress	17,770	134,078	(17,770)	134,078
Total Capital Assets Not Depreciated	<u>\$ 1,069,518</u>	<u>\$ 134,078</u>	<u>\$ (17,770)</u>	<u>\$ 1,185,826</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 95,252,243	\$ 377,742	\$ 0	\$ 95,629,985
Other Capital Assets	7,627,287	591,411	(265,020)	7,953,678
Total Capital Assets Depreciated	<u>\$ 102,879,530</u>	<u>\$ 969,153</u>	<u>\$ (265,020)</u>	<u>\$ 103,583,663</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 43,437,237	\$ 1,902,082	\$ 0	\$ 45,339,319
Other Capital Assets	4,958,792	555,169	(251,292)	5,262,669
Total Accumulated Depreciation	<u>\$ 48,396,029</u>	<u>\$ 2,457,251</u>	<u>\$ (251,292)</u>	<u>\$ 50,601,988</u>
Total Capital Assets Depreciated, Net	<u>\$ 54,483,501</u>	<u>\$ (1,488,098)</u>	<u>\$ (13,728)</u>	<u>\$ 52,981,675</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 55,553,019</u></u>	<u><u>\$ (1,354,020)</u></u>	<u><u>\$ (31,498)</u></u>	<u><u>\$ 54,167,501</u></u>

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

Governmental Activities:

Instruction	\$ 1,885,563
Support Services	424,228
Operation of Non-Instructional Services	<u>147,460</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,457,251</u>

C. Construction Commitments

At June 30, 2010, Sullivan County had uncompleted construction contracts of \$193,520 related to HVAC replacement. Funding for these future expenditures has been received from an American Recovery and Reinvestment Act federal energy grant.

At June 30, 2010, the discretely presented Sullivan County School Department had uncompleted school renovation contracts of \$965,152. Funding for these future expenditures is being provided through appropriations in the 2010-11 Special Purpose Fund budget. The School Department also had uncompleted construction contracts of \$3,350,190 in the Education Capital Projects Fund. Funding for these future expenditures is being provided through the issuance of other loans.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2010, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 672,395
Nonmajor governmental	General	13,727
"	Nonmajor governmental	74
Internal Service	Highway/Public Works	134,688
"	Nonmajor governmental	11,224
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	63,687

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 Unit:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
	Component Unit -	
Primary Government:	School Department:	
General	General Purpose School	\$ 50,637
Nonmajor governmental	"	1,044
Internal Service	"	34,807

Interfund Transfers:

Interfund transfers for the year ended June 30, 2010, consisted of the following amounts:

Primary Government

<u>Transfers Out</u>	<u>Transfers In</u>		
	General Fund	General Debt Service Fund	Agency Fund
Nonmajor governmental funds	\$ 534,000	\$ 249,403	\$ 9,334

Discretely Presented Sullivan County School Department

<u>Transfers Out</u>	<u>Transfers In</u>	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 2,131,587
Nonmajor governmental funds	412,000	0
Total	<u>\$ 412,000</u>	<u>\$ 2,131,587</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

Discretely Presented Sullivan County School Department

On November 1, 2007, the discretely presented Sullivan County School Department entered into a five-year lease-purchase agreement for copiers. The terms of the agreement require total lease payments of \$99,273 plus interest of 9.086 percent. Title to the equipment transfers to the School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2010, were as follows:

Year Ending June 30	Governmental Funds
2011	\$ 24,779
2012	24,779
2013	<u>8,259</u>
Total Minimum Lease Payments	\$ 57,817
Less: Amount Representing Interest	<u>(5,894)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 51,923</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans 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 outlay purchases, such as equipment. Capital outlay notes have also been issued to refund other capital outlay notes.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to 12 years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2010, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	2.5 to 6.25 %	\$ 16,965,000	\$ 13,680,000
General Obligation Bonds - Refunding	4.75 to 5	16,320,000	16,320,000
Capital Outlay Notes	4.5 to 5.54	2,500,000	2,075,000
Refunding Notes	3.2	3,330,000	1,075,000
Other Loans	1.515	15,480,000	15,480,000

Other Loans reflected above represent Qualified School Construction Bonds, which were issued through the Tennessee State School Bond Authority, and the proceeds were loaned to Sullivan County and various other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee to the Tennessee School Bond Authority. The administrative fee totals \$2,580 per month through January 2013, and \$1,290 per month thereafter. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

The annual requirements to amortize all general obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2010, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 670,000	\$ 1,452,739	\$ 2,122,739
2012	1,370,000	1,427,830	2,797,830
2013	1,460,000	1,367,840	2,827,840
2014	1,585,000	1,303,100	2,888,100
2015	1,690,000	1,231,025	2,921,025
2016-2020	9,275,000	5,051,138	14,326,138
2021-2025	12,075,000	2,279,052	14,354,052
2026-2028	1,875,000	233,700	2,108,700
Total	\$ 30,000,000	\$ 14,346,424	\$ 44,346,424

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,200,000	\$ 139,708	\$ 1,339,708
2012	280,000	99,123	379,123
2013	285,000	85,163	370,163
2014	315,000	70,814	385,814
2015	345,000	54,838	399,838
2016-2017	725,000	56,515	781,515
Total	\$ 3,150,000	\$ 506,161	\$ 3,656,161

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2011	\$ 804,940	\$ 234,522	\$ 25,800	\$ 1,065,262
2012	965,928	234,522	30,960	1,231,410
2013	965,928	234,522	24,510	1,224,960
2014	965,928	234,522	15,480	1,215,930
2015	965,928	234,522	15,480	1,215,930
2016-2020	4,829,638	1,172,610	77,400	6,079,648
2021-2025	4,829,639	1,172,610	77,400	6,079,649
2026-2027	1,152,071	254,065	19,350	1,425,486
Total	\$ 15,480,000	\$ 3,771,895	\$ 286,380	\$ 19,538,275

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

In previous years, the county issued Industrial Park bonds totaling \$6,500,000, and an additional \$2,500,000 in capital outlay notes for the benefit of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in footnote V.F.) 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 \$930,055 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$371, based on the 2000 federal census for residents living outside the Bristol and Kingsport school

districts and \$196, for residents living inside these school districts. Debt per capita, including bonds, notes, and other loans totaled \$493, for residents living outside the Bristol and Kingsport districts and \$318, 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, 2010, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2009	\$ 30,655,000	\$ 4,285,000	\$ 0
Additions	0	0	15,480,000
Deductions	(655,000)	(1,135,000)	0
Balance, June 30, 2010	<u>\$ 30,000,000</u>	<u>\$ 3,150,000</u>	<u>\$ 15,480,000</u>
Balance Due Within One Year	<u>\$ 670,000</u>	<u>\$ 1,200,000</u>	<u>\$ 804,940</u>

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2009	\$ 1,119,100	\$ 1,331,874
Additions	1,375,207	1,536,657
Deductions	(770,031)	(1,211,623)
Balance, June 30, 2010	<u>\$ 1,724,276</u>	<u>\$ 1,656,908</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 977,576</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 52,011,184
Less: Balance Due Within One Year	(3,652,516)
Add: Unamortized Premium on Debt	1,030,965
Less: Deferred Amount on Refunding	<u>(334,627)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 49,055,006</u>

Compensated absences will be paid from the employing funds.

Sullivan County has also issued 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.

Discretely Presented Sullivan County School Department

General Obligation Bonds

The county issues bonds for the School Department to fund capital facilities and other capital outlay purchases, such as equipment.

These bonds are direct obligations and pledge the full faith and credit of the government. School bonds outstanding were issued for original terms of up to 18 years. 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.

School bonds and capital leases outstanding as of June 30, 2010, for governmental activities, are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-10
General Obligation Bonds	4 to 5%	\$ 24,200,000	\$ 1,375,000
General Obligation Bonds - Refunding	5	13,220,000	13,220,000
Capital Lease	9.086	99,273	51,923

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2010, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 1,375,000	\$ 722,875	\$ 2,097,875
2012	1,395,000	661,000	2,056,000
2013	1,460,000	591,250	2,051,250
2014	1,530,000	518,250	2,048,250
2015	1,605,000	441,750	2,046,750
2016-2019	7,230,000	926,500	8,156,500
Total	\$ 14,595,000	\$ 3,861,625	\$ 18,456,625

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2010, was as follows:

Changes in Long-term Liabilities

	Bonds		Capital Lease
Balance, July 1, 2009	\$ 15,915,000	\$	71,031
Deductions	(1,320,000)		(19,108)
Balance June 30, 2010	\$ 14,595,000	\$	51,923
Balance Due Within One Year	\$ 1,375,000	\$	20,918
	Other		
	Postemployment Benefits	Compensated Absences	
Balance, July 1, 2009	\$ 7,713,515 (1)	\$	2,693,026
Additions	6,123,740		627,267
Deductions	(2,685,626)		(592,466)
Balance June 30, 2010	\$ 11,151,629	\$	2,727,827
Balance Due Within One Year	\$ 0	\$	600,122

(1) The Other Postemployment Benefits balance at July 1, 2009, has been increased by \$5,357,977 over amounts previously reported. This is due to the omission of the state Medicare Supplement Plan and commercial Medicare Supplement Plan in the previous report.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2010	\$ 28,526,379
Less: Balance Due Within One Year	(1,996,040)
Add: Unamortized Premium	846,763
Less: Deferred Amount on Refunding	<u>(30,007)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 27,347,095</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, 2010, these bonds, totaling \$13,585,000 with a call date of May 1, 2011, are considered defeased.

G. Pledges of Receivables and Future Revenues – Discretely Presented Sullivan County School Department

The Sullivan County School Department pledged, as security for bonds issued by Sullivan County, a portion of its share of local option sales taxes. The bonds issued by Sullivan County in 2001 totaled \$24.2 million and were used to provide financing for school construction and renovations. Refunding bonds totaling \$13,220,000 were issued in 2004 to refund a portion of the outstanding bonds issued in 2001. The bonds are payable through 2019. The School Department pledged a portion of its annual local option sales tax revenues until the bonds are retired in 2019. Total principal and interest remaining on the debt is \$18,456,625 with annual requirements ranging from \$2,097,875 in the next fiscal year to \$2,047,500 in the final year.

H. On-Behalf Payments – Discretely Presented Sullivan County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and are reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group

Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2010, were \$1,021,151 and \$29,304, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Short-term Debt

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Purpose School Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections.

	Balance 7-1-09	Issued	Paid	Balance 6-30-10
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 2,500,000	\$ (2,500,000)	\$ 0

V. OTHER INFORMATION

A. Risk Management

Sullivan County maintains the Employee Insurance – General Fund (an internal service fund) for self-insured risks associated with the retirees’ supplemental health and employee dental plans for employees of the primary government. The county provides commercial health insurance coverage for current employees.

The discretely presented Sullivan County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF 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 limits of \$50,000 to \$100,000 per individual claim for general liability, property, and casualty losses. The county is self-insured to a limit of \$300,000 for a single accident for workers' compensation. Amounts exceeding these limits are covered by excess loss policies, subject to various policy limits. 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
2008-2009	\$ 632,833	\$ 385,016	\$ (594,235)	\$ 423,614
2009-2010	423,614	1,036,392	(1,046,562)	413,444

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2007-2008	\$ 0	\$ 557,512	\$ (557,512)	\$ 0
2008-2009	0	615,171	(615,171)	0

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 51, Accounting and Financial Reporting for Intangible Assets; and Statement No. 53, Accounting and Financial Reporting for Derivative Instruments became effective for the year ended June 30, 2010.

GASB Statement No. 51 establishes accounting and financial reporting requirements for intangible assets. Intangible assets have three characteristics: lack of physical substance; nonfinancial in nature; and a useful life that extends beyond a single reporting period. Assets that have these characteristics and are identifiable to the government should be recorded as capital assets and amortized over their useful lives. Easements, water rights, patents, and computer software are examples of intangible assets that should be recognized under GASB Statement No. 51. Sullivan County had no assets that met the definition of intangible assets at June 30, 2010. However, it is reasonably expected that Sullivan County may acquire intangible assets in subsequent years.

GASB Statement No. 53 addresses the recognition, measurement, and disclosure of information regarding derivative instruments entered into by county governments. Derivative instruments are financial arrangements used by governments as investments; hedges against identified financial risks; or to lower the costs of borrowings. Interest rate swaps and locks, options, swaptions, forward contracts, and futures contracts are among the commonly used types of derivatives mentioned in GASB Statement No. 53. Derivative instruments associated with fluctuating financial and commodity prices result in changing cash flows and fair values that can be used as effective risk management or investment tools. For the same reasons, derivative instruments can expose governments to significant risks and liabilities. The requirements of GASB Statement No. 53 are intended to help users of financial information evaluate the effectiveness and associated risks involved with Sullivan County's derivative transactions. GASB Statement No. 53 requires most derivatives to be reported at fair value in the Statement of Net Assets. Changes in fair value for derivative instruments that are intended for investment purposes or that are reported like investment derivative instruments because of ineffectiveness are reported as investment revenues in the Statement of Activities. Alternatively, the changes in fair value of derivative instruments that are classified as hedging (i.e. effective) derivative instruments are reported in the Statement of Net Assets as deferrals. Sullivan County had not participated in any derivative transactions as of June 30, 2010. However, it is reasonably expected that Sullivan County may enter into derivative transactions in subsequent years.

C. Subsequent Event

On August 16, 2010, the Sullivan County Commission authorized the county mayor to enter into a \$5,127,999 loan agreement with the Tennessee State School Bond Authority to fund school capital improvements.

D. 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.F.). Sullivan County is contingently

liable for 20 percent of the principal and interest on those bonds in the event revenues of the Airport Commission are not sufficient to cover those payments. The other governments participating in the joint venture are contingently liable for the remaining 80 percent of the principal and interest requirements.

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

E. Changes in Administration

On June 19, 2010, Jack Barnes left the Office of Director of Schools and was succeeded by Jubal Yennie.

On August 31, 2010, Mary Lou Duncan left the Office of Register and was succeeded by Bart Long.

F. Joint Ventures

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

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

The Sullivan County Economic Development Partnership (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, 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, Sullivan, 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 its administrative office at the following address:

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

G. Jointly Governed Organizations

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated (TCA), and includes the counties of Claiborne, Cocke, Grainger, 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, Cocke County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hancock 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 TCA. 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. Sullivan County School Department, along with certain other member districts of the Upper East Tennessee Educational Cooperative, are also members of the Northeast Tennessee Cooperative. The cooperative is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice-chair, secretary, treasurer, and a member-at-large from the representative committee.

H. Retirement Commitments

Plan Description

Employees of Sullivan County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high

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

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

Funding Policy

Sullivan County has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2010, was 14.79 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2010, Sullivan County's annual pension cost of \$5,393,084 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2007, 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.

The 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, 2007, was eight years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-10	\$5,393,084	100%	\$0
6-30-09	5,518,174	100	0
6-30-08	5,371,569	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.34 percent funded. The actuarial accrued liability for benefits was \$139.3 million, and the actuarial value of assets was \$117.49 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$21.81 million. The covered payroll (annual payroll of active employees covered by the plan) was \$36.57 million, and the ratio of the UAAL to the covered payroll was 59.66 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The Sullivan County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members

and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Cost of living adjustments (COLA) are 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 SETHEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.tn.gov/treasury/tcrs/Schools.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2010, was 6.42 percent of annual covered payroll. The employer contribution requirement for the 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, 2010, 2009, and 2008, were \$2,669,524, \$2,668,130, and \$2,653,508, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Sullivan County provides commercial health insurance benefits for pre-65 retirees and self-insured Medicare supplement benefits for post-65 retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by recommendation of an insurance committee and approved by the County Commission.

Funding Policy

Premium requirements are established and may be amended by the insurance committee. The plan is financed on a pay-as-you-go basis. Claims liabilities of the Medicare supplement benefits portions of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

Sullivan County employees who meet retirement criteria of the Tennessee Consolidated Retirement System are also eligible for county provided postemployment health benefits until age 65. Spouses are eligible to continue medical coverage until the retiree's attainment of Medicare eligibility. Pre-65 retirees with 25 years of service and 55 years of age are not required to make a contribution, while those with less than 25 years of service must contribute 100 percent. Medicare supplement benefits are provided for post-65 retirees who meet requirements set by the insurance committee for years of service and age at retirement. The county contributes to the Medicare supplement cost for eligible retirees based on years of service and date of retirement.

Annual OPEB Cost and Net OPEB Obligation

	Sullivan County Plan
	<hr/>
ARC	\$ 1,067,943
Interest on the NPO	63,392
Adjustment to the ARC	(45,750)
	<hr/>
Annual OPEB cost	\$ 1,085,585
Amount of contribution	(770,031)
Net adjustment due to change in assumptions	289,622
	<hr/>
Increase/decrease in NPO	\$ 605,176
Net OPEB obligation, 7-1-09	1,119,100
	<hr/>
Net OPEB obligation, 6-30-10	<u>\$ 1,724,276</u>

Fiscal Year Ended*	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Sullivan County	\$ 1,903,200	41.2 %	\$ 1,119,100
6-30-10	"	1,085,585	70.9	1,724,276

* Data only available for two years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

Actuarial valuation date	7-1-09
Actuarial accrued liability (AAL)	\$ 17,573,722
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 17,573,722
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 25,645,726
UAAL as a % of covered payroll	68.5%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2009, actuarial valuation, the projected unit credit actuarial cost method was used. In the previous study, the entry age normal percent of pay cost method was used. The actuarial assumptions include a 4.5 percent discount rate. The unfunded actuarial accrued liability is being amortized on a closed basis over a 30-year period beginning June 30, 2009, increasing at five percent per year (the payroll growth rate).

Discretely Presented Sullivan County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and

amended by an insurance committee created by Section 8-27-302, Tennessee Code Annotated (TCA), for local education employees, and Section 8-27-701, TCA, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. Alternatively, the School Department offers a commercial Medicare Supplement Plan to retirees. The state plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of the state plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For pre-65 teachers, the School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. For post-65 teachers participating in the state sponsored plan, the School Department pays the difference between the full premium (\$121) and the subsidy provided by the state (\$50 maximum). Support personnel may participate in the state sponsored Medicare Plan; however, the state does not provide a subsidy; the School Department pays the entire premium for these support personnel. For post-65 teachers and support personnel participating in the commercial plan, the School Department pays the full premium (\$85). The commercial plan is a Medicare Advantage Plan. During the year ended June 30, 2010, the discretely presented School Department contributed \$2,685,626 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
ARC	\$ 2,861,000	\$ 2,863,000	\$ 381,412
Interest on the NPO	105,999	248,099	(6,990)
Adjustment to the ARC	(100,402)	(234,999)	6,621
Annual OPEB cost	\$ 2,866,597	\$ 2,876,100	\$ 381,043
Amount of contribution	(2,047,768)	(108,259)	(529,599)
Increase/decrease in NPO	\$ 818,829	\$ 2,767,841	\$ (148,556)
Net OPEB obligation, 7-1-09	2,355,538	5,513,311	(155,334) (1)
Net OPEB obligation, 6-30-10	\$ 3,174,367	\$ 8,281,152	\$ (303,890)

(1) These amounts were omitted from the prior actuarial study.

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 3,031,000	63 %	\$ 1,120,013
6-30-09	"	3,079,346	60	2,355,538
6-30-10	"	2,866,597	74	3,174,367
6-30-10	State Medicare Supplement*	2,863,000	4	2,754,542
6-30-10	Commercial Medicare Supplement*	381,043	142	(315,520)

* Data only available for one year.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2010, was as follows:

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
Actuarial valuation date	7-1-09	7-1-09	7-1-09
Actuarial accrued liability (AAL)	\$ 33,354,000	\$ 31,946,000	\$ 7,524,826
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 33,354,000	\$ 31,946,000	\$ 7,524,826
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 52,977,270	\$ N/A	\$ N/A
UAAL as a % of covered payroll	63%	N/A	N/A

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2009, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of four percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the state Medicare Supplement Plan was one percent for fiscal year 2010. The trend will rise to ten percent in fiscal year 2011 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

In the July 1, 2009, actuarial valuation for the commercial plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of five percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Office of Central Accounting

Sullivan County operates under the provisions of Sections 5-12-101, et seq., Tennessee Code Annotated (TCA), and Section 5-13-101, et seq., TCA, which provide for accounting records of the funds under the supervision of the county mayor and highway commissioner to be maintained by personnel of

the Central Accounting Office under the administration of the director of accounts and budgets. Records for funds administered by the director of schools were maintained by School Department personnel.

K. Purchasing Laws

The Office of Purchasing Agent was established by Chapter 261, Private Acts of 1947, as amended. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. This act also requires purchases exceeding \$5,000 to be made on a competitive bid basis. Section 54-7-113, 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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 25,470,534	\$ 0	0	\$ 25,470,534	\$ 25,724,004	\$ 25,724,004	\$ (253,470)
Licenses and Permits	540,680	0	0	540,680	288,540	288,540	252,140
Fines, Forfeitures, and Penalties	577,224	0	0	577,224	552,485	562,150	15,074
Charges for Current Services	1,563,682	0	0	1,563,682	1,624,370	1,624,370	(60,688)
Other Local Revenues	235,723	0	0	235,723	141,691	162,691	73,032
Fees Received from County Officials	6,303,999	0	0	6,303,999	7,007,300	7,007,300	(703,301)
State of Tennessee	3,918,389	0	0	3,918,389	4,026,175	4,012,858	(94,469)
Federal Government	2,652,125	0	0	2,652,125	2,911,972	3,365,423	(713,298)
Other Governments and Citizens Groups	1,048,075	0	0	1,048,075	1,359,364	1,381,189	(333,114)
Total Revenues	\$ 42,310,431	\$ 0	0	\$ 42,310,431	\$ 43,635,901	\$ 44,128,525	\$ (1,818,094)

<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 298,604	\$ 0	0	298,604	\$ 306,063	\$ 306,063	\$ 7,459
County Mayor/Executive	182,557	(178)	24	182,403	195,045	195,045	12,642
County Attorney	200,565	0	0	200,565	210,987	210,987	10,422
Election Commission	355,452	(872)	1,983	356,563	447,956	447,956	91,393
Register of Deeds	573,881	(64,167)	18,829	528,543	800,270	800,270	271,727
Planning	294,293	(8,404)	2,337	288,226	324,835	341,185	52,959
Geographical Information Systems	29,823	(829)	1,915	30,909	31,015	31,015	106
County Buildings	1,187,745	(7,348)	154,145	1,334,542	1,471,819	1,471,819	137,277
Other Facilities	187,672	0	0	187,672	187,672	187,672	0
Preservation of Records	61,747	(3,096)	170	58,821	62,705	83,705	24,884
Risk Management	601,504	(1,470)	1,440	601,474	671,445	671,445	69,971

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance</u>							
Accounting and Budgeting	\$ 611,034	\$ (3,837)	\$ 2,546	\$ 609,743	\$ 660,675	\$ 660,675	\$ 50,932
Purchasing	602,333	(8,558)	5,836	599,611	627,836	627,836	28,225
Property Assessor's Office	1,486,186	(32,980)	4,863	1,458,069	1,576,174	1,576,174	118,105
County Trustee's Office	554,290	(3,771)	876	551,395	654,637	654,637	103,242
County Clerk's Office	1,252,090	(5,557)	600	1,247,133	1,390,761	1,390,761	143,628
Data Processing	104,049	(16,946)	26,897	114,000	114,000	114,000	0
Other Finance	536,451	0	0	536,451	550,000	597,250	60,799
<u>Administration of Justice</u>							
Circuit Court Judge	12,302	0	0	12,302	13,000	13,000	698
Circuit Court Clerk	1,404,275	(2,610)	179	1,401,844	1,412,694	1,412,694	10,850
General Sessions Court	479,145	0	0	479,145	486,066	486,066	6,921
General Sessions Judge	520,521	(310)	0	520,211	522,976	522,976	2,765
Chancery Court	478,339	(7,506)	4,592	475,425	496,493	496,493	21,068
Juvenile Court	617,204	(3,216)	4,571	618,559	694,634	694,634	76,075
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	276,106	0	0	276,106	280,690	280,690	4,584
Office of Public Defender	229,752	0	0	229,752	229,985	229,985	233
Other Administration of Justice	157,297	0	0	157,297	161,250	161,250	3,953
Courtroom Security	315,876	(74)	0	315,802	321,778	321,778	5,976
Victims Assistance Programs	12,974	0	0	12,974	0	12,974	0
<u>Public Safety</u>							
Sheriff's Department	8,657,525	(105,277)	18,676	8,570,924	8,784,576	8,828,622	257,698
Administration of the Sexual Offender Registry	4,530	(469)	1,100	5,161	12,000	12,000	6,839
Jail	7,585,600	(63,412)	170,986	7,693,174	7,764,681	7,764,681	71,507

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Workhouse	\$ 86,969	\$ 0	0	\$ 86,969	\$ 89,915	\$ 89,915	\$ 2,946
Juvenile Services	613,439	0	0	613,439	638,552	638,552	25,113
Fire Prevention and Control	1,367,654	0	0	1,367,654	1,367,654	1,367,654	0
Civil Defense	480,163	(2,679)	1,187	478,671	486,030	486,030	7,359
Rescue Squad	372,888	(84,038)	168,000	456,850	463,640	463,640	6,790
Disaster Relief	6,000	0	0	6,000	6,000	6,000	0
County Coroner/Medical Examiner	209,654	(2,029)	1,164	208,789	199,435	232,210	23,421
Other Public Safety	299,062	(142,200)	0	156,862	175,200	175,200	18,338
<u>Public Health and Welfare</u>							
Local Health Center	5,820,236	(2,556)	250,065	6,067,745	6,832,350	7,145,266	1,077,521
Rabies and Animal Control	307,234	(10,737)	3,025	299,522	314,517	320,017	20,495
Dental Health Program	3,781	(3,781)	0	0	0	0	0
Other Local Health Services	57,627	(27,627)	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	39,860	0	0	39,860	24,960	39,960	100
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	11,000	0	0	11,000	11,000	11,000	0
Libraries	797,865	(14,947)	0	782,918	807,604	836,726	53,808
Parks and Fair Boards	365,000	0	0	365,000	402,500	402,500	37,500
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	125,631	0	0	125,631	127,792	127,792	2,161
Forest Service	1,000	0	0	1,000	1,000	1,000	0

(Continued)

Exhibit F-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Agriculture and Natural Resources (Cont.)</u>							
Soil Conservation	\$ 48,163	\$ 0	\$ 0	\$ 48,163	\$ 49,868	\$ 49,868	\$ 1,705
<u>Other Operations</u>							
Tourism	42,898	0	0	42,898	65,326	65,326	22,428
Industrial Development	477,490	(104,700)	36,989	409,779	483,027	483,027	73,248
Housing and Urban Development	20,000	0	0	20,000	20,000	20,000	0
Other Economic and Community Development	213,000	0	0	213,000	213,000	213,000	0
Veterans' Services	10,925	0	0	10,925	11,900	11,900	975
Employee Benefits	287,273	(5,995)	17,804	299,082	296,140	332,140	33,058
ARRA Grant No. 1	93,989	0	85,050	179,039	181,000	181,000	1,961
ARRA Grant No. 3	38,056	0	0	38,056	0	39,200	1,144
Miscellaneous	37,804	(1,323)	0	36,481	82,615	82,615	46,134
<u>Instruction</u>							
Vocational Education Program	10,239	0	0	10,239	10,239	10,239	0
Other	200,000	0	0	200,000	200,000	200,000	0
<u>Capital Projects</u>							
Public Utility Projects	1,644,396	0	0	1,644,396	2,394,445	2,454,445	810,049
Highway and Street Capital Projects	7,308	0	4,400	11,708	73,000	73,000	61,292
Total Expenditures	\$ 44,087,935	\$ (743,499)	\$ 990,249	\$ 44,334,685	\$ 47,643,036	\$ 48,315,169	\$ 3,980,484
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,777,504)	\$ 743,499	\$ (990,249)	\$ (2,024,254)	\$ (4,007,135)	\$ (4,186,644)	\$ 2,162,390
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 534,000	\$ 0	\$ 0	\$ 534,000	\$ 534,000	\$ 534,000	\$ 0
Total Other Financing Sources (Uses)	\$ 534,000	\$ 0	\$ 0	\$ 534,000	\$ 534,000	\$ 534,000	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (1,243,504)	\$ 743,499	\$ (990,249)	\$ (1,490,254)	\$ (3,473,135)	\$ (3,652,644)	\$ 2,162,390
	9,634,546	(743,499)	0	8,891,047	8,652,657	8,652,657	238,390
Fund Balance, June 30, 2010	\$ 8,391,042	\$ 0	\$ (990,249)	\$ 7,400,793	\$ 5,179,522	\$ 5,000,013	\$ 2,400,780

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 4,528,679	\$ 0	\$ 0	\$ 4,528,679	\$ 4,616,255	\$ 4,616,255	\$ (87,576)
Licenses and Permits	222,000	0	0	222,000	222,000	222,000	0
Other Local Revenues	112,437	0	0	112,437	1,000,423	1,000,423	(887,986)
State of Tennessee	3,108,816	0	0	3,108,816	3,063,547	3,063,547	45,269
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Other Governments and Citizens Groups	13,738	0	0	13,738	0	0	13,738
Total Revenues	\$ 7,996,070	\$ 0	\$ 0	\$ 7,996,070	\$ 8,912,625	\$ 8,912,625	\$ (916,555)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 297,907	\$ 0	\$ 0	\$ 297,907	\$ 318,112	\$ 318,112	\$ 20,205
Highway and Bridge Maintenance	6,687,642	(13,682)	2,298	6,676,258	7,103,140	7,103,140	426,882
Operation and Maintenance of Equipment	644,049	(2,543)	2,621	644,127	730,000	730,000	85,873
Asphalt Plant Operations	683,043	0	0	683,043	704,000	704,000	20,957
Traffic Control	10,727	(3,448)	2,616	9,895	10,000	10,000	105
Other Charges	87,376	0	0	87,376	110,000	110,000	22,624
Capital Outlay	304,289	(55,598)	0	248,691	250,000	250,000	1,309
<u>Capital Projects</u>							
Highway and Street Capital Projects	363,460	0	0	363,460	375,750	375,750	12,290
Total Expenditures	\$ 9,078,493	\$ (75,271)	\$ 7,535	\$ 9,010,757	\$ 9,601,002	\$ 9,601,002	\$ 590,245
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,082,423)	\$ 75,271	\$ (7,535)	\$ (1,014,687)	\$ (688,377)	\$ (688,377)	\$ (326,310)
Net Change in Fund Balance	\$ (1,082,423)	\$ 75,271	\$ (7,535)	\$ (1,014,687)	\$ (688,377)	\$ (688,377)	\$ (326,310)
Fund Balance, July 1, 2009	2,015,043	(75,271)	0	1,939,772	2,033,574	2,033,574	(93,802)
Fund Balance, June 30, 2010	\$ 932,620	\$ 0	\$ (7,535)	\$ 925,085	\$ 1,345,197	\$ 1,345,197	\$ (420,112)

Exhibit F-3

Sullivan County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2010

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 117,486	\$ 139,300	\$ 21,814	84.34 %	\$ 36,567	59.66 %
7-1-07	112,900	128,268	15,368	88.02	34,267	44.85

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method went into effect during the 2007 year; therefore, only the two most recent valuations are presented.

Exhibit F-4

Sullivan County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plans
 Primary Government and Discretely Presented Sullivan County School Department
 June 30, 2010

(Dollar amounts in thousands)

Plans	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)
<u>PRIMARY GOVERNMENT</u>							
Sullivan County	7-1-08	\$ 0	\$ 29,157	\$ 29,157	0	\$ 26,708	109 %
Sullivan County*	7-1-09	0	17,574	17,574	0	25,646	68
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	36,919	36,919	0	42,851	86
"	7-1-09	0	33,354	33,354	0	52,977	63
Medicare Supplement - State**	7-1-09	0	31,946	31,946	0	N/A	N/A
Medicare Supplement - Commercial	7-1-07	0	7,662	7,662	0	N/A	N/A
"	7-1-09	0	7,525	7,525	0	N/A	N/A

* Change in cost method for reporting from the entry age normal to projected unit cost.
 Significant changes in plan benefits were also made during 2009-10.

** This plan was not included in the state actuarial study prior to July 1, 2009.

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2010

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

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

Ambulance Service Fund – The Ambulance Service Fund is used to account for transactions relating to 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.

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

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

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

Exhibit G-1

Sullivan County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2010

Special Revenue Funds									
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	Constitutional Officers - Fees	Total		
\$	250	0	0	200	0	143,529	143,979		
	1,093,028	672,656	569	86,520	16,941	0	1,869,714		
	95,651	1,328,325	300	0	0	28,866	1,453,142		
	61,765	0	0	0	0	0	61,765		
	13,801	0	0	0	0	0	13,801		
	1,044	0	0	0	0	0	1,044		
	753,620	0	0	0	0	0	753,620		
	(25,131)	0	0	0	0	0	(25,131)		
	8,665	40,581	0	1,103	0	0	50,349		
\$	2,002,693	2,041,562	869	87,823	16,941	172,395	4,322,283		

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Accounts Receivable
 Due from Other Governments
 Due from Other Funds
 Due from Component Units
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes
 Prepaid Items

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities
 Accounts Payable
 Accrued Payroll
 Payroll Deductions Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Other Deferred Revenues
 Total Liabilities

Fund Balances

Reserved for Encumbrances
 Unreserved
 Total Fund Balances

Total Liabilities and Fund Balances

\$	57,269	12,332	0	0	0	0	69,601
	6,055	30,052	0	1,273	0	0	37,380
	9,929	53,520	0	1,234	0	0	64,683
	5,612	2,880	0	2,806	0	172,395	183,693
	708,251	0	0	0	0	0	708,251
	18,648	0	0	0	0	0	18,648
	0	922,001	0	0	0	0	922,001
\$	805,764	1,020,785	0	5,313	0	172,395	2,004,257
\$	115,590	213,082	0	619	0	0	329,291
	1,081,339	807,695	869	81,891	16,941	0	1,988,735
\$	1,196,929	1,020,777	869	82,510	16,941	0	2,318,026
\$	2,002,693	2,041,562	869	87,823	16,941	172,395	4,322,283

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Sanitation Projects	Other Capital Projects	Total	
\$	0	0	0	0	0
Cash	0	0	0	0	143,979
Equity in Pooled Cash and Investments	226,224	651,184	402,657	1,280,065	3,149,779
Accounts Receivable	0	0	0	0	1,453,142
Due from Other Governments	0	0	0	0	61,765
Due from Other Funds	0	0	0	0	13,801
Due from Component Units	0	0	0	0	1,044
Property Taxes Receivable	0	0	0	0	753,620
Allowance for Uncollectible Property Taxes	0	0	0	0	(25,131)
Prepaid Items	0	0	0	0	50,349
Total Assets	\$ 226,224	\$ 651,184	\$ 402,657	\$ 1,280,065	\$ 5,602,348

ASSETS

Cash	0
Equity in Pooled Cash and Investments	226,224
Accounts Receivable	0
Due from Other Governments	0
Due from Other Funds	0
Due from Component Units	0
Property Taxes Receivable	0
Allowance for Uncollectible Property Taxes	0
Prepaid Items	0
Total Assets	\$ 5,602,348

LIABILITIES AND FUND BALANCES

Liabilities	0	0	0	0	69,601
Accounts Payable	0	0	0	0	37,380
Accrued Payroll	0	0	0	0	64,683
Payroll Deductions Payable	0	0	0	0	683,693
Due to Other Funds	0	500,000	0	500,000	708,251
Deferred Revenue - Current Property Taxes	0	0	0	0	18,648
Deferred Revenue - Delinquent Property Taxes	0	0	0	0	922,001
Other Deferred Revenues	0	0	0	0	2,504,257
Total Liabilities	\$ 0	\$ 500,000	\$ 0	\$ 500,000	\$ 2,504,257
Fund Balances	0	0	307,287	307,287	636,578
Reserved for Encumbrances	226,224	151,184	95,370	472,778	2,461,513
Unreserved	226,224	151,184	402,657	780,065	3,098,091
Total Fund Balances	\$ 226,224	\$ 651,184	\$ 402,657	\$ 1,280,065	\$ 5,602,348
Total Liabilities and Fund Balances	\$ 226,224	\$ 651,184	\$ 402,657	\$ 1,280,065	\$ 5,602,348

FUND BALANCES

Reserved for Encumbrances	0
Unreserved	226,224
Total Fund Balances	\$ 3,098,091

Total Liabilities and Fund Balances

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, 2010

	Special Revenue Funds							Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	Constitu- tional Officers - Fees		
<u>Revenues</u>								
Local Taxes	\$ 722,617	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	722,617
Fines, Forfeitures, and Penalties	0	0	71,855	0	18,311	0	0	90,166
Charges for Current Services	1,059,948	4,747,415	0	247,425	0	363,532	0	6,418,320
Other Local Revenues	120,350	21,224	16	334	0	0	0	141,924
State of Tennessee	19,064	0	0	0	0	0	0	19,064
Federal Government	0	0	0	0	0	0	0	0
Other Governments and Citizens Groups	104,114	5,605	0	0	0	0	0	109,719
Total Revenues	\$ 2,026,093	\$ 4,774,244	\$ 71,871	\$ 247,759	\$ 18,311	\$ 363,532	\$ 0	\$ 7,501,810
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 363,532	\$ 0	\$ 363,532
Finance	0	0	0	0	0	0	0	0
Administration of Justice	0	0	0	0	15,123	0	0	15,123
Public Safety	0	0	76,865	0	0	0	0	76,865
Public Health and Welfare	1,901,545	4,674,735	0	0	0	0	0	6,576,280
Social, Cultural, and Recreational Services	0	0	0	241,646	0	0	0	241,646
Other Operations	0	0	0	0	0	0	0	0
Capital Projects	0	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0	0
Total Expenditures	\$ 1,901,545	\$ 4,674,735	\$ 76,865	\$ 241,646	\$ 15,123	\$ 363,532	\$ 0	\$ 7,273,446
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,548	\$ 99,509	\$ (4,994)	\$ 6,113	\$ 3,188	\$ 0	\$ 0	\$ 228,364
<u>Other Financing Sources (Uses)</u>								
Transfers Out	\$ 0	\$ (34,000)	\$ (9,334)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (43,334)
Total Other Financing Sources (Uses)	\$ 0	\$ (34,000)	\$ (9,334)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (43,334)
Net Change in Fund Balances	\$ 124,548	\$ 65,509	\$ (14,328)	\$ 6,113	\$ 3,188	\$ 0	\$ 0	\$ 185,030
Fund Balance, July 1, 2009	1,072,381	955,268	15,197	76,397	13,753	0	0	2,132,996
Fund Balance, June 30, 2010	\$ 1,196,929	\$ 1,020,777	\$ 869	\$ 82,510	\$ 16,941	\$ 0	\$ 0	\$ 2,318,026

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Sanitation Projects	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	\$ 0 \$	0 \$	0 \$	0 \$	722,617
Fines, Forfeitures, and Penalties	0	0	0	0	90,166
Charges for Current Services	0	0	0	0	6,418,320
Other Local Revenues	0	0	1,094	1,094	143,018
State of Tennessee	54,402	0	0	54,402	73,466
Federal Government	0	0	204,858	204,858	204,858
Other Governments and Citizens Groups	0	0	0	0	109,719
Total Revenues	\$ 54,402 \$	0 \$	205,952 \$	260,354 \$	7,762,164
<u>Expenditures</u>					
Current:					
General Government	\$ 0 \$	0 \$	0 \$	0 \$	363,532
Finance	0	0	3	3	3
Administration of Justice	0	0	0	0	15,123
Public Safety	0	0	0	0	76,865
Public Health and Welfare	0	0	0	0	6,576,280
Social, Cultural, and Recreational Services	0	0	0	0	241,646
Other Operations	0	0	93,746	93,746	93,746
Capital Projects	33,783	0	0	33,783	33,783
Capital Projects - Donated	234,490	0	0	234,490	234,490
Total Expenditures	\$ 268,273 \$	0 \$	93,749 \$	362,022 \$	7,635,468
Excess (Deficiency) of Revenues Over Expenditures	\$ (213,871) \$	0 \$	112,203 \$	(101,668) \$	126,696
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (249,403) \$	(500,000) \$	0 \$	(749,403) \$	(792,737)
Total Other Financing Sources (Uses)	\$ (249,403) \$	(500,000) \$	0 \$	(749,403) \$	(792,737)
Net Change in Fund Balances	\$ (463,274) \$	(500,000) \$	112,203 \$	(851,071) \$	(666,041)
Fund Balance, July 1, 2009	689,498	651,184	290,454	1,631,136	3,764,132
Fund Balance, June 30, 2010	\$ 226,224 \$	151,184 \$	402,657 \$	780,065 \$	3,098,091

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 722,617	\$ 0	\$ 0	\$ 722,617	\$ 734,176	\$ 734,176	\$ (11,559)
Charges for Current Services	1,059,948	0	0	1,059,948	1,250,000	1,250,000	(190,052)
Other Local Revenues	120,350	0	0	120,350	60,000	60,000	60,350
State of Tennessee	19,064	0	0	19,064	21,500	21,500	(2,436)
Other Governments and Citizens Groups	104,114	0	0	104,114	100,000	100,000	4,114
Total Revenues	\$ 2,026,093	\$ 0	\$ 0	\$ 2,026,093	\$ 2,165,676	\$ 2,165,676	\$ (139,583)
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Education/Information	\$ 12,142	\$ 0	\$ 5,025	\$ 17,167	\$ 35,500	\$ 35,500	\$ 18,333
Transfer Stations	1,889,403	(143,395)	110,565	1,856,573	2,202,444	2,202,444	345,871
Total Expenditures	\$ 1,901,545	\$ (143,395)	\$ 115,590	\$ 1,873,740	\$ 2,237,944	\$ 2,237,944	\$ 364,204
Excess (Deficiency) of Revenues Over Expenditures	\$ 124,548	\$ 143,395	\$ (115,590)	\$ 152,353	\$ (72,268)	\$ (72,268)	\$ 224,621
Net Change in Fund Balance	\$ 124,548	\$ 143,395	\$ (115,590)	\$ 152,353	\$ (72,268)	\$ (72,268)	\$ 224,621
Fund Balance, July 1, 2009	1,072,381	(143,395)	0	928,986	844,385	844,385	84,601
Fund Balance, June 30, 2010	\$ 1,196,929	\$ 0	\$ (115,590)	\$ 1,081,339	\$ 772,117	\$ 772,117	\$ 309,222

Exhibit G-4

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 4,747,415	\$ 0	\$ 0	\$ 4,747,415	\$ 4,789,479	\$ 4,789,479	\$ (42,064)
Other Local Revenues	21,224	0	0	21,224	0	0	21,224
Other Governments and Citizens Groups	5,605	0	0	5,605	26,000	26,000	(20,395)
Total Revenues	\$ 4,774,244	\$ 0	\$ 0	\$ 4,774,244	\$ 4,815,479	\$ 4,815,479	\$ (41,235)
<u>Expenditures</u>							
Public Health and Welfare							
Ambulance/Emergency Medical Services	\$ 4,674,735	\$ (322,790)	\$ 213,082	\$ 4,565,027	\$ 4,815,342	\$ 4,815,342	\$ 250,315
Total Expenditures	\$ 4,674,735	\$ (322,790)	\$ 213,082	\$ 4,565,027	\$ 4,815,342	\$ 4,815,342	\$ 250,315
Excess (Deficiency) of Revenues Over Expenditures	\$ 99,509	\$ 322,790	\$ (213,082)	\$ 209,217	\$ 137	\$ 137	\$ 209,080
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (34,000)	\$ 0	\$ 0	\$ (34,000)	\$ (34,000)	\$ (34,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (34,000)	\$ 0	\$ 0	\$ (34,000)	\$ (34,000)	\$ (34,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 65,509	\$ 322,790	\$ (213,082)	\$ 175,217	\$ (33,863)	\$ (33,863)	\$ 209,080
	955,268	(322,790)	0	632,478	583,613	583,613	48,865
Fund Balance, June 30, 2010	\$ 1,020,777	\$ 0	\$ (213,082)	\$ 807,695	\$ 549,750	\$ 549,750	\$ 257,945

Exhibit G-5

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 71,855	0	71,855	99,950	99,950	\$ (28,095)
Other Local Revenues	16	0	16	350	350	(334)
Other Governments and Citizens Groups	0	0	0	5,000	5,000	(5,000)
Total Revenues	\$ 71,871	0	71,871	105,300	105,300	\$ (33,429)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 76,865	(855)	76,010	105,300	95,966	\$ 19,956
Total Expenditures	\$ 76,865	(855)	76,010	105,300	95,966	\$ 19,956
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,994)	855	(4,139)	0	9,334	\$ (13,473)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (9,334)	0	(9,334)	0	(9,334)	\$ 0
Total Other Financing Sources (Uses)	\$ (9,334)	0	(9,334)	0	(9,334)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ (14,328)	855	(13,473)	0	0	\$ (13,473)
	15,197	(855)	14,342	13,256	13,256	1,086
Fund Balance, June 30, 2010	\$ 869	0	869	13,256	13,256	\$ (12,387)

Exhibit G-6

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 247,425	\$ 0	\$ 0	\$ 247,425	\$ 180,760	\$ 204,760	\$ 42,665
Other Local Revenues	334	0	0	334	0	0	334
Total Revenues	\$ 247,759	\$ 0	\$ 0	\$ 247,759	\$ 180,760	\$ 204,760	\$ 42,999
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 241,646	\$ (2,652)	\$ 619	\$ 239,613	\$ 218,260	\$ 242,260	\$ 2,647
Total Expenditures	\$ 241,646	\$ (2,652)	\$ 619	\$ 239,613	\$ 218,260	\$ 242,260	\$ 2,647
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,113	\$ 2,652	\$ (619)	\$ 8,146	\$ (37,500)	\$ (37,500)	\$ 45,646
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,500	\$ 37,500	\$ (37,500)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 37,500	\$ 37,500	\$ (37,500)
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 6,113	\$ 2,652	\$ (619)	\$ 8,146	\$ 0	\$ 0	\$ 8,146
Fund Balance, July 1, 2009	76,397	(2,652)	0	73,745	65,286	65,286	8,459
Fund Balance, June 30, 2010	\$ 82,510	\$ 0	\$ (619)	\$ 81,891	\$ 65,286	\$ 65,286	\$ 16,605

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,602,839	\$ 2,656,773	\$ 2,656,773	\$ (53,934)
Other Local Revenues	74,357	727,806	478,403	(404,046)
Other Governments and Citizens Groups	200,000	1,049,352	200,000	0
Total Revenues	<u>\$ 2,877,196</u>	<u>\$ 4,433,931</u>	<u>\$ 3,335,176</u>	<u>\$ (457,980)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 49,979	\$ 52,000	\$ 52,000	\$ 2,021
<u>Principal on Debt</u>				
General Government	1,790,000	2,493,000	1,790,000	0
<u>Interest on Debt</u>				
General Government	1,655,584	1,210,239	1,657,106	1,522
Education	155,045	800,739	200,000	44,955
<u>Other Debt Service</u>				
General Government	1,881	14,000	23,520	21,639
Education	0	2,000	0	0
Total Expenditures	<u>\$ 3,652,489</u>	<u>\$ 4,571,978</u>	<u>\$ 3,722,626</u>	<u>\$ 70,137</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (775,293)</u>	<u>\$ (138,047)</u>	<u>\$ (387,450)</u>	<u>\$ (387,843)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 249,403	\$ 0	\$ 249,403	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 249,403</u>	<u>\$ 0</u>	<u>\$ 249,403</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (525,890)	\$ (138,047)	\$ (138,047)	\$ (387,843)
Fund Balance, July 1, 2009	<u>1,465,600</u>	<u>1,124,704</u>	<u>1,124,704</u>	<u>340,896</u>
Fund Balance, June 30, 2010	<u>\$ 939,710</u>	<u>\$ 986,657</u>	<u>\$ 986,657</u>	<u>\$ (46,947)</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 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.

Employee Insurance - General Fund – The Employee Insurance - General Fund is used to account for the primary government's self-insured retirees' supplemental health and employee dental programs.

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Assets
All Proprietary Funds
June 30, 2010

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 72,663	\$ 0	\$ 72,663
Equity in Pooled Cash and Investments	1,718,663	691,625	2,410,288
Due from Other Funds	0	145,912	145,912
Due from Component Units	34,807	0	34,807
Total Assets	<u>\$ 1,826,133</u>	<u>\$ 837,537</u>	<u>\$ 2,663,670</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 52,095	\$ 0	\$ 52,095
Claims and Judgments Payable	413,444	0	413,444
Total Liabilities	<u>\$ 465,539</u>	<u>\$ 0</u>	<u>\$ 465,539</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 1,360,594</u>	<u>\$ 837,537</u>	<u>\$ 2,198,131</u>
Total Net Assets	<u>\$ 1,360,594</u>	<u>\$ 837,537</u>	<u>\$ 2,198,131</u>

Exhibit I-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Assets
All Proprietary Funds
For the Year Ended June 30, 2010

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 442,393	\$ 288,247	\$ 730,640
Cobra Insurance Payments	0	2,705	2,705
Total Operating Revenues	<u>\$ 442,393</u>	<u>\$ 290,952</u>	<u>\$ 733,345</u>
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 23,750	\$ 32,559	\$ 56,309
Dental Insurance	0	319,058	319,058
Audit Services	3,000	0	3,000
Contracts with Private Agencies	2,379	0	2,379
Building and Contents Insurance	60,709	0	60,709
Boiler Insurance	440	0	440
Liability Insurance	126,652	0	126,652
Medical Claims	0	296,113	296,113
Bank Charges	34	0	34
Trustee's Commission	206	0	206
Vehicle and Equipment Insurance	184,365	0	184,365
Workers' Compensation Insurance	658,847	0	658,847
Total Operating Expenses	<u>\$ 1,060,382</u>	<u>\$ 647,730</u>	<u>\$ 1,708,112</u>
Operating Income (Loss)	<u>\$ (617,989)</u>	<u>\$ (356,778)</u>	<u>\$ (974,767)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 20,588	\$ 0	\$ 20,588
Miscellaneous Refunds	1,028	0	1,028
Total Nonoperating Revenues (Expenses)	<u>\$ 21,616</u>	<u>\$ 0</u>	<u>\$ 21,616</u>
Change in Net Assets	\$ (596,373)	\$ (356,778)	\$ (953,151)
Net Assets, July 1, 2009	<u>1,956,967</u>	<u>1,194,315</u>	<u>3,151,282</u>
Net Assets, June 30, 2010	<u>\$ 1,360,594</u>	<u>\$ 837,537</u>	<u>\$ 2,198,131</u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2010

	<u>Internal Service Funds</u>		
	Self- Insurance	Employee Insurance - General	Total
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-insurance Premiums	\$ 597,235	\$ 290,952	\$ 888,187
Payments to Insurers	(989,532)	(319,058)	(1,308,590)
Payments for Claims	(10,170)	(296,113)	(306,283)
Payments for Administrative Costs	(29,369)	(32,559)	(61,928)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (431,836)</u>	<u>\$ (356,778)</u>	<u>\$ (788,614)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	\$ 20,588	\$ 0	\$ 20,588
Net Cash Provided By (Used In) Investing Activities	<u>\$ 20,588</u>	<u>\$ 0</u>	<u>\$ 20,588</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Miscellaneous Refunds	\$ 1,028	\$ 0	\$ 1,028
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,028</u>	<u>\$ 0</u>	<u>\$ 1,028</u>
Increase (Decrease) in Cash	\$ (410,220)	\$ (356,778)	\$ (766,998)
Cash, July 1, 2009	2,201,546	1,048,403	3,249,949
Cash, June 30, 2010	<u>\$ 1,791,326</u>	<u>\$ 691,625</u>	<u>\$ 2,482,951</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (617,989)	\$ (356,778)	\$ (974,767)
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	154,842	0	154,842
Increase (Decrease) in Other Current Liabilities	31,311	0	31,311
Net Cash Provided By (Used In) Operating Activities	<u>\$ (431,836)</u>	<u>\$ (356,778)</u>	<u>\$ (788,614)</u>

Fiduciary Funds

Agency Funds are used to account for assets held by the county in a trustee capacity or 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, 2010

	Agency Funds										Total	
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	City School ADA - Kingsport	Airport Joint Venture	Constitu- tional Officers - Agency	Judicial District Drug					
ASSETS												
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,834,793	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,834,793
Equity in Pooled Cash and Investments	0	384,752	591,540	90,563	0	0	112,792	0	0	0	0	1,179,647
Accounts Receivable	0	256	393	0	0	2,861	0	0	0	0	0	3,510
Due from Other Governments	3,057,092	665,598	1,016,316	0	0	0	9,549	0	0	0	0	4,748,555
Taxes Receivable	0	9,626,988	14,805,461	0	0	0	0	0	0	0	0	24,432,449
Allowance for Uncollectible Taxes	0	(319,517)	(491,391)	0	0	0	0	0	0	0	0	(810,908)
Total Assets	\$ 3,057,092	\$ 10,358,077	\$ 15,922,319	\$ 90,563	\$ 7,837,654	\$ 122,341	\$ 37,388,046					
LIABILITIES												
Due to Other Taxing Units	\$ 3,057,092	\$ 10,358,077	\$ 15,922,319	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 29,337,488
Due to Litigants, Heirs, and Others	0	0	0	0	0	7,837,654	0	0	0	0	0	7,837,654
Due to Joint Ventures	0	0	0	90,563	0	0	122,341	0	0	0	0	212,904
Total Liabilities	\$ 3,057,092	\$ 10,358,077	\$ 15,922,319	\$ 90,563	\$ 7,837,654	\$ 122,341	\$ 37,388,046					

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2010

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 18,585,660	\$ 18,585,660	\$ 0
Due from Other Governments	3,212,013	3,057,092	3,212,013	3,057,092
Total Assets	\$ 3,212,013	\$ 21,642,752	\$ 21,797,673	\$ 3,057,092
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,212,013	\$ 21,642,752	\$ 21,797,673	\$ 3,057,092
Total Liabilities	\$ 3,212,013	\$ 21,642,752	\$ 21,797,673	\$ 3,057,092
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 367,473	\$ 13,103,505	\$ 13,086,226	\$ 384,752
Accounts Receivable	270	256	270	256
Due from Other Governments	683,094	665,598	683,094	665,598
Taxes Receivable	9,317,469	9,626,988	9,317,469	9,626,988
Allowance for Uncollectible Taxes	(268,618)	(319,517)	(268,618)	(319,517)
Total Assets	\$ 10,099,688	\$ 23,076,830	\$ 22,818,441	\$ 10,358,077
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 10,099,688	\$ 23,076,830	\$ 22,818,441	\$ 10,358,077
Total Liabilities	\$ 10,099,688	\$ 23,076,830	\$ 22,818,441	\$ 10,358,077
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 557,035	\$ 20,146,946	\$ 20,112,441	\$ 591,540
Accounts Receivable	409	393	409	393
Due from Other Governments	1,032,992	1,016,316	1,032,992	1,016,316
Taxes Receivable	14,130,297	14,805,461	14,130,297	14,805,461
Allowance for Uncollectible Taxes	(407,370)	(491,391)	(407,370)	(491,391)
Total Assets	\$ 15,313,363	\$ 35,477,725	\$ 34,868,769	\$ 15,922,319
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 15,313,363	\$ 35,477,725	\$ 34,868,769	\$ 15,922,319
Total Liabilities	\$ 15,313,363	\$ 35,477,725	\$ 34,868,769	\$ 15,922,319
<u>Airport Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 86,479	\$ 4,347	\$ 263	\$ 90,563
Total Assets	\$ 86,479	\$ 4,347	\$ 263	\$ 90,563

(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 (Cont.)</u>				
<u>Liabilities</u>				
Due to Joint Ventures	\$ 86,479	\$ 4,347	\$ 263	\$ 90,563
Total Liabilities	\$ 86,479	\$ 4,347	\$ 263	\$ 90,563
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 8,305,321	\$ 25,828,541	\$ 26,299,069	\$ 7,834,793
Accounts Receivable	2,976	2,861	2,976	2,861
Total Assets	\$ 8,308,297	\$ 25,831,402	\$ 26,302,045	\$ 7,837,654
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 8,308,297	\$ 25,831,402	\$ 26,302,045	\$ 7,837,654
Total Liabilities	\$ 8,308,297	\$ 25,831,402	\$ 26,302,045	\$ 7,837,654
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 97,649	\$ 206,080	\$ 190,937	\$ 112,792
Due from Other Governments	5,880	9,549	5,880	9,549
Total Assets	\$ 103,529	\$ 215,629	\$ 196,817	\$ 122,341
<u>Liabilities</u>				
Accounts Payable	\$ 181	\$ 0	\$ 181	\$ 0
Due to Joint Ventures	103,348	215,629	196,636	122,341
Total Liabilities	\$ 103,529	\$ 215,629	\$ 196,817	\$ 122,341
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 8,305,321	\$ 25,828,541	\$ 26,299,069	\$ 7,834,793
Equity in Pooled Cash and Investments	1,108,636	52,046,538	51,975,527	1,179,647
Accounts Receivable	3,655	3,510	3,655	3,510
Due from Other Governments	4,933,979	4,748,555	4,933,979	4,748,555
Taxes Receivable	23,447,766	24,432,449	23,447,766	24,432,449
Allowance for Uncollectible Taxes	(675,988)	(810,908)	(675,988)	(810,908)
Total Assets	\$ 37,123,369	\$ 106,248,685	\$ 105,984,008	\$ 37,388,046
<u>Liabilities</u>				
Accounts Payable	\$ 181	\$ 0	\$ 181	\$ 0
Due to Joint Ventures	189,827	219,976	196,899	212,904
Due to Other Taxing Units	28,625,064	80,197,307	79,484,883	29,337,488
Due to Litigants, Heirs, and Others	8,308,297	25,831,402	26,302,045	7,837,654
Total Liabilities	\$ 37,123,369	\$ 106,248,685	\$ 105,984,008	\$ 37,388,046

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, a Debt Service Fund, and a Capital Projects 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 related long-term debt principal, interest, and related costs.

Education Capital Projects Fund – The Education Capital Projects Fund is used to account for building construction and renovations of the School Department.

Exhibit K-1

Sullivan County, Tennessee
Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2010

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Assets
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 62,232,072	\$ 8,850	\$ 5,627,801	134,078	\$ (56,461,343)
Support Services	31,338,727	368,643	1,243,369	28,592	(29,698,123)
Operation of Non-Instructional Services	6,449,108	2,064,047	3,492,366	7,169	(885,526)
Interest on Long-term Debt	953,957	0	0	0	(953,957)
Total Governmental Activities	\$ 100,973,864	\$ 2,441,540	\$ 10,363,536	\$ 169,839	\$ (87,998,949)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 26,984,107
Local Option Sales Tax					11,762,403
Other Local Taxes					5,310
Grants and Contributions Not Restricted for Specific Programs					45,065,369
Unrestricted Investment Income					23
Miscellaneous					462,021
Total General Revenues					\$ 84,279,233
Change in Net Assets					\$ (3,719,716)
Net Assets, July 1, 2009					43,818,031
Prior-period Adjustment					(5,357,977)
Net Assets, June 30, 2010					\$ 34,740,338

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2010

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Govern- mental Funds
<u>ASSETS</u>			
Cash	\$ 33,816	\$ 0	\$ 33,816
Equity in Pooled Cash and Investments	6,245,107	853,455	7,098,562
Inventories	421,166	0	421,166
Accounts Receivable	36,400	0	36,400
Due from Other Governments	2,263,545	23,626	2,287,171
Due from Other Funds	63,687	0	63,687
Property Taxes Receivable	27,097,065	1,366,022	28,463,087
Allowance for Uncollectible Property Taxes	(899,338)	(45,345)	(944,683)
Total Assets	<u>\$ 35,261,448</u>	<u>\$ 2,197,758</u>	<u>\$ 37,459,206</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 78,511	\$ 1,465	\$ 79,976
Payroll Deductions Payable	506,596	0	506,596
Contracts Payable	0	6,800	6,800
Retainage Payable	0	5,181	5,181
Due to Other Funds	0	63,687	63,687
Due to Primary Government	86,488	0	86,488
Due to State of Tennessee	1	0	1
Other Current Liabilities	11,199	0	11,199
Deferred Revenue - Current Property Taxes	25,477,202	1,284,341	26,761,543
Deferred Revenue - Delinquent Property Taxes	663,930	33,482	697,412
Other Deferred Revenues	1,025,017	0	1,025,017
Total Liabilities	<u>\$ 27,848,944</u>	<u>\$ 1,394,956</u>	<u>\$ 29,243,900</u>
<u>Fund Balances</u>			
Reserved for Encumbrances	\$ 105,989	\$ 4,315,714	\$ 4,421,703
Reserved for Inventory	421,166	0	421,166
Reserved for Career Ladder - Extended Contract	53,947	0	53,947
Reserved for Career Ladder Program	190,463	0	190,463
Reserved for Technology	37,501	0	37,501
Reserved for Basic Education Program	934,245	0	934,245
Reserved for Title I Grants to Local Education Agencies	0	15,492	15,492
Reserved for Special Education - Grants to States	0	19,226	19,226
Other Federal Reserves	0	2,610	2,610
Unreserved, Reported In:			
General Fund	5,669,193	0	5,669,193
Special Revenue Funds (Deficit)	0	(248,510)	(248,510)
Debt Service Funds	0	48,460	48,460
Capital Projects Funds (Deficit)	0	(3,350,190)	(3,350,190)
Total Fund Balances	<u>\$ 7,412,504</u>	<u>\$ 802,802</u>	<u>\$ 8,215,306</u>
Total Liabilities and Fund Balances	<u>\$ 35,261,448</u>	<u>\$ 2,197,758</u>	<u>\$ 37,459,206</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, 2010

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-2)		\$	8,215,306
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,051,748	
Add: construction in progress		134,078	
Add: buildings and improvements net of accumulated depreciation		50,290,666	
Add: other capital assets net of accumulated depreciation		<u>2,691,009</u>	54,167,501
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,722,429
(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.			98,715
(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.			(120,479)
(5) Long-term liabilities, including capital leases payable and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital lease payable	\$	(51,923)	
Less: bonds payable		(14,595,000)	
Less: compensated absences payable		(2,727,826)	
Less: other postemployment benefits liability		(11,151,629)	
Less: unamortized premiums on bonds		(846,763)	
Add: deferred amount on refunded bonds		<u>30,007</u>	(29,343,134)
Net assets of governmental activities (Exhibit A)			<u>\$ 34,740,338</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, 2010

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 37,419,491	\$ 1,297,454	\$ 38,716,945
Licenses and Permits	5,788	0	5,788
Charges for Current Services	2,424,379	0	2,424,379
Other Local Revenues	493,408	224	493,632
State of Tennessee	44,349,074	0	44,349,074
Federal Government	2,931,526	7,402,575	10,334,101
Other Governments and Citizens Groups	0	134,078	134,078
Total Revenues	<u>\$ 87,623,666</u>	<u>\$ 8,834,331</u>	<u>\$ 96,457,997</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 21,316	\$ 21,316
Instruction	51,521,178	5,341,018	56,862,196
Support Services	29,138,704	2,075,441	31,214,145
Operation of Non-Instructional Services	5,654,567	0	5,654,567
Capital Outlay	89,739	523,660	613,399
Debt Service:			
Principal on Debt	19,108	1,320,000	1,339,108
Interest on Debt	18,171	782,275	800,446
Other Debt Service	200,000	500	200,500
Capital Projects	0	134,078	134,078
Total Expenditures	<u>\$ 86,641,467</u>	<u>\$ 10,198,288</u>	<u>\$ 96,839,755</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 982,199</u>	<u>\$ (1,363,957)</u>	<u>\$ (381,758)</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 412,000	\$ 2,131,587	\$ 2,543,587
Transfers Out	(2,131,587)	(412,000)	(2,543,587)
Total Other Financing Sources (Uses)	<u>\$ (1,719,587)</u>	<u>\$ 1,719,587</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ (737,388)	\$ 355,630	\$ (381,758)
Fund Balance, July 1, 2009	8,149,892	447,172	8,597,064
Fund Balance, June 30, 2010	<u>\$ 7,412,504</u>	<u>\$ 802,802</u>	<u>\$ 8,215,306</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, 2010

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)		\$	(381,758)
(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	\$	1,085,461	
Less: current year depreciation expense		<u>(2,457,251)</u>	(1,371,790)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.			
Less: book value of assets disposed			(13,728)
(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, 2009	\$	(1,588,054)	
Add: deferred delinquent property taxes and other deferred June 30, 2010		<u>1,722,429</u>	134,375
(4) The issuance of long-term debt (e.g., notes, 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	\$	(58,813)	
Add: principal payments on bonds		1,320,000	
Add: principal payments on capital lease		19,108	
Add: change in premium on debt issuances		108,559	
Less: change in deferred debt issuance costs		<u>(12,656)</u>	1,376,198
(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	\$	9,902	
Change in compensated absences payable		(34,801)	
Change in other postemployment benefits liability		<u>(3,438,114)</u>	<u>(3,463,013)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ (3,719,716)</u>

Sullivan County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Sullivan County School Department
 June 30, 2010

Special Purpose	Special Revenue Funds			Total	Debt Service Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	School Federal Projects	Education Debt Service	Education Capital Projects		Education Capital Projects	Education Capital Projects			
\$ 725,769	\$ 79,226	\$ 804,995	\$ 48,460	\$ 0	\$ 0	\$ 0	\$ 0	\$ 853,455	
0	23,626	23,626	0	0	0	0	0	23,626	
1,366,022	0	1,366,022	0	0	0	0	0	1,366,022	
(45,345)	0	(45,345)	0	0	0	0	0	(45,345)	
\$ 2,046,446	\$ 102,852	\$ 2,149,298	\$ 48,460	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,197,758	

ASSETS

Equity in Pooled Cash and Investments
 Due from Other Governments
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

\$ 0	\$ 1,465	\$ 1,465	\$ 0	\$ 0	\$ 0	\$ 1,465
6,800	0	6,800	0	0	0	6,800
5,181	0	5,181	0	0	0	5,181
0	63,687	63,687	0	0	0	63,687
1,284,341	0	1,284,341	0	0	0	1,284,341
33,482	0	33,482	0	0	0	33,482
\$ 1,329,804	\$ 65,152	\$ 1,394,956	\$ 0	\$ 0	\$ 0	\$ 1,394,956

Fund Balances

Reserved for Encumbrances
 Reserved for Title I Grants to Local Education Agencies
 Reserved for Special Education - Grants to States
 Other Federal Reserves
 Unreserved (Deficit)
 Total Fund Balances

Total Liabilities and Fund Balances

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, 2010

	Special Revenue Funds			Total	Debt Service Fund		Capital Projects Fund		Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects			Education Debt Service	Education Capital Projects	Education Capital Projects	Nonmajor Governmental Funds	
		Federal	Projects						
<u>Revenues</u>									
Local Taxes	\$ 1,297,454	\$ 0	\$ 1,297,454	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,297,454
Other Local Revenues	224	0	224	0	0	0	0	0	224
Federal Government	0	7,402,575	7,402,575	0	0	0	0	0	7,402,575
Other Governments and Citizens Groups	0	0	0	0	0	0	134,078	0	134,078
Total Revenues	\$ 1,297,678	\$ 7,402,575	\$ 8,700,253	\$ 0	\$ 0	\$ 134,078	\$ 0	\$ 0	\$ 8,834,331
<u>Expenditures</u>									
Current:									
Finance	\$ 0	\$ 0	\$ 0	\$ 21,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,316
Instruction	0	5,341,018	5,341,018	0	0	0	0	0	5,341,018
Support Services	25,716	2,049,725	2,075,441	0	0	0	0	0	2,075,441
Capital Outlay	523,660	0	523,660	0	0	0	0	0	523,660
Debt Service:									
Principal on Debt	0	0	0	1,320,000	0	0	0	0	1,320,000
Interest on Debt	0	0	0	782,275	0	0	0	0	782,275
Other Debt Service	0	0	0	500	0	0	0	0	500
Capital Projects	0	0	0	0	0	134,078	0	0	134,078
Total Expenditures	\$ 549,376	\$ 7,390,743	\$ 7,940,119	\$ 2,124,091	\$ 134,078	\$ 0	\$ 134,078	\$ 0	\$ 10,198,288
Excess (Deficiency) of Revenues Over Expenditures	\$ 748,302	\$ 11,832	\$ 760,134	\$ (2,124,091)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,363,957)
<u>Other Financing Sources (Uses)</u>									
Transfers In	\$ 0	\$ 0	\$ 0	\$ 2,131,587	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,131,587
Transfers Out	(412,000)	0	(412,000)	0	0	0	0	0	(412,000)
Total Other Financing Sources (Uses)	\$ (412,000)	\$ 0	\$ (412,000)	\$ 2,131,587	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,719,587
Net Change in Fund Balances	\$ 336,302	\$ 11,832	\$ 348,134	\$ 7,496	\$ 0	\$ 0	\$ 0	\$ 0	\$ 355,630
Fund Balance, July 1, 2009	380,340	25,868	406,208	40,964	0	0	0	0	447,172
Fund Balance, June 30, 2010	\$ 716,642	\$ 37,700	\$ 754,342	\$ 48,460	\$ 0	\$ 0	\$ 0	\$ 0	\$ 802,802

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 37,419,491	\$ 0	0	\$ 37,419,491	\$ 38,580,346	\$ 38,580,346	\$ (1,160,855)
Licenses and Permits	5,788	0	0	5,788	6,200	6,200	(412)
Charges for Current Services	2,424,379	0	0	2,424,379	2,964,610	2,964,610	(540,231)
Other Local Revenues	493,408	0	0	493,408	394,950	394,950	98,458
State of Tennessee	44,349,074	0	0	44,349,074	43,104,947	44,182,502	166,572
Federal Government	2,931,526	0	0	2,931,526	3,037,347	3,077,853	(146,327)
Total Revenues	\$ 87,623,666	\$ 0	0	\$ 87,623,666	\$ 88,088,400	\$ 89,206,461	\$ (1,582,795)

Expenditures

<u>Instruction</u>							
Regular Instruction Program	\$ 43,199,513	\$ (391,850)	37,590	\$ 42,845,253	\$ 43,772,792	\$ 43,772,792	\$ 927,539
Special Education Program	5,663,176	(33)	1,394	5,664,537	5,726,134	5,766,640	102,103
Vocational Education Program	2,658,489	(4,515)	0	2,653,974	3,006,744	2,980,520	326,546
<u>Support Services</u>							
Health Services	116,515	(418)	0	116,097	132,788	132,788	16,691
Other Student Support	1,775,925	0	0	1,775,925	1,774,665	1,789,115	13,190
Regular Instruction Program	3,501,500	(12,037)	20,171	3,509,634	3,824,976	3,835,557	325,923
Special Education Program	209,675	(78)	0	209,597	241,901	241,901	32,304
Vocational Education Program	175,287	0	0	175,287	154,495	180,719	5,432
Other Programs	1,050,455	0	0	1,050,455	0	1,050,455	0
Board of Education	1,595,924	0	0	1,595,924	1,688,911	1,688,911	92,987
Director of Schools	651,160	0	0	651,160	694,406	686,146	34,986
Office of the Principal	5,726,764	0	0	5,726,764	5,926,243	5,926,243	199,479
Fiscal Services	282,815	0	0	282,815	331,231	331,231	48,416
Operation of Plant	6,135,805	0	0	6,135,805	6,362,785	6,362,785	226,980
Maintenance of Plant	3,767,384	(5,258)	4,036	3,766,162	3,919,632	3,919,632	153,470

(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 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Transportation	\$ 3,824,086	\$ (5,265)	0	\$ 3,818,821	\$ 4,121,880	\$ 4,121,880	\$ 303,059
Central and Other	325,409	0	0	325,409	323,845	337,345	11,936
<u>Operation of Non-Instructional Services</u>							
Food Service	5,615,062	(117,999)	33,197	5,530,260	6,410,606	6,382,656	852,396
Community Services	39,505	0	0	39,505	92,385	92,385	52,880
<u>Capital Outlay</u>							
Regular Capital Outlay	89,739	(2,000)	9,601	97,340	107,500	107,500	10,160
<u>Principal on Debt</u>							
Education	19,108	0	0	19,108	0	19,108	0
Interest on Debt							
Education	18,171	0	0	18,171	60,000	65,671	47,500
<u>Other Debt Service</u>							
Education	200,000	0	0	200,000	0	200,000	0
Total Expenditures	\$ 86,641,467	\$ (539,453)	\$ 105,989	\$ 86,208,003	\$ 88,673,919	\$ 89,991,980	\$ 3,783,977
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 982,199	\$ 539,453	\$ (105,989)	\$ 1,415,663	\$ (585,519)	\$ (785,519)	\$ 2,201,182
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 0	0	0	0	1,900	1,900	(1,900)
Transfers In	412,000	0	0	412,000	412,000	412,000	0
Transfers Out	\$ (2,131,587)	0	0	\$ (2,131,587)	\$ (2,131,591)	\$ (2,131,591)	4
Total Other Financing Sources (Uses)	\$ (1,719,587)	0	0	\$ (1,719,587)	\$ (1,717,691)	\$ (1,717,691)	(1,896)
Net Change in Fund Balance	\$ (737,388)	\$ 539,453	\$ (105,989)	\$ (303,924)	\$ (2,303,210)	\$ (2,503,210)	\$ 2,199,286
Fund Balance, July 1, 2009	8,149,892	(539,453)	0	7,610,439	6,709,666	6,709,666	900,773
Fund Balance, June 30, 2010	\$ 7,412,504	\$ 0	\$ (105,989)	\$ 7,306,515	\$ 4,406,456	\$ 4,206,456	\$ 3,100,059

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,297,454	\$ 0	\$ 0	\$ 1,297,454	\$ 1,331,047	\$ 1,331,047	\$ (33,593)
Other Local Revenues	224	0	0	224	0	0	224
Total Revenues	\$ 1,297,678	\$ 0	\$ 0	\$ 1,297,678	\$ 1,331,047	\$ 1,331,047	\$ (33,369)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 25,716	\$ 0	\$ 0	\$ 25,716	\$ 26,000	\$ 26,000	\$ 284
Capital Outlay	523,660	(28,873)	965,152	1,459,939	893,047	893,047	(566,892)
Regular Capital Outlay	\$ 549,376	\$ (28,873)	\$ 965,152	\$ 1,485,655	\$ 919,047	\$ 919,047	\$ (566,608)
Total Expenditures	\$ 748,302	\$ 28,873	\$ (965,152)	\$ (187,977)	\$ 412,000	\$ 412,000	\$ (599,977)
Excess (Deficiency) of Revenues Over Expenditures							
<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 Fund Balance, July 1, 2009	\$ 336,302	\$ 28,873	\$ (965,152)	\$ (599,977)	\$ 0	\$ 0	\$ (599,977)
Fund Balance, July 1, 2009	380,340	(28,873)	0	351,467	229,681	229,681	121,786
Fund Balance, June 30, 2010	\$ 716,642	\$ 0	\$ (965,152)	\$ (248,510)	\$ 229,681	\$ 229,681	\$ (478,191)

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, 2010

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2009	Add: Encumbrances 6/30/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,402,575	\$ 0	\$ 0	\$ 7,402,575	\$ 10,475,420	\$ 10,512,077	\$ (3,109,502)
Total Revenues	\$ 7,402,575	\$ 0	\$ 0	\$ 7,402,575	\$ 10,475,420	\$ 10,512,077	\$ (3,109,502)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,721,507	\$ 0	\$ 372	\$ 2,721,879	\$ 3,080,060	\$ 3,130,398	\$ 408,519
Special Education Program	2,473,744	0	0	2,473,744	3,389,645	3,385,352	911,608
Vocational Education Program	145,767	0	0	145,767	145,376	145,767	0
<u>Support Services</u>							
Other Student Support	253,887	0	0	253,887	672,376	690,634	436,747
Regular Instruction Program	879,442	(1,313)	0	878,129	1,222,635	1,192,298	314,169
Special Education Program	266,824	0	0	266,824	997,753	1,002,073	735,249
Vocational Education Program	3,080	0	0	3,080	5,100	3,080	0
Transportation	646,492	0	0	646,492	987,030	987,030	340,538
Total Expenditures	\$ 7,390,743	\$ (1,313)	\$ 372	\$ 7,389,802	\$ 10,499,975	\$ 10,536,632	\$ 3,146,830
Excess (Deficiency) of Revenues Over Expenditures	\$ 11,832	\$ 1,313	\$ (372)	\$ 12,773	\$ (24,555)	\$ (24,555)	\$ 37,328
Net Change in Fund Balance Fund Balance, July 1, 2009	\$ 11,832	\$ 1,313	\$ (372)	\$ 12,773	\$ (24,555)	\$ (24,555)	\$ 37,328
	25,868	(1,313)	0	24,555	24,555	24,555	0
Fund Balance, June 30, 2010	\$ 37,700	\$ 0	\$ (372)	\$ 37,328	\$ 0	\$ 0	\$ 37,328

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, 2010

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 2,132,275	\$ 0	\$ 0
Total Revenues	\$ 0	\$ 2,132,275	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 21,316	\$ 22,000	\$ 22,000	\$ 684
<u>Principal on Debt</u>				
Education	1,320,000	1,320,000	1,320,000	0
<u>Interest on Debt</u>				
Education	782,275	782,275	782,275	0
<u>Other Debt Service</u>				
Education	500	8,000	8,000	7,500
Total Expenditures	\$ 2,124,091	\$ 2,132,275	\$ 2,132,275	\$ 8,184
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,124,091)	\$ 0	\$ (2,132,275)	\$ 8,184
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,131,587	\$ 0	\$ 2,132,275	\$ (688)
Total Other Financing Sources (Uses)	\$ 2,131,587	\$ 0	\$ 2,132,275	\$ (688)
Net Change in Fund Balance	\$ 7,496	\$ 0	\$ 0	\$ 7,496
Fund Balance, July 1, 2009	40,964	0	0	40,964
Fund Balance, June 30, 2010	\$ 48,460	\$ 0	\$ 0	\$ 48,460

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Sullivan County School Department
 For the Year Ended June 30, 2010

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Matured During Period	Outstanding 6-30-10
<u>PRIMARY GOVERNMENT</u>								
<u>NOTES PAYABLE</u>								
Payable through General Debt Service Fund								
Building Renovations	\$ 3,000,000	4.2 to 4.75 %	12-1-1998	4-1-10	\$ 500,000	\$ 0	\$ 500,000	\$ 0
General Obligation Refunding, Series 2003	3,330,000	3.2	12-1-03	4-1-11	1,585,000	0	510,000	1,075,000
Industrial Park	1,995,000	4.5 to 5.05	6-1-05	4-1-17	1,750,000	0	100,000	1,650,000
Industrial Park	505,000	5.54	2-1-06	2-1-17	450,000	0	25,000	425,000
Total Payable through General Debt Service Fund					\$ 4,285,000	\$ 0	\$ 1,135,000	\$ 3,150,000
Total Notes Payable					\$ 4,285,000	\$ 0	\$ 1,135,000	\$ 3,150,000
<u>OTHER LOANS PAYABLE</u>								
Payable through General Debt Service Fund								
Qualified School Construction Bonds, Series 2009	15,480,000	1.515	12-17-09	7-1-26	\$ 0	\$ 15,480,000	\$ 0	\$ 15,480,000
Total Other Loans Payable					\$ 0	\$ 15,480,000	\$ 0	\$ 15,480,000
<u>BONDS PAYABLE</u>								
Payable through General Debt Service Fund								
General Obligation Public Improvement Bonds, Series 2002	4,465,000	2.5 to 3.5	10-1-02	8-1-14	\$ 2,435,000	\$ 0	\$ 375,000	\$ 2,060,000
General Obligation Public Improvement Bonds, Series 2005	6,000,000	3.25 to 4.1	6-1-05	5-1-25	5,500,000	0	180,000	5,320,000
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	6-21-07	4-1-28	6,400,000	0	100,000	6,300,000
Total Bonds Payable					\$ 30,655,000	\$ 0	\$ 655,000	\$ 30,000,000

(Continued)

Exhibit L-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-09	Issued During Period	Matured During Period	Outstanding 6-30-10
<u>DISCRETELY PRESENTED SULLIVAN</u>								
<u>COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASE PAYABLE</u>								
Payable through General Purpose School Fund								
Copiers	\$ 99,273	9.086 %	11-1-07	10-1-12	\$ 71,031	0 \$	19,108 \$	51,923
Total Capital Lease Payable					\$ 71,031	0 \$	19,108 \$	51,923
<u>BONDS PAYABLE</u>								
Payable through Education Debt Service Fund								
Schools	24,200,000	4 to 5	5-1-01	5-1-19	\$ 2,695,000	0 \$	1,320,000 \$	1,375,000
Schools Refunding	13,220,000	5	11-1-04	5-1-19	13,220,000	0	0	13,220,000
Total Bonds Payable					\$ 15,915,000	0 \$	1,320,000 \$	14,595,000

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Sullivan County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
2011	\$ 1,200,000	\$ 139,708	\$ 1,339,708
2012	280,000	99,123	379,123
2013	285,000	85,163	370,163
2014	315,000	70,814	385,814
2015	345,000	54,838	399,838
2016	350,000	37,210	387,210
2017	375,000	19,305	394,305
Total	\$ 3,150,000	\$ 506,161	\$ 3,656,161

Year Ending June 30	Other Loan			
	Principal	Interest	Other Fees	Total
2011	\$ 804,940	\$ 234,522	\$ 25,800	\$ 1,065,262
2012	965,928	234,522	30,960	1,231,410
2013	965,928	234,522	24,510	1,224,960
2014	965,928	234,522	15,480	1,215,930
2015	965,928	234,522	15,480	1,215,930
2016	965,928	234,522	15,480	1,215,930
2017	965,928	234,522	15,480	1,215,930
2018	965,927	234,522	15,480	1,215,929
2019	965,928	234,522	15,480	1,215,930
2020	965,927	234,522	15,480	1,215,929
2021	965,928	234,522	15,480	1,215,930
2022	965,927	234,522	15,480	1,215,929
2023	965,928	234,522	15,480	1,215,930
2024	965,928	234,522	15,480	1,215,930
2025	965,928	234,522	15,480	1,215,930
2026	1,061,011	234,522	15,480	1,311,013
2027	91,060	19,543	3,870	114,473
Total	\$ 15,480,000	\$ 3,771,895	286,380	\$ 19,538,275

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Sullivan County School Department (Cont.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2011	\$ 670,000	\$ 1,452,739	\$ 2,122,739
2012	1,370,000	1,427,830	2,797,830
2013	1,460,000	1,367,840	2,827,840
2014	1,585,000	1,303,100	2,888,100
2015	1,690,000	1,231,025	2,921,025
2016	1,360,000	1,161,775	2,521,775
2017	1,445,000	1,097,400	2,542,400
2018	2,030,000	1,029,063	3,059,063
2019	2,150,000	932,687	3,082,687
2020	2,290,000	830,213	3,120,213
2021	2,455,000	719,887	3,174,887
2022	2,655,000	597,738	3,252,738
2023	2,825,000	465,137	3,290,137
2024	3,025,000	323,987	3,348,987
2025	1,115,000	172,303	1,287,303
2026	600,000	115,313	715,313
2027	625,000	78,412	703,412
2028	650,000	39,975	689,975
Total	<u>\$ 30,000,000</u>	<u>\$ 14,346,424</u>	<u>\$ 44,346,424</u>

DISCRETELY PRESENTED SULLIVAN
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2011	\$ 20,918	\$ 3,861	\$ 24,779
2012	22,900	1,879	24,779
2013	8,105	154	8,259
Total	<u>\$ 51,923</u>	<u>\$ 5,894</u>	<u>\$ 57,817</u>

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Sullivan County School Department (Cont.)

DISCRETELY PRESENTED SULLIVAN
COUNTY SCHOOL DEPARTMENT (CONT.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2011	\$ 1,375,000	\$ 722,875	\$ 2,097,875
2012	1,395,000	661,000	2,056,000
2013	1,460,000	591,250	2,051,250
2014	1,530,000	518,250	2,048,250
2015	1,605,000	441,750	2,046,750
2016	1,680,000	361,500	2,041,500
2017	1,750,000	277,500	2,027,500
2018	1,850,000	190,000	2,040,000
2019	1,950,000	97,500	2,047,500
Total	\$ 14,595,000	\$ 3,861,625	\$ 18,456,625

Exhibit L-3

Sullivan County, Tennessee
Schedule of Transfers

Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2010

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
Ambulance Service	General	Funds for salary for Health Dept/EMS director	\$ 34,000
Drug Control	Judicial District Drug	Matching funds for grant	9,334
Community Development/Industrial Park	General Debt Service	Debt retirement	249,403
Sanitation Projects	General	Funds for sewer capital projects	500,000
Total Transfers Primary Government			<u>\$ 792,737</u>
<u>DISCRETELY PRESENTED SULLIVAN</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
Special Purpose	General Purpose School	Debt retirement	\$ 412,000
General Purpose School	Education Debt Service	Debt retirement	2,131,587
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 2,543,587</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, 2010

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 100,125	\$ 50,000	Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, <u>TCA</u>	95,357	100,000	"
Director of Schools:				
Jack Barnes (7-1-09 through 6-19-10)	State Board of Education and County Board of Education	150,997	100,000	"
Jubal Yennie (6-20-10 through 6-30-10)	State Board of Education and County Board of Education	4,320	100,000	"
Trustee	Section 8-24-102, <u>TCA</u>	80,474	3,918,000	"
Assessor of Property	Section 8-24-102, <u>TCA</u>	80,474	10,000	"
Director of Accounts and Budgets	Section 5-13-101, et. seq., <u>TCA</u>	80,474	25,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	60,019	10,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	80,474	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	80,474	100,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	80,474 (1)	80,000	"
Register	Section 8-24-102, <u>TCA</u>	80,474	25,000	"
Sheriff	Section 8-24-102, <u>TCA</u> , and County Commission	95,357 (2)	26,000	"

Employee Blanket Bonds - All County Employees:
 Public Employee Dishonesty
 (self-insured to \$25,000 through county Self-Insurance Fund) 250,000 BB&T - KDC Insurance

(1) Does not include special commissioner fees of \$357,385.
 (2) Includes \$6,835 supplement as workhouse superintendent. Does not include a \$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, 2010

		Special Revenue Funds					
		General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
	Current Property Tax	\$ 20,412,764	\$ 688,606	\$ 0	\$ 0	\$ 0	\$ 0
	Trustee's Collections - Prior Year	472,322	15,943	0	0	0	0
	Circuit/Clerk & Master Collections - Prior Years	221,826	7,488	0	0	0	0
	Interest and Penalty	173,275	5,849	0	0	0	0
	Pick-up Taxes	62,155	2,097	0	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	534,409	0	0	0	0	0
	Payments in-Lieu-of Taxes - Other	212	0	0	0	0	0
<u>County Local Option Taxes</u>							
	Local Option Sales Tax	768,008	0	0	0	0	0
	Litigation Tax - General	339,035	0	0	0	0	0
	Litigation Tax - Office of Public Defender	187,938	0	0	0	0	0
	Litigation Tax - Jail, Workhouse, or Courthouse	355,433	0	0	0	0	0
	Business Tax	1,859,165	0	0	0	0	0
	Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
	Bank Excise Tax	78,087	2,634	0	0	0	0
	Wholesale Beer Tax	0	0	0	0	0	0
	Interstate Telecommunications Tax	0	0	0	0	0	0
	Total Local Taxes	\$ 25,470,534	\$ 722,617	\$ 0	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
	Animal Registration	\$ 685	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
	Cable TV Franchise	456,993	0	0	0	0	0
<u>Permits</u>							
	Beer Permits	1,662	0	0	0	0	0
	Building Permits	81,340	0	0	0	0	0
	Total Licenses and Permits	\$ 540,680	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Officers Costs	\$ 150,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Attorney General Fees	0	0	0	0	0	18,311
<u>Criminal Court</u>						
DUI Treatment Fines	83,744	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	196,853	0	0	0	0	0
Fines for Littering	142	0	0	0	0	0
Officers Costs	61,033	0	0	0	0	0
Game and Fish Fines	943	0	0	0	0	0
Drug Control Fines	0	0	0	21,756	0	0
Drug Court Fees	36,410	0	0	0	0	0
Courtroom Security Fee	13,493	0	0	0	0	0
Victims Assistance Assessments	14,947	0	0	0	0	0
<u>Juvenile Court</u>						
Jail Fees	1,037	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	8,227	0	0	0	0	0
Data Entry Fee - Chancery Court	3,132	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	31,567	0	0
Courtroom Security Fee	112	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	2,571	0	0	18,532	0	0
Other Fines, Forfeitures, and Penalties	3,935	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 577,224	\$ 0	\$ 0	\$ 71,855	\$ 0	\$ 18,311
<u>Charges for Current Services</u>						
General Service Charges	\$ 0	\$ 1,059,948	\$ 0	\$ 0	\$ 0	\$ 0
Tipping Fees	823,226	0	4,747,415	0	0	0
Patient Charges						

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Charges for Current Services (Cont.)</u>						
<u>General Service Charges (Cont.)</u>						
Zoning Studies	\$ 4,960	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	26,670	0	0	0	0	0
Health Department Collections	390,779	0	0	0	0	0
Other General Service Charges	3,240	0	0	0	0	0
Backflow Charges	1,165	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	247,425	0
Copy Fees	6,267	0	0	0	0	0
Library Fees	9,431	0	0	0	0	0
Greenbelt Late Application Fee	50	0	0	0	0	0
Telephone Commissions	220,325	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	49,587	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	11,900	0	0	0	0	0
Data Processing Fee - County Clerk	13,953	0	0	0	0	0
<u>Other Charges for Services</u>						
Other Charges for Services	2,129	0	0	0	0	0
Total Charges for Current Services	\$ 1,563,682	\$ 1,059,948	\$ 4,747,415	\$ 0	\$ 247,425	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 206	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	45,125	0	0	0	0	0
Sale of Materials and Supplies	6,474	0	0	0	0	0
Commissary Sales	66,209	0	0	0	0	0
Sale of Maps	1,672	0	0	0	0	0
Sale of Recycled Materials	1,576	110,350	0	0	334	0
Miscellaneous Refunds	49,974	0	21,224	16	0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
<u>Other Local Revenues (Cont.)</u>							
<u>Nonrecurring Items</u>							
Revenue from Joint Ventures	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Sale of Equipment	15,756	0	0	0	0	0	0
Sale of Property	34,942	10,000	0	0	0	0	0
Damages Recovered from Individuals	11,927	0	0	0	0	0	0
Contributions and Gifts	1,796	0	0	0	0	0	0
<u>Other Local Revenues</u>							
Other Local Revenues	66	0	0	0	0	0	0
Total Other Local Revenues	\$ 235,723	\$ 120,350	\$ 21,224	\$ 16	\$ 334	\$ 0	\$ 0
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 1,318,398	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	502,941	0	0	0	0	0	0
General Sessions Court Clerk	1,081,555	0	0	0	0	0	0
Clerk and Master	554,896	0	0	0	0	0	0
Register	652,774	0	0	0	0	0	0
Sheriff	5,177	0	0	0	0	0	0
Trustee	2,188,258	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,303,999	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 99,456	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	60,000	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	572,114	0	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	49,302	17,002	0	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
<u>State of Tennessee (Cont.)</u>							
<u>Public Works Grants (Cont.)</u>							
Other Public Works Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other State Revenues</u>							
Income Tax	396,864	0	0	0	0	0	0
Beer Tax	17,778	0	0	0	0	0	0
Alcoholic Beverage Tax	171,987	0	0	0	0	0	0
Mixed Drink Tax	19,123	0	0	0	0	0	0
Prisoner Transportation	7,791	0	0	0	0	0	0
Contracted Prisoner Boarding	1,987,055	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Reappraisal Program Reimbursement	41,857	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0
Other State Grants	274,935	2,062	0	0	0	0	0
Other State Revenues	203,747	0	0	0	0	0	0
Total State of Tennessee	\$ 3,918,389	\$ 19,064	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Community Development	\$ 93,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	55,929	0	0	0	0	0	0
ARRA Grant No. 1	93,989	0	0	0	0	0	0
ARRA Grant No. 3	38,056	0	0	0	0	0	0
Other Federal through State	2,102,077	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Forest Service	18,723	0	0	0	0	0	0
Medicare	22,310	0	0	0	0	0	0
ARRA Grant No. 7	0	0	0	0	0	0	0
Other Direct Federal Revenue	227,148	0	0	0	0	0	0
Total Federal Government	\$ 2,652,125	\$ 0	\$ 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	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 15,250	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	982,151	104,114	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	48,628	0	5,605	0	0	0	0
<u>Other</u>							
Other	2,046	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,048,075	\$ 104,114	\$ 5,605	\$ 0	\$ 0	\$ 0	0
Total	\$ 42,310,431	\$ 2,026,093	\$ 4,774,244	\$ 71,871	\$ 247,759	\$ 18,311	

(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
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects		
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0	\$ 1,349,943	\$ 2,324,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 24,776,213	
Trustee's Collections - Prior Year	0	31,222	53,809	0	0	0	0	573,296	
Circuit/Clerk & Master Collections - Prior Years	0	14,664	25,271	0	0	0	0	269,249	
Interest and Penalty	0	11,455	19,740	0	0	0	0	210,319	
Pick-up Taxes	0	4,110	7,079	0	0	0	0	75,441	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	0	0	5,905	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	0	0	534,409	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	212	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	2,500,000	0	0	0	0	0	3,268,008	
Litigation Tax - General	0	0	163,146	0	0	0	0	502,181	
Litigation Tax - Office of Public Defender	0	0	0	0	0	0	0	187,938	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	355,433	
Business Tax	0	0	0	0	0	0	0	1,859,165	
Mineral Severance Tax	0	162,358	0	0	0	0	0	162,358	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	5,164	8,894	0	0	0	0	94,779	
Wholesale Beer Tax	0	439,508	0	0	0	0	0	439,508	
Interstate Telecommunications Tax	0	10,255	0	0	0	0	0	10,255	
Total Local Taxes	\$ 0	\$ 4,528,679	\$ 2,602,839	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,324,669	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 0	0	0	0	0	0	0	685	
Cable TV Franchise	0	222,000	0	0	0	0	0	678,993	
<u>Permits</u>									
Beer Permits	0	0	0	0	0	0	0	1,662	
Building Permits	0	0	0	0	0	0	0	81,340	
Total Licenses and Permits	\$ 0	\$ 222,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 762,680	

(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
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 150,645
District Attorney General Fees	0	0	0	0	0	0	0	0	18,311
<u>Criminal Court</u>									
DUI Treatment Fines	0	0	0	0	0	0	0	0	83,744
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	196,853
Fines for Littering	0	0	0	0	0	0	0	0	142
Officers Costs	0	0	0	0	0	0	0	0	61,033
Game and Fish Fines	0	0	0	0	0	0	0	0	943
Drug Control Fines	0	0	0	0	0	0	0	0	21,756
Drug Court Fees	0	0	0	0	0	0	0	0	36,410
Courtroom Security Fee	0	0	0	0	0	0	0	0	13,493
Victims Assistance Assessments	0	0	0	0	0	0	0	0	14,947
<u>Juvenile Court</u>									
Jail Fees	0	0	0	0	0	0	0	0	1,037
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	8,227
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	3,132
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	0	31,567
Courtroom Security Fee	0	0	0	0	0	0	0	0	112
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	21,103
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	3,935
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 667,390
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,059,948
Patient Charges	0	0	0	0	0	0	0	0	5,570,641

(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
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General	Community Development/Industrial Park	Other Capital Projects	Community	Other Capital Projects		
<u>Charges for Current Services (Cont.)</u>										
<u>General Service Charges (Cont.)</u>										
Zoning Studies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	4,960
Work Release Charges for Board	0	0	0	0	0	0	0	0	0	26,670
Health Department Collections	0	0	0	0	0	0	0	0	0	390,779
Other General Service Charges	0	0	0	0	0	0	0	0	0	3,240
Backflow Charges	0	0	0	0	0	0	0	0	0	1,165
<u>Fees</u>										
Recreation Fees	0	0	0	0	0	0	0	0	0	247,425
Copy Fees	0	0	0	0	0	0	0	0	0	6,267
Library Fees	0	0	0	0	0	0	0	0	0	9,431
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	0	50
Telephone Commissions	0	0	0	0	0	0	0	0	0	220,325
Constitutional Officers' Fees and Commissions	6,147	0	0	0	0	0	0	0	0	6,147
Special Commissioner Fees/Special Master Fees	357,385	0	0	0	0	0	0	0	0	357,385
Data Processing Fee - Register	0	0	0	0	0	0	0	0	0	49,587
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	0	11,900
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	0	13,953
<u>Other Charges for Services</u>										
Other Charges for Services	0	0	0	0	0	0	0	0	0	2,129
Total Charges for Current Services	\$ 363,532	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,982,002
<u>Other Local Revenues</u>										
<u>Recurring Items</u>										
Investment Income	\$ 0	\$ 90,887	\$ 78	\$ 19,776	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 110,947
Lease/Rentals	0	0	0	0	0	0	0	0	0	45,125
Sale of Materials and Supplies	0	11,990	0	0	0	0	0	0	0	18,464
Commissary Sales	0	0	0	0	0	0	0	0	0	66,209
Sale of Maps	0	0	0	0	0	0	0	0	0	1,672
Sale of Recycled Materials	0	0	0	0	0	0	0	1,094	0	113,354
Miscellaneous Refunds	0	8,910	0	0	0	0	0	0	0	80,124

(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
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects		
<u>Other Local Revenues (Cont.)</u>								
<u>Nonrecurring Items</u>								
Revenue from Joint Ventures	\$ 0	\$ 0	74,279	\$ 0	\$ 0	\$ 0	74,279	
Sale of Equipment	0	0	0	0	0	0	15,756	
Sale of Property	0	0	0	0	0	0	44,942	
Damages Recovered from Individuals	0	650	0	0	0	0	12,577	
Contributions and Gifts	0	0	0	0	0	0	1,796	
<u>Other Local Revenues</u>								
Other Local Revenues	0	0	0	0	0	0	66	
Total Other Local Revenues	\$ 0	\$ 112,437	\$ 74,357	\$ 19,776	\$ 0	\$ 1,094	\$ 585,311	
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0	1,318,398	
Circuit Court Clerk	0	0	0	0	0	0	502,941	
General Sessions Court Clerk	0	0	0	0	0	0	1,081,555	
Clerk and Master	0	0	0	0	0	0	554,896	
Register	0	0	0	0	0	0	652,774	
Sheriff	0	0	0	0	0	0	5,177	
Trustee	0	0	0	0	0	0	2,188,258	
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,303,999	
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 0	\$ 0	0	\$ 0	\$ 0	\$ 0	99,456	
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	0	0	0	0	0	0	60,000	
<u>Health and Welfare Grants</u>								
Health Department Programs	0	0	0	0	0	0	572,114	
<u>Public Works Grants</u>								
State Aid Program	0	360,896	0	0	0	0	360,896	
Litter Program	0	0	0	0	0	0	66,304	

(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
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects				
<u>State of Tennessee (Cont.)</u>										
<u>Public Works Grants (Cont.)</u>										
Other Public Works Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,402	\$ 0	\$ 0	\$ 0	\$ 0	\$ 54,402
<u>Other State Revenues</u>										
Income Tax	0	0	0	0	0	0	0	0	0	396,864
Beer Tax	0	0	0	0	0	0	0	0	0	17,778
Alcoholic Beverage Tax	0	0	0	0	0	0	0	0	0	171,987
Mixed Drink Tax	0	0	0	0	0	0	0	0	0	19,123
Prisoner Transportation	0	0	0	0	0	0	0	0	0	7,791
Contracted Prisoner Boarding	0	0	0	0	0	0	0	0	0	1,987,055
Gasoline and Motor Fuel Tax	0	2,625,006	0	0	0	0	0	0	0	2,625,006
Petroleum Special Tax	0	122,914	0	0	0	0	0	0	0	122,914
Reappraisal Program Reimbursement	0	0	0	0	0	0	0	0	0	41,857
Registrar's Salary Supplement	0	0	0	0	0	0	0	0	0	16,380
Other State Grants	0	0	0	0	0	0	0	0	0	276,997
Other State Revenues	0	0	0	0	0	0	0	0	0	203,747
Total State of Tennessee	\$ 0	\$ 3,108,816	\$ 0	\$ 0	\$ 54,402	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,100,671
<u>Federal Government</u>										
<u>Federal Through State</u>										
Community Development	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,893
Civil Defense Reimbursement	0	0	0	0	0	0	0	0	0	55,929
ARRA Grant No. 1	0	0	0	0	0	0	0	0	0	93,989
ARRA Grant No. 3	0	0	0	0	0	0	0	0	0	38,056
Other Federal through State	0	0	0	0	0	0	0	0	0	2,102,077
<u>Direct Federal Revenue</u>										
Forest Service	0	10,400	0	0	0	0	0	0	0	29,123
Medicare	0	0	0	0	0	0	0	0	0	22,310
ARRA Grant No. 7	0	0	0	0	0	0	0	204,858	0	204,858
Other Direct Federal Revenue	0	0	0	0	0	0	0	0	0	227,148
Total Federal Government	\$ 0	\$ 10,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 204,858	\$ 0	\$ 2,867,383

(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
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	General Development/Community Industrial Park	Other Capital Projects				
<u>Other Governments and Citizens Groups</u>									
<u>Other Governments</u>									
Contributions	\$ 0	\$ 0	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 215,250
Contracted Services	0	13,738	0	0	0	0	0	0	1,100,003
<u>Citizens Groups</u>									
Donations	0	0	0	0	0	0	0	0	54,233
<u>Other</u>									
Other	0	0	0	0	0	0	0	0	2,046
Total Other Governments and Citizens Groups	\$ 0	\$ 13,738	\$ 200,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,371,532
Total	\$ 363,532	\$ 7,996,070	\$ 2,877,196	\$ 19,776	\$ 54,402	\$ 205,952	\$ 60,965,637		

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, 2010

	Special Purpose	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,239,176	\$ 24,514,719	\$ 0	\$ 0	\$ 25,753,895
Trustee's Collections - Prior Year	25,790	568,592	0	0	594,382
Circuit/Clerk & Master Collections - Prior Years	13,440	265,918	0	0	279,358
Interest and Penalty	10,510	208,191	0	0	218,701
Pick-up Taxes	3,765	74,648	0	0	78,413
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	11,687,386	0	0	11,687,386
<u>Statutory Local Taxes</u>					
Bank Excise Tax	4,773	94,727	0	0	99,500
Interstate Telecommunications Tax	0	5,310	0	0	5,310
Total Local Taxes	\$ 1,297,454	\$ 37,419,491	\$ 0	\$ 0	\$ 38,716,945
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 5,788	\$ 0	\$ 0	\$ 5,788
Total Licenses and Permits	\$ 0	\$ 5,788	\$ 0	\$ 0	\$ 5,788
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Tuition - Summer School	\$ 0	\$ 8,850	\$ 0	\$ 0	\$ 8,850
Lunch Payments - Children	0	1,151,226	0	0	1,151,226
Lunch Payments - Adults	0	159,313	0	0	159,313
Income from Breakfast	0	102,096	0	0	102,096
A la carte Sales	0	651,412	0	0	651,412
Receipts from Individual Schools	0	40,770	0	0	40,770
TBI Criminal Background Fees	0	576	0	0	576
<u>Other Charges for Services</u>					
Other Charges for Services	0	310,136	0	0	310,136
Total Charges for Current Services	\$ 0	\$ 2,424,379	\$ 0	\$ 0	\$ 2,424,379
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 23	\$ 0	\$ 0	\$ 23
Sale of Materials and Supplies	0	30,889	0	0	30,889
Refund of Telecommunication and Internet Fees (E-Rate)	0	93,767	0	0	93,767
Retirees' Insurance Payments	0	312,680	0	0	312,680
Cobra Insurance Payments	0	2,651	0	0	2,651
Commodity Rebates	0	19,538	0	0	19,538
Miscellaneous Refunds	224	29,052	0	0	29,276
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	0	3,385	0	0	3,385
Contributions and Gifts	0	700	0	0	700
<u>Other Local Revenues</u>					
Other Local Revenues	0	723	0	0	723
Total Other Local Revenues	\$ 224	\$ 493,408	\$ 0	\$ 0	\$ 493,632

(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	Education Capital Projects	Total
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 0	\$ 1,050,455	\$ 0	\$ 0	\$ 1,050,455
<u>State Education Funds</u>					
Basic Education Program	0	37,946,324	0	0	37,946,324
Basic Education Program - ARRA	0	2,160,600	0	0	2,160,600
Early Childhood Education	0	440,539	0	0	440,539
School Food Service	0	58,000	0	0	58,000
Driver Education	0	19,651	0	0	19,651
Other State Education Funds	0	7,972	0	0	7,972
Coordinated School Health - ARRA	0	80,878	0	0	80,878
Internet Connectivity - ARRA	0	33,496	0	0	33,496
Statewide Student Management System (SSMS) - ARRA	0	28,592	0	0	28,592
Career Ladder Program	0	581,771	0	0	581,771
Career Ladder - Extended Contract - ARRA	0	204,641	0	0	204,641
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	0	1,714,214	0	0	1,714,214
Safe Schools - ARRA	0	21,941	0	0	21,941
Total State of Tennessee	\$ 0	\$ 44,349,074	\$ 0	\$ 0	\$ 44,349,074
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 1,964,896	\$ 0	\$ 0	\$ 1,964,896
Breakfast	0	564,930	0	0	564,930
USDA - Other	0	2,210	0	0	2,210
USDA Food Service Equipment Grant - ARRA	0	7,169	0	0	7,169
Vocational Education - Basic Grants to States	0	0	194,705	0	194,705
Title I Grants to Local Education Agencies	0	0	3,138,243	0	3,138,243
Special Education - Grants to States	0	140,506	3,267,266	0	3,407,772
Special Education Preschool Grants	0	0	115,585	0	115,585
Eisenhower Professional Development State Grants	0	0	559,314	0	559,314
Other Federal through State	0	0	127,462	0	127,462
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	0	186,762	0	0	186,762
Forest Service	0	21,000	0	0	21,000
Other Direct Federal Revenue	0	44,053	0	0	44,053
Total Federal Government	\$ 0	\$ 2,931,526	\$ 7,402,575	\$ 0	\$ 10,334,101
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 134,078	\$ 134,078
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 134,078	\$ 134,078
Total	\$ 1,297,678	\$ 87,623,666	\$ 7,402,575	\$ 134,078	\$ 96,457,997

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2010

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	168,100	
Social Security		10,415	
Unemployment Compensation		54	
Employer Medicare		2,439	
Advertising		42	
Contracts with Government Agencies		108,159	
Dues and Memberships		168	
Freight Expenses		27	
Legal Notices, Recording, and Court Costs		1,099	
Maintenance and Repair Services - Office Equipment		2,873	
Postal Charges		736	
Printing, Stationery, and Forms		309	
Travel		2,584	
Tuition		200	
Food Preparation Supplies		31	
Food Supplies		184	
Gasoline		30	
Office Supplies		1,116	
Other Supplies and Materials		38	
Total County Commission			\$ 298,604

County Mayor/Executive

County Official/Administrative Officer	\$	100,125
Secretary(ies)		29,552
Social Security		7,938
State Retirement		19,147
Life Insurance		140
Medical Insurance		16,285
Dental Insurance		551
Employer Medicare		1,857
Advertising		50
Communication		1,517
Dues and Memberships		2,726
Maintenance and Repair Services - Office Equipment		394
Postal Charges		159
Travel		371
Equipment Parts - Light		9
Food Supplies		170
Gasoline		856
Office Supplies		61

(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.)

Periodicals	\$	576	
Other Supplies and Materials		73	
Total County Mayor/Executive			\$ 182,557

County Attorney

County Official/Administrative Officer	\$	105,131	
Secretary(ies)		37,981	
Social Security		8,700	
State Retirement		21,145	
Life Insurance		140	
Medical Insurance		9,994	
Dental Insurance		744	
Employer Medicare		2,035	
Communication		2,143	
Data Processing Services		178	
Dues and Memberships		1,140	
Legal Notices, Recording, and Court Costs		83	
Licenses		8	
Maintenance and Repair Services - Office Equipment		391	
Postal Charges		391	
Printing, Stationery, and Forms		65	
Travel		1,375	
Tuition		329	
Office Supplies		722	
Periodicals		7,870	
Total County Attorney			200,565

Election Commission

County Official/Administrative Officer	\$	72,427
Clerical Personnel		94,344
Temporary Personnel		17,148
Part-time Personnel		7,839
Election Commission		6,185
Election Workers		21,582
Social Security		12,076
State Retirement		24,234
Life Insurance		281
Medical Insurance		24,434
Dental Insurance		1,310
Unemployment Compensation		11

(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.)

Employer Medicare	\$	2,824	
Communication		10,267	
Data Processing Services		28,103	
Dues and Memberships		300	
Legal Services		1,862	
Legal Notices, Recording, and Court Costs		2,766	
Maintenance and Repair Services - Equipment		386	
Maintenance and Repair Services - Office Equipment		449	
Postal Charges		5,242	
Printing, Stationery, and Forms		899	
Rentals		1,480	
Travel		6,904	
Tuition		2,190	
Data Processing Supplies		2,088	
Office Supplies		7,471	
Other Charges		350	
Total Election Commission			\$ 355,452

Register of Deeds

County Official/Administrative Officer	\$	80,474	
Clerical Personnel		205,564	
Part-time Personnel		10,006	
Social Security		17,925	
State Retirement		34,712	
Life Insurance		491	
Medical Insurance		63,178	
Dental Insurance		1,845	
Employer Medicare		4,192	
Communication		3,607	
Data Processing Services		51,928	
Dues and Memberships		956	
Maintenance and Repair Services - Office Equipment		62,585	
Postal Charges		1,495	
Printing, Stationery, and Forms		20,711	
Rentals		3,402	
Food Supplies		430	
Office Supplies		3,860	
Furniture and Fixtures		6,520	
Total Register of Deeds			573,881

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning

Supervisor/Director	\$	50,243	
Clerical Personnel		29,712	
Other Salaries and Wages		101,659	
Board and Committee Members Fees		2,534	
Social Security		11,539	
State Retirement		24,340	
Life Insurance		281	
Medical Insurance		24,835	
Dental Insurance		758	
Employer Medicare		2,696	
Communication		3,202	
Consultants		6,965	
Data Processing Services		1,889	
Dues and Memberships		977	
Legal Notices, Recording, and Court Costs		530	
Licenses		132	
Maintenance and Repair Services - Office Equipment		5,629	
Postal Charges		816	
Printing, Stationery, and Forms		775	
Travel		1,768	
Tuition		1,619	
Permits		3,460	
Other Contracted Services		2,552	
Data Processing Supplies		5,906	
Food Supplies		84	
Gasoline		4,918	
Lubricants		49	
Office Supplies		1,167	
Periodicals		241	
Tires and Tubes		160	
Uniforms		794	
Vehicle Parts		304	
Other Supplies and Materials		1,759	
Total Planning			\$ 294,293

Geographical Information Systems

Other Contracted Services	\$	29,200	
Data Processing Supplies		450	
Office Supplies		173	
Total Geographical Information Systems			29,823

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Supervisor/Director	\$	14,138
Mechanic(s)		67,930
Guards		72,936
Clerical Personnel		32,385
Custodial Personnel		109,250
Maintenance Personnel		205,358
Social Security		32,435
State Retirement		50,792
Life Insurance		813
Medical Insurance		89,925
Dental Insurance		3,452
Unemployment Compensation		7,150
Employer Medicare		6,214
Architects		2,500
Communication		7,837
Licenses		94
Maintenance and Repair Services - Buildings		5,374
Maintenance and Repair Services - Equipment		50,905
Maintenance and Repair Services - Office Equipment		134
Maintenance and Repair Services - Vehicles		542
Pest Control		540
Rentals		6,705
Tuition		300
Permits		500
Other Contracted Services		726
Custodial Supplies		19,207
Data Processing Supplies		1,245
Drugs and Medical Supplies		812
Electricity		281,555
Equipment Parts - Light		1,506
Equipment and Machinery Parts		12,615
Garage Supplies		2,099
Gasoline		14,171
General Construction Materials		17,418
Lubricants		481
Natural Gas		12,427
Office Supplies		608
Small Tools		770
Tires and Tubes		948
Uniforms		1,010

(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.)

Vehicle Parts	\$	5,922	
Water and Sewer		16,629	
Chemicals		1,402	
Other Supplies and Materials		20,385	
Maintenance Equipment		7,600	
Total County Buildings			\$ 1,187,745

Other Facilities

Contracts with Government Agencies	\$	187,672	
Total Other Facilities			187,672

Preservation of Records

Supervisor/Director	\$	29,405	
Part-time Personnel		20	
State Retirement		509	
Medical Insurance		498	
Dental Insurance		121	
Communication		1,706	
Maintenance and Repair Services - Office Equipment		838	
Postal Charges		109	
Other Contracted Services		1,368	
Data Processing Supplies		1,758	
Equipment Parts - Light		163	
Food Preparation Supplies		299	
Food Supplies		410	
General Construction Materials		6,065	
Library Books/Media		6,286	
Office Supplies		11,086	
Periodicals		229	
Other Supplies and Materials		877	
Total Preservation of Records			61,747

Risk Management

Supervisor/Director	\$	47,055	
Social Security		2,949	
State Retirement		7,066	
Life Insurance		70	
Medical Insurance		8,550	
Dental Insurance		372	
Employer Medicare		690	

(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.)

Communication	\$	1,527	
Postal Charges		61	
Travel		469	
Tuition		75	
Data Processing Supplies		574	
Office Supplies		1,473	
Periodicals		328	
Boiler Insurance		19,870	
Excess Risk Insurance		190,240	
Liability Insurance		222,041	
Vehicle and Equipment Insurance		5,063	
Workers' Compensation Insurance		93,031	
Total Risk Management			\$ 601,504

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	80,474
Supervisor/Director		156,559
Clerical Personnel		171,673
Part-time Personnel		22,000
Social Security		26,820
State Retirement		48,012
Life Insurance		644
Medical Insurance		60,723
Dental Insurance		2,251
Employer Medicare		6,273
Advertising		20
Communication		7,828
Dues and Memberships		248
Evaluation and Testing		100
Maintenance Agreements		965
Maintenance and Repair Services - Office Equipment		2,491
Postal Charges		8,197
Printing, Stationery, and Forms		4,417
Rentals		57
Travel		230
Tuition		580
Custodial Supplies		35
Data Processing Supplies		1,624
Equipment Parts - Light		18

(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.)

Food Supplies	\$	192	
Gasoline		886	
General Construction Materials		845	
Instructional Supplies and Materials		299	
Office Supplies		6,090	
Periodicals		483	
Total Accounting and Budgeting			\$ 611,034

Purchasing

County Official/Administrative Officer	\$	60,019
Assistant(s)		43,595
Supervisor/Director		36,038
Purchasing Personnel		130,248
Equipment Operators		72,119
Clerical Personnel		53,231
Maintenance Personnel		971
Social Security		24,522
State Retirement		58,619
Life Insurance		778
Medical Insurance		69,518
Dental Insurance		2,087
Employer Medicare		5,735
Communication		5,562
Data Processing Services		235
Dues and Memberships		280
Freight Expenses		4
Legal Notices, Recording, and Court Costs		1,642
Licenses		139
Maintenance and Repair Services - Office Equipment		3,021
Postal Charges		1,027
Printing, Stationery, and Forms		3,192
Rentals		8,873
Travel		90
Custodial Supplies		436
Data Processing Supplies		2,211
Diesel Fuel		42
Drugs and Medical Supplies		1,270
Duplicating Supplies		1,990
Electricity		507
Equipment Parts - Light		547

(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	\$	566	
Gasoline		2,018	
General Construction Materials		590	
Lubricants		77	
Office Supplies		8,525	
Periodicals		723	
Tires and Tubes		323	
Uniforms		403	
Vehicle Parts		560	
Total Purchasing			\$ 602,333

Property Assessor's Office

County Official/Administrative Officer	\$	80,474
Assistant(s)		57,344
Supervisor/Director		46,750
Deputy(ies)		247,064
Internal Audit Personnel		50,112
Clerical Personnel		464,921
Board and Committee Members Fees		1,140
Social Security		59,247
State Retirement		140,931
Life Insurance		1,854
Medical Insurance		174,644
Dental Insurance		6,618
Employer Medicare		13,856
Audit Services		32,049
Communication		11,506
Data Processing Services		5,645
Dues and Memberships		1,747
Legal Notices, Recording, and Court Costs		119
Licenses		425
Maintenance and Repair Services - Office Equipment		4,665
Maintenance and Repair Services - Vehicles		2,256
Postal Charges		6,538
Printing, Stationery, and Forms		376
Travel		1,061
Tuition		220
Data Processing Supplies		755
Equipment Parts - Light		22
Food Supplies		452

(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.)

Gasoline	\$	14,225	
Instructional Supplies and Materials		199	
Lubricants		588	
Office Supplies		5,469	
Periodicals		150	
Tires and Tubes		1,215	
Vehicle Parts		1,289	
Other Supplies and Materials		398	
Other Charges		10,983	
Data Processing Equipment		4,122	
Motor Vehicles		34,757	
Total Property Assessor's Office			\$ 1,486,186

County Trustee's Office

County Official/Administrative Officer	\$	80,474	
Assistant(s)		41,047	
Deputy(ies)		194,515	
Part-time Personnel		5,990	
Social Security		19,618	
State Retirement		39,601	
Life Insurance		562	
Medical Insurance		77,411	
Dental Insurance		2,878	
Employer Medicare		4,588	
Communication		12,125	
Data Processing Services		3,290	
Dues and Memberships		621	
Maintenance and Repair Services - Office Equipment		1,973	
Postal Charges		33,252	
Printing, Stationery, and Forms		20,316	
Rentals		76	
Travel		896	
Custodial Supplies		112	
Data Processing Supplies		4,635	
General Construction Materials		340	
Office Supplies		3,700	
Other Supplies and Materials		15	
Office Equipment		6,255	
Total County Trustee's Office			554,290

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

County Official/Administrative Officer	\$	80,474	
Deputy(ies)		660,774	
Part-time Personnel		40,648	
Board and Committee Members Fees		480	
Social Security		47,215	
State Retirement		109,527	
Life Insurance		1,615	
Medical Insurance		175,774	
Dental Insurance		6,636	
Unemployment Compensation		568	
Employer Medicare		11,166	
Communication		10,146	
Data Processing Services		42,553	
Dues and Memberships		385	
Freight Expenses		16	
Legal Notices, Recording, and Court Costs		315	
Maintenance and Repair Services - Office Equipment		4,453	
Postal Charges		36,559	
Printing, Stationery, and Forms		6,581	
Travel		75	
Other Contracted Services		240	
Data Processing Supplies		5,469	
Food Supplies		244	
Office Supplies		8,630	
Office Equipment		<u>1,547</u>	
Total County Clerk's Office			\$ 1,252,090

Data Processing

Communication	\$	1,235	
Data Processing Services		4,569	
Maintenance Agreements		85,010	
Maintenance and Repair Services - Office Equipment		1,089	
Data Processing Supplies		6,046	
Office Supplies		543	
Data Processing Equipment		<u>5,557</u>	
Total Data Processing			104,049

Other Finance

Data Processing Services	\$	47,250	
Refunds		244	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance (Cont.)

Trustee's Commission	\$ 488,957	
Total Other Finance		\$ 536,451

Administration of Justice

Circuit Court Judge

Communication	\$ 9,004	
Data Processing Services	425	
Postal Charges	592	
Printing, Stationery, and Forms	139	
Data Processing Supplies	112	
Office Supplies	2,030	
Total Circuit Court Judge		12,302

Circuit Court Clerk

County Official/Administrative Officer	\$ 80,474
Clerical Personnel	791,112
Part-time Personnel	56,183
Jury and Witness Expense	77
Social Security	56,974
State Retirement	127,625
Life Insurance	1,802
Medical Insurance	157,124
Dental Insurance	6,426
Unemployment Compensation	5,668
Employer Medicare	13,325
Communication	18,698
Data Processing Services	10,182
Dues and Memberships	150
Freight Expenses	272
Legal Notices, Recording, and Court Costs	15
Maintenance Agreements	6,844
Maintenance and Repair Services - Equipment	100
Maintenance and Repair Services - Office Equipment	6,742
Postal Charges	11,751
Printing, Stationery, and Forms	7,659
Rentals	105
Travel	1,258
Data Processing Supplies	7,919
Food Preparation Supplies	566
Food Supplies	228

(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.)

Office Supplies	\$	28,343	
Periodicals		548	
Furniture and Fixtures		6,105	
Total Circuit Court Clerk			\$ 1,404,275

General Sessions Court

Judge(s)	\$	291,987	
Secretary(ies)		66,211	
Social Security		17,794	
State Retirement		53,136	
Life Insurance		281	
Medical Insurance		23,970	
Dental Insurance		909	
Employer Medicare		5,138	
Communication		5,868	
Dues and Memberships		220	
Licenses		970	
Maintenance and Repair Services - Office Equipment		523	
Postal Charges		804	
Printing, Stationery, and Forms		667	
Travel		3,763	
Tuition		885	
Other Contracted Services		48	
Data Processing Supplies		47	
Gasoline		63	
Office Supplies		1,047	
Periodicals		3,164	
Office Equipment		1,650	
Total General Sessions Court			479,145

General Sessions Judge

Judge(s)	\$	291,987
Assistant(s)		60,269
Secretary(ies)		31,989
Social Security		19,319
State Retirement		56,582
Life Insurance		351
Medical Insurance		34,002
Dental Insurance		1,294
Employer Medicare		5,513

(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.)

Communication	\$	5,046	
Dues and Memberships		150	
Legal Services		75	
Licenses		800	
Maintenance and Repair Services - Office Equipment		1,160	
Postal Charges		740	
Printing, Stationery, and Forms		446	
Travel		3,906	
Tuition		745	
Data Processing Supplies		373	
Office Supplies		1,460	
Periodicals		2,664	
Office Equipment		1,650	
Total General Sessions Judge			\$ 520,521

Chancery Court

County Official/Administrative Officer	\$	80,474	
Clerical Personnel		223,960	
Part-time Personnel		17,535	
Social Security		19,435	
State Retirement		40,752	
Life Insurance		626	
Medical Insurance		52,210	
Dental Insurance		2,204	
Unemployment Compensation		2,516	
Employer Medicare		4,545	
Communication		6,214	
Data Processing Services		3,613	
Dues and Memberships		1,061	
Maintenance and Repair Services - Office Equipment		6,438	
Postal Charges		3,172	
Printing, Stationery, and Forms		971	
Travel		566	
Data Processing Supplies		417	
Office Supplies		3,902	
Periodicals		465	
Data Processing Equipment		1,011	
Furniture and Fixtures		3,782	
Office Equipment		2,470	
Total Chancery Court			478,339

(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

Supervisor/Director	\$	49,227	
Probation Officer(s)		23,463	
Guidance Personnel		227,352	
Secretary(ies)		65,313	
Clerical Personnel		15,437	
Social Security		23,648	
State Retirement		55,758	
Life Insurance		649	
Medical Insurance		69,155	
Dental Insurance		2,458	
Employer Medicare		5,531	
Communication		1,200	
Data Processing Services		150	
Dues and Memberships		465	
Evaluation and Testing		2,959	
Legal Services		20,575	
Maintenance and Repair Services - Office Equipment		693	
Maintenance and Repair Services - Vehicles		91	
Postal Charges		21	
Printing, Stationery, and Forms		18	
Travel		3,963	
Tuition		895	
Other Contracted Services		42,682	
Data Processing Supplies		595	
Gasoline		632	
Lubricants		30	
Office Supplies		2,530	
Periodicals		137	
Vehicle Parts		186	
Data Processing Equipment		891	
Office Equipment		500	
Total Juvenile Court			\$ 617,204

Juvenile Court Judge

Other Contracted Services	\$	3,000	
Total Juvenile Court Judge			3,000

District Attorney General

Assistant(s)	\$	166,370	
Salary Supplements		4,207	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Secretary(ies)	\$	24,497	
Part-time Personnel		7,574	
Social Security		12,978	
State Retirement		28,618	
Life Insurance		275	
Medical Insurance		22,948	
Dental Insurance		891	
Employer Medicare		3,036	
Travel		4,712	
Total District Attorney General			\$ 276,106

Office of Public Defender

Paraprofessionals	\$	140,964	
Clerical Personnel		25,629	
Social Security		10,728	
State Retirement		25,270	
Life Insurance		216	
Medical Insurance		20,837	
Dental Insurance		825	
Employer Medicare		2,509	
Travel		2,053	
Tuition		721	
Total Office of Public Defender			229,752

Other Administration of Justice

Board and Committee Members Fees	\$	5,826	
Jury and Witness Expense		114,492	
Other Per Diem and Fees		34,776	
Legal Services		2,203	
Total Other Administration of Justice			157,297

Courtroom Security

Deputy(ies)	\$	161,447	
Part-time Personnel		73,831	
Social Security		15,772	
State Retirement		24,318	
Life Insurance		421	
Medical Insurance		22,402	
Dental Insurance		1,395	
Employer Medicare		3,688	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Communication	\$	48	
Licenses		2,465	
Medical and Dental Services		182	
Travel		520	
Tuition		4,600	
Other Contracted Services		43	
Custodial Supplies		117	
General Construction Materials		186	
Law Enforcement Supplies		296	
Office Supplies		500	
Uniforms		3,487	
Other Supplies and Materials		158	
Total Courtroom Security			\$ 315,876

Victims Assistance Programs

Remittance of Revenue Collected	\$	12,974	
Total Victims Assistance Programs			12,974

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	95,957	
Assistant(s)		180,214	
Deputy(ies)		1,941,908	
Captain(s)		259,376	
Lieutenant(s)		693,802	
Sergeant(s)		1,042,565	
Mechanic(s)		92,595	
Dispatchers/Radio Operators		469,413	
Secretary(ies)		372,884	
School Resource Officer		124,313	
Social Security		326,649	
State Retirement		761,047	
Life Insurance		9,167	
Medical Insurance		932,444	
Dental Insurance		36,083	
Employer Medicare		76,394	
Communication		69,632	
Data Processing Services		23,639	
Dues and Memberships		5,276	
Evaluation and Testing		4,236	

(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.)

Financial Advisory Services	\$	28
Freight Expenses		81
Licenses		2,227
Maintenance and Repair Services - Buildings		15,423
Maintenance and Repair Services - Equipment		28,888
Maintenance and Repair Services - Office Equipment		4,347
Maintenance and Repair Services - Vehicles		8,222
Medical and Dental Services		970
Pest Control		480
Postal Charges		4,346
Printing, Stationery, and Forms		3,216
Rentals		9,603
Tow-in Services		2,110
Travel		53,110
Tuition		28,276
Veterinary Services		1,771
Disposal Fees		1,937
Other Contracted Services		13,486
Animal Food and Supplies		2,204
Custodial Supplies		1,525
Data Processing Supplies		25,190
Electricity		1,310
Equipment Parts - Heavy		34
Equipment Parts - Light		2,581
Equipment and Machinery Parts		9,240
Food Preparation Supplies		33
Food Supplies		875
Garage Supplies		1,402
Gasoline		321,617
General Construction Materials		3,722
Instructional Supplies and Materials		2,070
Law Enforcement Supplies		51,158
Lubricants		5,285
Office Supplies		11,864
Periodicals		652
Small Tools		283
Tires and Tubes		16,119
Uniforms		34,115
Vehicle Parts		41,403
Water and Sewer		153

(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.)

Other Supplies and Materials	\$	19,076	
Other Charges		10,279	
Data Processing Equipment		5,541	
Maintenance Equipment		18,235	
Motor Vehicles		375,444	
Total Sheriff's Department			\$ 8,657,525

Administration of the Sexual Offender Registry

Travel	\$	262	
Other Contracted Services		2,900	
Data Processing Supplies		649	
Office Supplies		719	
Total Administration of the Sexual Offender Registry			4,530

Jail

Assistant(s)	\$	100,058
Deputy(ies)		2,395,734
Captain(s)		97,769
Lieutenant(s)		307,380
Sergeant(s)		252,690
Medical Personnel		325,083
Secretary(ies)		28,239
Cafeteria Personnel		149,122
Board and Committee Members Fees		14,871
Social Security		224,899
State Retirement		560,335
Life Insurance		7,295
Medical Insurance		793,625
Dental Insurance		29,620
Unemployment Compensation		3,552
Employer Medicare		53,968
Advertising		1,553
Architects		500
Communication		29,984
Data Processing Services		22,989
Dues and Memberships		2,766
Financial Advisory Services		196
Legal Services		50
Licenses		2,102
Maintenance and Repair Services - Buildings		8,509

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Maintenance and Repair Services - Equipment	\$	72,613
Maintenance and Repair Services - Office Equipment		4,330
Maintenance and Repair Services - Vehicles		80
Medical and Dental Services		375,439
Pest Control		3,515
Postal Charges		132
Printing, Stationery, and Forms		4,394
Rentals		12,000
Transportation - Other than Students		65,438
Travel		13,896
Tuition		16,252
Disposal Fees		20,317
Other Contracted Services		830
Custodial Supplies		72,542
Data Processing Supplies		13,308
Diesel Fuel		1,779
Drugs and Medical Supplies		124,991
Electricity		268,630
Equipment Parts - Heavy		2,019
Equipment Parts - Light		13,437
Equipment and Machinery Parts		9,134
Food Preparation Supplies		19,345
Food Supplies		581,670
Garage Supplies		180
Gasoline		61,085
General Construction Materials		14,851
Instructional Supplies and Materials		653
Law Enforcement Supplies		9,034
Lubricants		191
Natural Gas		58,736
Office Supplies		13,583
Periodicals		3,734
Prisoners Clothing		24,460
Small Tools		1,278
Tires and Tubes		922
Uniforms		29,277
Vehicle Parts		10,509
Water and Sewer		142,194
Liner Materials		10,891
Other Supplies and Materials		13,646

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Building Improvements	\$	22,000	
Food Service Equipment		17,220	
Motor Vehicles		39,418	
Other Capital Outlay		<u>2,758</u>	
Total Jail			\$ 7,585,600

Workhouse

Deputy(ies)	\$	53,471	
Board and Committee Members Fees		1,372	
Social Security		3,294	
State Retirement		7,993	
Life Insurance		129	
Medical Insurance		15,657	
Dental Insurance		711	
Employer Medicare		771	
Communication		392	
Custodial Supplies		3,063	
Uniforms		<u>116</u>	
Total Workhouse			86,969

Juvenile Services

Contracts with Government Agencies	\$	320,887	
Contributions		<u>292,552</u>	
Total Juvenile Services			613,439

Fire Prevention and Control

Contributions	\$	<u>1,367,654</u>	
Total Fire Prevention and Control			1,367,654

Civil Defense

Supervisor/Director	\$	48,483	
Medical Personnel		195,006	
Secretary(ies)		24,562	
Part-time Personnel		53,620	
Social Security		18,574	
State Retirement		42,748	
Life Insurance		562	
Medical Insurance		63,392	
Dental Insurance		2,106	
Employer Medicare		5,064	

(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.)

Communication	\$	4,164	
Contracts with Private Agencies		8,050	
Data Processing Services		1,258	
Freight Expenses		19	
Maintenance and Repair Services - Equipment		569	
Maintenance and Repair Services - Office Equipment		301	
Maintenance and Repair Services - Vehicles		780	
Postal Charges		84	
Printing, Stationery, and Forms		75	
Travel		509	
Tuition		150	
Data Processing Supplies		704	
Equipment Parts - Light		60	
Gasoline		3,127	
Lubricants		141	
Office Supplies		926	
Periodicals		315	
Tires and Tubes		940	
Uniforms		3,029	
Vehicle Parts		214	
Other Supplies and Materials		631	
Total Civil Defense			\$ 480,163

Rescue Squad

Part-time Personnel	\$	34,589	
Contributions		254,822	
Other Contracted Services		6,812	
Motor Vehicles		76,665	
Total Rescue Squad			372,888

Disaster Relief

Contributions	\$	6,000	
Total Disaster Relief			6,000

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	27,904	
Communication		512	
Contributions		128,609	
Licenses		18	
Maintenance and Repair Services - Vehicles		339	

(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.)

Printing, Stationery, and Forms	\$	36	
Other Contracted Services		36,600	
Drugs and Medical Supplies		6,050	
Gasoline		3,407	
Lubricants		54	
Tires and Tubes		297	
Vehicle Parts		788	
Other Charges		3,600	
Motor Vehicles		1,440	
Total County Coroner/Medical Examiner	\$		209,654

Other Public Safety

Communication	\$	2,105	
Maintenance and Repair Services - Equipment		140,160	
Electricity		13,159	
Equipment and Machinery Parts		221	
Natural Gas		648	
Propane Gas		502	
Vehicle Parts		67	
Communication Equipment		142,200	
Total Other Public Safety			299,062

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	72,077	
Assistant(s)		113,581	
Supervisor/Director		313,720	
Teachers		192,614	
Medical Personnel		2,274,492	
Education Media Personnel		29,432	
Clerical Personnel		544,611	
Custodial Personnel		29,167	
Part-time Personnel		78,110	
Other Salaries and Wages		52,192	
Social Security		219,997	
State Retirement		463,096	
Life Insurance		5,163	
Medical Insurance		479,033	
Dental Insurance		19,299	
Unemployment Compensation		10,038	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Employer Medicare	\$	54,109
Advertising		6,924
Bank Charges		1,712
Communication		65,176
Contracts with Government Agencies		32,978
Contracts with Private Agencies		3,915
Data Processing Services		83
Dues and Memberships		800
Freight Expenses		278
Licenses		1,979
Maintenance and Repair Services - Equipment		31,815
Maintenance and Repair Services - Office Equipment		25,592
Maintenance and Repair Services - Vehicles		35
Medical and Dental Services		27,211
Pest Control		2,150
Postal Charges		10,574
Printing, Stationery, and Forms		7,079
Rentals		3,449
Travel		40,803
Tuition		7,884
Disposal Fees		7,085
Other Contracted Services		5,297
Custodial Supplies		6,359
Data Processing Supplies		55,023
Drugs and Medical Supplies		272,697
Electricity		79,510
Equipment Parts - Heavy		3,000
Equipment Parts - Light		553
Equipment and Machinery Parts		545
Food Supplies		8,137
Gasoline		3,300
General Construction Materials		768
Ice		92
Instructional Supplies and Materials		67,074
Lubricants		163
Natural Gas		6,314
Office Supplies		36,069
Periodicals		1,531
Small Tools		40
Tires and Tubes		471

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Uniforms	\$	343	
Vehicle Parts		224	
Water and Sewer		10,780	
Other Supplies and Materials		12,344	
Health Equipment		21,349	
Total Local Health Center			\$ 5,820,236

Rabies and Animal Control

Truck Drivers	\$	147,092
Social Security		9,085
State Retirement		19,819
Life Insurance		275
Medical Insurance		35,491
Dental Insurance		1,279
Employer Medicare		2,125
Advertising		350
Communication		3,878
Data Processing Services		1,174
Dues and Memberships		119
Financial Advisory Services		14
Freight Expenses		125
Licenses		100
Maintenance Agreements		162
Maintenance and Repair Services - Buildings		803
Maintenance and Repair Services - Equipment		2,186
Maintenance and Repair Services - Office Equipment		220
Maintenance and Repair Services - Vehicles		35
Medical and Dental Services		50
Pest Control		2,105
Postal Charges		17
Printing, Stationery, and Forms		78
Rentals		25
Tow-in Services		50
Travel		1,065
Tuition		965
Veterinary Services		10,656
Disposal Fees		983
Other Contracted Services		217
Animal Food and Supplies		5,403
Custodial Supplies		4,949

(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.)

Data Processing Supplies	\$	124	
Drugs and Medical Supplies		7,573	
Electricity		6,705	
Equipment Parts - Light		967	
Equipment and Machinery Parts		3,186	
Gasoline		10,586	
General Construction Materials		3,161	
Natural Gas		5,404	
Office Supplies		222	
Small Tools		280	
Tires and Tubes		495	
Uniforms		544	
Vehicle Parts		2,161	
Water and Sewer		1,612	
Fencing		2,977	
Other Supplies and Materials		2,064	
Other Charges		110	
Building Improvements		3,810	
Data Processing Equipment		1,281	
Other Equipment		3,077	
Total Rabies and Animal Control			\$ 307,234

Dental Health Program

Communication	\$	2,110	
Contracts with Private Agencies		342	
Disposal Fees		197	
Drugs and Medical Supplies		1,094	
General Construction Materials		38	
Total Dental Health Program			3,781

Other Local Health Services

Communication	\$	6,674	
Contributions		30,000	
Printing, Stationery, and Forms		1,400	
Data Processing Supplies		3,106	
Drugs and Medical Supplies		632	
Instructional Supplies and Materials		14,677	
Office Supplies		368	
Uniforms		375	
Other Supplies and Materials		395	
Total Other Local Health Services			57,627

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Regional Mental Health Center

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

Aid to Dependent Children

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

Other Local Welfare Services

Contributions	\$ 5,760	
Pauper Burials	34,100	
Total Other Local Welfare Services		39,860

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	\$ 11,000	
Total Senior Citizens Assistance		11,000

Libraries

Supervisor/Director	\$ 43,014
Clerical Personnel	279,498
Custodial Personnel	70,848
Part-time Personnel	17,396
Social Security	25,776
State Retirement	48,070
Life Insurance	702
Medical Insurance	55,040
Dental Insurance	2,271
Unemployment Compensation	611
Employer Medicare	6,029
Advertising	100
Communication	6,632
Contributions	30,000
Data Processing Services	11,330
Dues and Memberships	473
Freight Expenses	38
Janitorial Services	2,198

(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.)

Maintenance and Repair Services - Buildings	\$	300	
Maintenance and Repair Services - Equipment		48	
Maintenance and Repair Services - Office Equipment		2,424	
Matching Share		13,711	
Pest Control		1,333	
Postal Charges		4,872	
Printing, Stationery, and Forms		78	
Rentals		359	
Travel		2,200	
Tuition		1,635	
Disposal Fees		421	
Other Contracted Services		422	
Custodial Supplies		1,785	
Data Processing Supplies		18,104	
Electricity		17,355	
General Construction Materials		362	
Instructional Supplies and Materials		7,679	
Library Books/Media		74,572	
Natural Gas		3,633	
Office Supplies		9,179	
Periodicals		2,497	
Water and Sewer		1,229	
Other Charges		10,000	
Data Processing Equipment		7,700	
Furniture and Fixtures		14,441	
Other Capital Outlay		1,500	
Total Libraries			\$ 797,865

Parks and Fair Boards

Contributions	\$	65,000	
Payments to Schools - Other		300,000	
Total Parks and Fair Boards			365,000

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	2,534	
Contributions		7,000	
Matching Share		115,925	
Printing, Stationery, and Forms		172	
Total Agriculture Extension Service			125,631

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 28,167	
Social Security	1,723	
State Retirement	4,150	
Life Insurance	70	
Medical Insurance	8,550	
Employer Medicare	403	
Contributions	5,100	
Total Soil Conservation		48,163

Other Operations

Tourism

Supervisor/Director	\$ 7,490	
Part-time Personnel	8,250	
Social Security	2,972	
State Retirement	4,927	
Life Insurance	70	
Medical Insurance	1,080	
Dental Insurance	65	
Employer Medicare	773	
Advertising	553	
Communication	1,118	
Contributions	5,000	
Dues and Memberships	600	
Legal Notices, Recording, and Court Costs	1,726	
Maintenance and Repair Services - Office Equipment	1,150	
Postal Charges	409	
Printing, Stationery, and Forms	3	
Rentals	42	
Travel	1,655	
Tuition	259	
Other Contracted Services	978	
Data Processing Supplies	434	
Food Supplies	370	
Office Supplies	817	
Periodicals	157	
Other Supplies and Materials	2,000	
Total Tourism		42,898

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contracts with Private Agencies	\$	5,606	
Contributions		353,940	
Electricity		392	
Wood Products		1,300	
Building Improvements		48,541	
Site Development		<u>67,711</u>	
Total Industrial Development	\$		477,490

Housing and Urban Development

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

Other Economic and Community Development

Contracts with Government Agencies	\$	200,000	
Contributions		<u>13,000</u>	
Total Other Economic and Community Development			213,000

Veterans' Services

Rentals	\$	<u>10,925</u>	
Total Veterans' Services			10,925

Employee Benefits

Social Security	\$	329	
Medical Insurance		214,327	
Employer Medicare		77	
Other Fringe Benefits		62,290	
Other Contracted Services		<u>10,250</u>	
Total Employee Benefits			287,273

ARRA Grant No. 1

Data Processing Equipment	\$	<u>93,989</u>	
Total ARRA Grant No. 1			93,989

ARRA Grant No. 3

Medical Personnel	\$	27,100	
Social Security		1,377	
State Retirement		3,328	
Life Insurance		55	
Medical Insurance		3,188	
Dental Insurance		141	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

ARRA Grant No. 3 (Cont.)

Employer Medicare	\$	322	
Other Contracted Services		2,090	
Data Processing Supplies		400	
Other Supplies and Materials		55	
Total ARRA Grant No. 3			\$ 38,056

Miscellaneous

Dues and Memberships	\$	27,352	
Other Charges		10,452	
Total Miscellaneous			37,804

Instruction

Vocational Education Program

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

Other

Contracts with Other Public Agencies	\$	200,000	
Total Other			200,000

Capital Projects

Public Utility Projects

Other Capital Outlay	\$	1,644,396	
Total Public Utility Projects			1,644,396

Highway and Street Capital Projects

Other Road Supplies	\$	1,541	
Road Signs		5,767	
Total Highway and Street Capital Projects			7,308

Total General Fund \$ 44,087,935

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$	899	
Dues and Memberships		50	
Printing, Stationery, and Forms		56	
Other Contracted Services		8,237	
Instructional Supplies and Materials		172	

(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.)

Sanitation Education/Information (Cont.)

Other Supplies and Materials	\$	703	
Other Charges		<u>2,025</u>	
Total Sanitation Education/Information			\$ 12,142

Transfer Stations

Supervisor/Director	\$	57,359
Mechanic(s)		29,951
Equipment Operators		31,373
Truck Drivers		215,007
Clerical Personnel		28,990
Maintenance Personnel		150,887
Part-time Personnel		22,031
Social Security		31,678
State Retirement		72,760
Life Insurance		1,024
Medical Insurance		133,210
Dental Insurance		4,681
Employer Medicare		7,675
Other Fringe Benefits		473
Communication		5,530
Contracts with Government Agencies		2,305
Data Processing Services		60
Dues and Memberships		2,546
Evaluation and Testing		500
Freight Expenses		191
Licenses		68
Maintenance and Repair Services - Equipment		13,512
Maintenance and Repair Services - Office Equipment		835
Maintenance and Repair Services - Vehicles		19,096
Postal Charges		112
Printing, Stationery, and Forms		841
Rentals		4,487
Travel		2,442
Tuition		850
Disposal Fees		658,970
Custodial Supplies		626
Data Processing Supplies		551
Diesel Fuel		81,535
Electricity		16,217
Equipment Parts - Heavy		2,565

(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.)

Equipment Parts - Light	\$	1,411	
Fuel Oil		1,518	
Garage Supplies		9,449	
Gasoline		9,091	
General Construction Materials		3,546	
Lubricants		5,425	
Office Supplies		231	
Propane Gas		493	
Small Tools		702	
Structural Steel		10,441	
Tires and Tubes		27,742	
Uniforms		101	
Vehicle Parts		17,334	
Water and Sewer		1,604	
Wire		1,760	
Other Supplies and Materials		8,306	
Trustee's Commission		23,536	
Motor Vehicles		157,775	
Other Capital Outlay		8,000	
Total Transfer Stations			\$ <u>1,889,403</u>

Total Solid Waste/Sanitation Fund \$ 1,901,545

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	48,069
Captain(s)		140,302
Lieutenant(s)		143,362
Medical Personnel		1,945,464
Clerical Personnel		130,157
Part-time Personnel		193,313
Social Security		160,542
State Retirement		352,223
Life Insurance		4,113
Medical Insurance		532,108
Dental Insurance		17,914
Unemployment Compensation		4,641
Employer Medicare		37,546
Other Fringe Benefits		5,610

(Continued)

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Bank Charges	\$	652
Communication		19,722
Data Processing Services		32,429
Dues and Memberships		370
Freight Expenses		152
Legal Notices, Recording, and Court Costs		693
Licenses		6,824
Maintenance and Repair Services - Buildings		4,174
Maintenance and Repair Services - Equipment		14,488
Maintenance and Repair Services - Office Equipment		1,504
Maintenance and Repair Services - Vehicles		1,557
Medical and Dental Services		450
Pest Control		1,475
Postal Charges		20,771
Printing, Stationery, and Forms		1,713
Rentals		36,000
Tow-in Services		723
Travel		3,692
Tuition		3,012
Disposal Fees		5,048
Other Contracted Services		7,555
Custodial Supplies		2,166
Data Processing Supplies		15,196
Diesel Fuel		108,739
Drugs and Medical Supplies		101,077
Electricity		25,731
Equipment Parts - Light		4,077
Garage Supplies		141
Gasoline		3,650
General Construction Materials		7,416
Instructional Supplies and Materials		6,245
Lubricants		1,859
Natural Gas		7,378
Office Supplies		10,553
Periodicals		267
Small Tools		5
Tires and Tubes		18,511
Uniforms		20,229
Vehicle Parts		39,405
Water and Sewer		1,527

(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.)

Other Supplies and Materials	\$	5,061	
Trustee's Commission		47,889	
Data Processing Equipment		66,698	
Furniture and Fixtures		7,433	
Heating and Air Conditioning Equipment		4,995	
Motor Vehicles		281,855	
Health Equipment		7,270	
Other Equipment		994	
Total Ambulance/Emergency Medical Services			\$ 4,674,735

Total Ambulance Service Fund \$ 4,674,735

Drug Control Fund

Public Safety

Sheriff's Department

Communication	\$	3,712	
Data Processing Services		2,780	
Confidential Drug Enforcement Payments		14,000	
Freight Expenses		108	
Licenses		61	
Maintenance and Repair Services - Vehicles		13	
Postal Charges		16	
Rentals		3,765	
Tow-in Services		975	
Travel		2,292	
Tuition		2,540	
Other Contracted Services		1,113	
Data Processing Supplies		1,263	
Gasoline		2,171	
General Construction Materials		117	
Law Enforcement Supplies		2,598	
Office Supplies		219	
Periodicals		176	
Uniforms		2,212	
Vehicle Parts		2,697	
Other Supplies and Materials		775	
Trustee's Commission		612	
Other Charges		3,900	
Motor Vehicles		28,750	
Total Sheriff's Department			\$ 76,865

Total Drug Control Fund 76,865

(Continued)

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

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	31,466
Laborers		25,887
Temporary Personnel		41,433
Social Security		6,181
State Retirement		8,426
Life Insurance		140
Medical Insurance		16,285
Dental Insurance		372
Employer Medicare		1,446
Bank Charges		1,409
Communication		730
Contracts with Private Agencies		1,400
Licenses		230
Maintenance and Repair Services - Equipment		184
Postal Charges		47
Printing, Stationery, and Forms		229
Rentals		852
Disposal Fees		1,661
Crushed Stone		753
Custodial Supplies		3,436
Diesel Fuel		2,590
Electricity		40,393
Equipment Parts - Light		2,228
Garage Supplies		136
Gasoline		2,884
General Construction Materials		12,615
Ice		2,138
Lubricants		351
Office Supplies		276
Propane Gas		1,180
Road Signs		1,880
Sand		495
Small Tools		714
Tires and Tubes		219
Uniforms		156
Vehicle Parts		430
Water and Sewer		24,969
Gravel and Chert		859
Other Supplies and Materials		65
Trustee's Commission		2,461

(Continued)

Exhibit L-7

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

<u>Sports and Recreation Fund (Cont.)</u>			
<u>Social, Cultural, and Recreational Services (Cont.)</u>			
<u>Parks and Fair Boards (Cont.)</u>			
Maintenance Equipment	\$	2,040	
Total Parks and Fair Boards			\$ 241,646
Total Sports and Recreation Fund			\$ 241,646
<u>District Attorney General Fund</u>			
<u>Administration of Justice</u>			
<u>District Attorney General</u>			
Communication	\$	96	
Data Processing Services		7	
Dues and Memberships		2,545	
Janitorial Services		1,800	
Licenses		139	
Printing, Stationery, and Forms		808	
Travel		3,745	
Tuition		3,030	
Other Contracted Services		76	
Library Books/Media		2,676	
Other Supplies and Materials		24	
Trustee's Commission		177	
Total District Attorney General			\$ 15,123
Total District Attorney General Fund			15,123
<u>Constitutional Officers - Fees Fund</u>			
<u>General Government</u>			
<u>Other General Administration</u>			
Special Commissioner Fees/Special Master Fees	\$	357,385	
Other Charges		6,147	
Total Other General Administration			\$ 363,532
Total Constitutional Officers - Fees Fund			363,532
<u>Highway/Public Works Fund</u>			
<u>Highways</u>			
<u>Administration</u>			
County Official/Administrative Officer	\$	95,357	
Social Security		5,912	
State Retirement		14,104	
Life Insurance		70	

(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.)

Medical Insurance	\$	8,549	
Dental Insurance		372	
Employer Medicare		1,383	
Communication		16,261	
Data Processing Services		1,500	
Dues and Memberships		4,460	
Evaluation and Testing		411	
Licenses		974	
Maintenance Agreements		1,450	
Maintenance and Repair Services - Buildings		298	
Maintenance and Repair Services - Office Equipment		1,595	
Pest Control		1,850	
Postal Charges		73	
Printing, Stationery, and Forms		533	
Rentals		1,276	
Travel		1,112	
Tuition		1,750	
Permits		300	
Other Contracted Services		420	
Data Processing Supplies		1,382	
Electricity		31,190	
Natural Gas		6,863	
Office Supplies		3,732	
Other Road Supplies		273	
Periodicals		327	
Uniforms		75	
Water and Sewer		3,889	
Other Supplies and Materials		1,225	
Trustee's Commission		88,941	
Total Administration			\$ 297,907

Highway and Bridge Maintenance

Assistant(s)	\$	159,190
Supervisor/Director		193,520
Paraprofessionals		113,836
Foremen		463,762
Mechanic(s)		384,522
Equipment Operators		1,167,200
Equipment Operators - Heavy		911,837
Truck Drivers		566,646

(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.)

Dispatchers/Radio Operators	\$	93,014
Laborers		192,286
Social Security		261,058
State Retirement		614,991
Life Insurance		9,173
Medical Insurance		1,070,078
Dental Insurance		37,358
Unemployment Compensation		4,001
Employer Medicare		61,054
Other Fringe Benefits		2,087
Communication		1,776
Data Processing Services		325
Dues and Memberships		70
Evaluation and Testing		852
Freight Expenses		118
Licenses		1,771
Maintenance and Repair Services - Buildings		150
Maintenance and Repair Services - Equipment		1,121
Maintenance and Repair Services - Office Equipment		1,456
Rentals		18,956
Travel		1,799
Tuition		165
Disposal Fees		367
Other Contracted Services		39,216
Concrete		2,228
Crushed Stone		68,340
Data Processing Supplies		466
Electricity		59
Equipment Parts - Heavy		187
Explosives and Drilling Supplies		4,961
Fertilizer, Lime, and Seed		2,556
Garage Supplies		607
General Construction Materials		17,699
Office Supplies		4,698
Other Road Supplies		2,046
Pipe - Metal		26,557
Salt		176,128
Sand		170
Small Tools		1,755
Structural Steel		956

(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.)

T&I Construction Materials	\$	1,615	
Uniforms		2,366	
Vehicle Parts		379	
Other Supplies and Materials		114	
Total Highway and Bridge Maintenance			\$ 6,687,642

Operation and Maintenance of Equipment

Data Processing Services	\$	88
Freight Expenses		39
Maintenance and Repair Services - Buildings		390
Maintenance and Repair Services - Equipment		14,466
Maintenance and Repair Services - Vehicles		21,459
Rentals		19,791
Disposal Fees		2,234
Other Contracted Services		750
Concrete		3,855
Custodial Supplies		6,317
Data Processing Supplies		418
Diesel Fuel		185,204
Drugs and Medical Supplies		479
Equipment Parts - Heavy		78,977
Equipment Parts - Light		6,056
Equipment and Machinery Parts		11,211
Explosives and Drilling Supplies		215
Fertilizer, Lime, and Seed		400
Fuel Oil		2,623
Garage Supplies		10,239
Gasoline		129,058
General Construction Materials		265
Lubricants		29,022
Office Supplies		373
Other Road Supplies		915
Small Tools		4,575
Structural Steel		2,939
Tires and Tubes		38,005
Uniforms		177
Vehicle Parts		64,462
Wood Products		573
Drainage Materials		1,360
Fencing		103

(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.)

Other Supplies and Materials	\$ 7,011	
Total Operation and Maintenance of Equipment		\$ 644,049

Asphalt Plant Operations

Licenses	\$ 362	
Maintenance and Repair Services - Equipment	997	
Asphalt	34,035	
Asphalt - Hot Mix	393,273	
Crushed Stone	192,747	
Electricity	19,378	
Equipment and Machinery Parts	1,483	
Lubricants	368	
Natural Gas	38,260	
Structural Steel	65	
Water and Sewer	417	
Gravel and Chert	30	
Chemicals	1,563	
Other Supplies and Materials	65	
Total Asphalt Plant Operations		683,043

Traffic Control

Other Road Supplies	\$ 1,222	
Road Signs	9,111	
Wood Products	394	
Total Traffic Control		10,727

Other Charges

Natural Gas	\$ 618	
Water and Sewer	33	
Liability Insurance	86,725	
Total Other Charges		87,376

Capital Outlay

Salt	\$ 191,356	
Bridge Construction	20,843	
Maintenance Equipment	14,920	
Motor Vehicles	55,598	
Other Equipment	21,572	
Total Capital Outlay		304,289

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Capital Projects

Highway and Street Capital Projects

State Aid Projects	\$ 363,460	
Total Highway and Street Capital Projects	<u>363,460</u>	\$ 363,460

Total Highway/Public Works Fund \$ 9,078,493

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 49,979	
Total Other Finance		\$ 49,979

Principal on Debt

General Government

Principal on Bonds	\$ 655,000	
Principal on Notes	<u>1,135,000</u>	
Total General Government		1,790,000

Interest on Debt

General Government

Interest on Bonds	\$ 1,473,442	
Interest on Notes	<u>182,142</u>	
Total General Government		1,655,584

Education

Interest on Other Loans	\$ 155,045	
Total Education		155,045

Other Debt Service

General Government

Bank Charges	\$ 1,381	
Other Debt Service	<u>500</u>	
Total General Government		<u>1,881</u>

Total General Debt Service Fund 3,652,489

General Capital Projects Fund

Other Debt Service

Education

Underwriter's Discount	\$ 106,116	
Other Debt Issuance Charges	<u>65,339</u>	
Total Education		\$ 171,455

(Continued)

Exhibit L-7

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

<u>General Capital Projects Fund (Cont.)</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$	<u>134,078</u>	
Total Capital Projects Donated to School Department	\$		<u>134,078</u>
Total General Capital Projects Fund			\$ 305,533
<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects</u>			
<u>Other General Government Projects</u>			
Other Construction	\$	<u>33,783</u>	
Total Other General Government Projects	\$		33,783
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to Other Entities</u>			
Other Capital Outlay	\$	<u>234,490</u>	
Total Capital Projects Donated to Other Entities			<u>234,490</u>
Total Community Development/Industrial Park Fund			268,273
<u>Other Capital Projects Fund</u>			
<u>Finance</u>			
<u>Other Finance</u>			
Trustee's Commission	\$	<u>3</u>	
Total Other Finance	\$		3
<u>Other Operations</u>			
<u>ARRA Grant No. 2</u>			
Building Improvements	\$	<u>93,746</u>	
Total ARRA Grant No. 2			<u>93,746</u>
Total Other Capital Projects Fund			<u>93,749</u>
Total Governmental Funds - Primary Government			<u>\$ 64,759,918</u>

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, 2010

Special Purpose Fund

Support Services

Board of Education

Trustee's Commission	\$	25,716	
Total Board of Education			\$ 25,716

Capital Outlay

Regular Capital Outlay

Architects	\$	3,250	
Building Improvements		284,933	
Heating and Air Conditioning Equipment		24,725	
Other Capital Outlay		210,752	
Total Regular Capital Outlay			<u>523,660</u>

Total Special Purpose Fund			\$ 549,376
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General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$	132,429	
Teachers		27,331,976	
Career Ladder Program		332,842	
Career Ladder Extended Contracts		235,330	
Homebound Teachers		76,254	
Salary Supplements		578,778	
Educational Assistants		1,321,800	
Other Salaries and Wages		423,937	
Certified Substitute Teachers		186,575	
Non-certified Substitute Teachers		238,684	
Social Security		1,806,013	
Handling Charges and Administrative Costs		50,301	
State Retirement		1,954,590	
Life Insurance		50,333	
Medical Insurance		5,288,983	
Dental Insurance		94,673	
Unemployment Compensation		19,626	
Employer Medicare		425,809	
Contracts with Government Agencies		685,748	
Evaluation and Testing		67,964	
Travel		123	
Other Contracted Services		178	
Basic Skills Materials		5,101	

(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.)

Equipment and Machinery Parts	\$	8,150	
Instructional Supplies and Materials		682,240	
Textbooks		721,601	
Other Supplies and Materials		141	
Medical Claims		251,659	
Other Charges		111,900	
Data Processing Equipment		50,215	
Regular Instruction Equipment		<u>65,560</u>	
Total Regular Instruction Program	\$		43,199,513

Special Education Program

Teachers	\$	3,458,379	
Career Ladder Program		43,370	
Career Ladder Extended Contracts		21,380	
Homebound Teachers		18,076	
Medical Personnel		15,489	
Educational Assistants		458,041	
Other Salaries and Wages		46,760	
Certified Substitute Teachers		12,498	
Non-certified Substitute Teachers		35,457	
Social Security		241,726	
Handling Charges and Administrative Costs		4,759	
State Retirement		296,200	
Life Insurance		8,009	
Medical Insurance		730,980	
Dental Insurance		13,636	
Unemployment Compensation		2,815	
Employer Medicare		56,953	
Contracts with Private Agencies		40,521	
Evaluation and Testing		5,060	
Maintenance and Repair Services - Equipment		1,352	
Other Contracted Services		63,981	
Instructional Supplies and Materials		42,510	
Other Supplies and Materials		5,451	
Special Education Equipment		<u>39,773</u>	
Total Special Education Program			5,663,176

Vocational Education Program

Teachers	\$	1,850,625	
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(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.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	16,000	
Other Salaries and Wages		5,000	
Certified Substitute Teachers		13,138	
Non-certified Substitute Teachers		18,050	
Social Security		111,030	
Handling Charges and Administrative Costs		1,458	
State Retirement		120,008	
Life Insurance		2,948	
Medical Insurance		351,018	
Dental Insurance		5,684	
Unemployment Compensation		1,041	
Employer Medicare		25,978	
Maintenance and Repair Services - Buildings		4,515	
Maintenance and Repair Services - Equipment		3,111	
Other Contracted Services		4,998	
Equipment and Machinery Parts		1,000	
Instructional Supplies and Materials		94,678	
Vocational Instruction Equipment		28,209	
Total Vocational Education Program			\$ 2,658,489

Support Services

Health Services

Secretary(ies)	\$	16,901	
Other Salaries and Wages		40,883	
Social Security		3,567	
State Retirement		5,124	
Life Insurance		135	
Medical Insurance		9,415	
Dental Insurance		280	
Unemployment Compensation		55	
Employer Medicare		834	
Communication		377	
Travel		7,583	
Other Contracted Services		1,120	
Other Supplies and Materials		30,241	
Total Health Services			116,515

Other Student Support

Career Ladder Program	\$	11,000	
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(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.)

Other Student Support (Cont.)

Guidance Personnel	\$	1,262,257	
Secretary(ies)		55,246	
Educational Assistants		13,941	
Social Security		79,907	
Handling Charges and Administrative Costs		1,215	
State Retirement		91,927	
Life Insurance		2,258	
Medical Insurance		233,825	
Dental Insurance		4,942	
Unemployment Compensation		730	
Employer Medicare		18,677	
Total Other Student Support			\$ 1,775,925

Regular Instruction Program

Supervisor/Director	\$	194,341	
Career Ladder Program		17,000	
Career Ladder Extended Contracts		500	
Librarians		1,226,315	
Materials Supervisor		196,065	
Truck Drivers		44,457	
Secretary(ies)		136,968	
Educational Assistants		17,575	
Other Salaries and Wages		196,364	
Social Security		123,741	
Handling Charges and Administrative Costs		4,371	
State Retirement		159,101	
Life Insurance		3,334	
Medical Insurance		356,533	
Dental Insurance		6,440	
Unemployment Compensation		1,132	
Employer Medicare		28,809	
Advertising		90	
Communication		7,076	
Dues and Memberships		7,920	
Maintenance and Repair Services - Equipment		17,943	
Printing, Stationery, and Forms		11,249	
Rentals		7,632	
Travel		44,402	
Other Contracted Services		27,964	

(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.)

Instructional Supplies and Materials	\$	290,570	
Library Books/Media		129,692	
Office Supplies		12,426	
Periodicals		26,894	
Propane Gas		160	
Other Supplies and Materials		2,563	
In Service/Staff Development		198,040	
Administration Equipment		2,457	
Data Processing Equipment		865	
Other Equipment		511	
Total Regular Instruction Program			\$ 3,501,500

Special Education Program

Supervisor/Director	\$	76,814	
Career Ladder Program		2,000	
Secretary(ies)		29,181	
Other Salaries and Wages		5,000	
Social Security		6,870	
Handling Charges and Administrative Costs		106	
State Retirement		9,697	
Life Insurance		140	
Medical Insurance		8,005	
Dental Insurance		336	
Unemployment Compensation		40	
Employer Medicare		1,607	
Communication		1,480	
Maintenance and Repair Services - Equipment		1,385	
Rentals		1,644	
Travel		35,239	
Office Supplies		1,796	
Other Supplies and Materials		616	
In Service/Staff Development		25,449	
Other Charges		38	
Administration Equipment		2,232	
Total Special Education Program			209,675

Vocational Education Program

Supervisor/Director	\$	94,977	
Career Ladder Program		2,000	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Secretary(ies)	\$	33,197	
Social Security		7,718	
Handling Charges and Administrative Costs		55	
State Retirement		11,136	
Life Insurance		164	
Medical Insurance		14,662	
Dental Insurance		210	
Unemployment Compensation		50	
Employer Medicare		1,805	
Dues and Memberships		152	
Travel		7,779	
Office Supplies		1,290	
Propane Gas		92	
Total Vocational Education Program			\$ 175,287

Other Programs

On-Behalf Payments to OPEB	\$	1,050,455	
Total Other Programs			1,050,455

Board of Education

Board and Committee Members Fees	\$	30,000	
Social Security		1,600	
Handling Charges and Administrative Costs		118	
Medical Insurance		8,181	
Dental Insurance		840	
Unemployment Compensation		15	
Employer Medicare		435	
Advertising		173	
Audit Services		63,700	
Dues and Memberships		19,624	
Legal Services		123,766	
Travel		15,882	
Other Contracted Services		3,007	
Periodicals		489	
Other Supplies and Materials		3,266	
Building and Contents Insurance		117,458	
Liability Insurance		110,581	
Trustee's Commission		691,142	
Workers' Compensation Insurance		380,647	

(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.)

Other Charges	\$ 25,000	
Total Board of Education		\$ 1,595,924

Director of Schools

County Official/Administrative Officer	\$ 155,317	
Assistant(s)	90,026	
Career Ladder Extended Contracts	1,000	
Secretary(ies)	82,608	
Other Salaries and Wages	6,000	
Social Security	18,712	
Handling Charges and Administrative Costs	98	
State Retirement	26,025	
Life Insurance	140	
Medical Insurance	36,193	
Dental Insurance	336	
Unemployment Compensation	100	
Employer Medicare	4,671	
Communication	164,271	
Dues and Memberships	7,249	
Freight Expenses	410	
Maintenance and Repair Services - Equipment	21,340	
Postal Charges	13,439	
Printing, Stationery, and Forms	3,041	
Travel	9,632	
Equipment and Machinery Parts	2,860	
Office Supplies	6,424	
Other Supplies and Materials	390	
Other Charges	85	
Administration Equipment	793	
Total Director of Schools		651,160

Office of the Principal

Assistant(s)	\$ 1,114,566
Principals	1,848,405
Career Ladder Program	59,000
Accountants/Bookkeepers	361,924
Career Ladder Extended Contracts	500
Secretary(ies)	713,893
Social Security	243,445

(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.)

Office of the Principal (Cont.)

Handling Charges and Administrative Costs	\$	3,026	
State Retirement		350,578	
Life Insurance		6,751	
Medical Insurance		763,728	
Dental Insurance		12,824	
Unemployment Compensation		2,134	
Employer Medicare		56,617	
Travel		5,072	
Other Contracted Services		172,444	
Office Supplies		11,113	
Data Processing Equipment		744	
Total Office of the Principal			\$ 5,726,764

Fiscal Services

Accountants/Bookkeepers	\$	180,187	
Social Security		10,485	
Handling Charges and Administrative Costs		141	
State Retirement		26,649	
Life Insurance		421	
Medical Insurance		38,727	
Dental Insurance		504	
Unemployment Compensation		130	
Employer Medicare		2,454	
Dues and Memberships		125	
Maintenance and Repair Services - Equipment		534	
Printing, Stationery, and Forms		2,245	
Travel		2,346	
Other Contracted Services		9,250	
Office Supplies		6,843	
Administration Equipment		160	
Data Processing Equipment		1,614	
Total Fiscal Services			282,815

Operation of Plant

Custodial Personnel	\$	1,920,452	
Social Security		114,963	
Handling Charges and Administrative Costs		2,270	
State Retirement		273,196	
Life Insurance		6,084	

(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.)

Operation of Plant (Cont.)

Medical Insurance	\$	628,179	
Dental Insurance		10,402	
Unemployment Compensation		2,002	
Employer Medicare		26,552	
Other Contracted Services		44,896	
Coal		43,809	
Custodial Supplies		104,365	
Electricity		2,200,758	
Fuel Oil		115,048	
Natural Gas		261,986	
Propane Gas		27,990	
Water and Sewer		345,543	
Other Supplies and Materials		6,115	
Plant Operation Equipment		1,195	
Total Operation of Plant			\$ 6,135,805

Maintenance of Plant

Supervisor/Director	\$	87,908
Foremen		192,380
Secretary(ies)		47,088
Maintenance Personnel		1,732,594
Overtime Pay		1,200
Other Salaries and Wages		7,000
Social Security		119,572
Handling Charges and Administrative Costs		1,917
State Retirement		301,255
Life Insurance		4,165
Medical Insurance		482,585
Dental Insurance		7,938
Unemployment Compensation		1,398
Employer Medicare		28,221
Communication		5,099
Maintenance and Repair Services - Buildings		1,747
Maintenance and Repair Services - Equipment		22,860
Maintenance and Repair Services - Vehicles		2,894
Rentals		2,069
Travel		1,660
Other Contracted Services		134,928
Asphalt		1,432

(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.)

Concrete	\$	330	
Crushed Stone		14,766	
Diesel Fuel		6,350	
Equipment and Machinery Parts		63,512	
Garage Supplies		51,774	
Gasoline		112,778	
General Construction Materials		195,239	
Office Supplies		1,599	
Pipe		51	
Sand		496	
Uniforms		25,292	
Other Supplies and Materials		40,175	
Administration Equipment		4,835	
Maintenance Equipment		62,277	
Total Maintenance of Plant			\$ 3,767,384

Transportation

Contracts with Parents	\$	707	
Contracts with Vehicle Owners		3,711,640	
Maintenance and Repair Services - Vehicles		1,495	
Garage Supplies		25,868	
Gasoline		83,377	
Other Supplies and Materials		999	
Total Transportation			3,824,086

Central and Other

Supervisor/Director	\$	76,814	
Secretary(ies)		30,349	
Other Salaries and Wages		104,093	
Social Security		12,599	
Handling Charges and Administrative Costs		149	
State Retirement		24,230	
Life Insurance		351	
Medical Insurance		32,755	
Dental Insurance		840	
Unemployment Compensation		109	
Employer Medicare		2,946	
Maintenance and Repair Services - Equipment		800	
Travel		579	

(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.)

Other Contracted Services	\$	37,057	
Office Supplies		1,738	
Total Central and Other			\$ 325,409

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	66,552	
Career Ladder Program		1,000	
Accountants/Bookkeepers		30,349	
Truck Drivers		23,614	
Secretary(ies)		57,274	
Cafeteria Personnel		1,879,979	
Other Salaries and Wages		117,615	
Social Security		129,357	
State Retirement		165,640	
Life Insurance		4,703	
Medical Insurance		554,719	
Dental Insurance		6,314	
Unemployment Compensation		3,725	
Employer Medicare		30,311	
Communication		409	
Contracts with Other School Systems		10,789	
Data Processing Services		22,371	
Dues and Memberships		639	
Operating Lease Payments		2,965	
Maintenance and Repair Services - Equipment		17,931	
Printing, Stationery, and Forms		357	
Travel		18,052	
Other Contracted Services		349,593	
Equipment and Machinery Parts		40,034	
Food Preparation Supplies		243,497	
Food Supplies		1,562,107	
Gasoline		2,990	
Office Supplies		5,265	
Periodicals		197	
Uniforms		21,075	
Other Supplies and Materials		31,379	
In Service/Staff Development		2,352	
Food Service Equipment		211,908	
Total Food Service			5,615,062

(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.)

Community Services

Other Salaries and Wages	\$	33,875	
Social Security		2,093	
State Retirement		3,005	
Unemployment Compensation		42	
Employer Medicare		490	
Total Community Services			\$ 39,505

Capital Outlay

Regular Capital Outlay

Architects	\$	9,950	
Other Contracted Services		19,671	
General Construction Materials		33,468	
Heating and Air Conditioning Equipment		26,650	
Total Regular Capital Outlay			89,739

Principal on Debt

Education

Principal on Capital Leases	\$	19,108	
Total Education			19,108

Interest on Debt

Education

Interest on Notes	\$	12,500	
Interest on Capital Leases		5,671	
Total Education			18,171

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	200,000	
Total Education			<u>200,000</u>

Total General Purpose School Fund \$ 86,641,467

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	801,162	
Educational Assistants		634,372	
Certified Substitute Teachers		7,330	

(Continued)

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Non-certified Substitute Teachers	\$	7,937	
Social Security		70,401	
State Retirement		108,649	
Life Insurance		3,355	
Medical Insurance		257,306	
Dental Insurance		5,096	
Unemployment Compensation		1,578	
Employer Medicare		19,619	
Instructional Supplies and Materials		285,439	
Regular Instruction Equipment		519,263	
Total Regular Instruction Program			\$ 2,721,507

Special Education Program

Teachers	\$	375,016	
Educational Assistants		845,720	
Other Salaries and Wages		53,451	
Certified Substitute Teachers		25,542	
Social Security		74,728	
State Retirement		148,379	
Life Insurance		3,357	
Medical Insurance		350,861	
Dental Insurance		6,520	
Unemployment Compensation		1,682	
Employer Medicare		17,501	
Instructional Supplies and Materials		273,966	
Other Supplies and Materials		14,587	
Special Education Equipment		282,434	
Total Special Education Program			2,473,744

Vocational Education Program

Instructional Supplies and Materials	\$	69,151	
Vocational Instruction Equipment		76,616	
Total Vocational Education Program			145,767

Support Services

Other Student Support

Social Workers	\$	81,112	
Social Security		4,980	
State Retirement		5,207	

(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.)

Support Services (Cont.)

Other Student Support (Cont.)

Life Insurance	\$	164	
Medical Insurance		9,816	
Dental Insurance		336	
Unemployment Compensation		43	
Employer Medicare		1,165	
Communication		738	
Travel		37,630	
Other Contracted Services		55,690	
Other Supplies and Materials		46,947	
In Service/Staff Development		5,367	
Other Charges		4,692	
Total Other Student Support			\$ 253,887

Regular Instruction Program

Supervisor/Director	\$	40,176	
Secretary(ies)		14,939	
Other Salaries and Wages		271,531	
Social Security		24,493	
State Retirement		26,926	
Life Insurance		440	
Medical Insurance		32,777	
Dental Insurance		924	
Unemployment Compensation		205	
Employer Medicare		5,810	
Consultants		18,412	
Travel		2,499	
Instructional Supplies and Materials		1,956	
Other Supplies and Materials		1,060	
In Service/Staff Development		390,493	
Other Equipment		46,801	
Total Regular Instruction Program			879,442

Special Education Program

Assessment Personnel	\$	41,719	
Social Security		9,700	
State Retirement		3,296	
Life Insurance		64	
Medical Insurance		8,289	
Dental Insurance		154	

(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.)

Special Education Program (Cont.)

Unemployment Compensation	\$	234	
Employer Medicare		2,484	
Travel		2,555	
Other Contracted Services		134,489	
In Service/Staff Development		20,415	
Other Charges		4,500	
Other Equipment		<u>38,925</u>	
Total Special Education Program			\$ 266,824

Vocational Education Program

Travel	\$	<u>3,080</u>	
Total Vocational Education Program			3,080

Transportation

Mechanic(s)	\$	32,331	
Bus Drivers		284,274	
Social Security		17,922	
State Retirement		23,599	
Life Insurance		772	
Medical Insurance		59,393	
Dental Insurance		1,176	
Unemployment Compensation		402	
Employer Medicare		4,391	
Transportation Equipment		<u>222,232</u>	
Total Transportation			<u>646,492</u>

Total School Federal Projects Fund \$ 7,390,743

Education Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$	<u>21,316</u>	
Total Other Finance			\$ 21,316

Principal on Debt

Education

Principal on Bonds	\$	<u>1,320,000</u>	
Total Education			1,320,000

(Continued)

Exhibit L-8

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

<u>Education Debt Service Fund (Cont.)</u>		
<u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 782,275	
Total Education		\$ 782,275
 <u>Other Debt Service</u>		
<u>Education</u>		
Other Debt Service	\$ 500	
Total Education		<u>500</u>
Total Education Debt Service Fund		\$ 2,124,091
 <u>Education Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Education Capital Projects</u>		
Architects	\$ 117,551	
Building Improvements	<u>16,527</u>	
Total Education Capital Projects		<u>\$ 134,078</u>
Total Education Capital Projects Fund		<u>134,078</u>
Total Governmental Funds - Sullivan County School Department		<u><u>\$ 96,839,755</u></u>

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, 2010

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 8,711,526	\$ 13,395,044	\$ 22,106,570
Trustee's Collections - Prior Years Circuit/Clerk and Master Collections - Prior Years	0	201,417	308,717	510,134
Interest and Penalty	0	94,877	145,791	240,668
Pick-up Taxes	0	73,992	113,536	187,528
Local Option Sales Tax	0	26,525	40,787	67,312
Bank Excise Tax	18,585,560	3,957,892	6,085,994	28,629,446
Interstate Telecommunication Tax	0	33,202	50,363	83,565
Marriage Licenses	0	1,772	2,929	4,701
Other Local Revenues	0	2,054	3,375	5,429
Total Cash Receipts	0	248	410	658
	<u>\$ 18,585,560</u>	<u>\$ 13,103,505</u>	<u>\$ 20,146,946</u>	<u>\$ 51,836,011</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 18,399,704	\$ 12,865,418	\$ 19,772,943	\$ 51,038,065
Trustee's Commission	185,856	220,808	339,498	746,162
Total Cash Disbursements	<u>\$ 18,585,560</u>	<u>\$ 13,086,226</u>	<u>\$ 20,112,441</u>	<u>\$ 51,784,227</u>
<u>Excess of Cash Receipts</u>				
Over (Under) Cash Disbursements	\$ 0	\$ 17,279	\$ 34,505	\$ 51,784
Cash Balance, July 1, 2009	0	367,473	557,035	924,508
Cash Balance, June 30, 2010	<u>\$ 0</u>	<u>\$ 384,752</u>	<u>\$ 591,540</u>	<u>\$ 976,292</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 37243-1402
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

October 29, 2010

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, 2010, which collectively comprise Sullivan County's basic financial statements and have issued our report thereon dated October 29, 2010. Our report on the aggregate discretely presented component units 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 deficiency in internal control 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 and correct misstatements on a timely basis. A material weakness is a

deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis.

Our consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over financial reporting that might be deficiencies, 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. However, we identified certain deficiencies in internal control over financial reporting, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies in internal control over financial reporting: 10.01 and 10.05. A significant deficiency is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Compliance and Other Matters

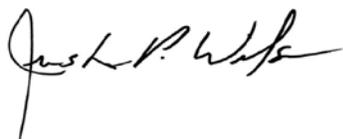
As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under Government Auditing Standards and are described in the accompanying Schedule of Findings and Questioned Costs as items 10.02, 10.03, 10.04, and 10.06.

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

Sullivan County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Sullivan County's responses and, accordingly, we express no opinion on the responses.

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, 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,



Justin P. Wilson
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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

October 29, 2010

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, 2010. 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 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.

As described in items 10.02 and 10.07 in the accompanying Schedule of Findings and Questioned Costs, Sullivan County did not comply with requirements regarding Activities Allowed or Unallowed and Eligibility that are applicable to its Special Supplemental Nutrition Program for Women, Infants, and Children program (CFDA No. 10.557). Compliance with such requirements is necessary, in our opinion, for Sullivan County to comply with the requirements applicable to that program.

In our opinion, except for the noncompliance described in the preceding paragraph, 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, 2010.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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

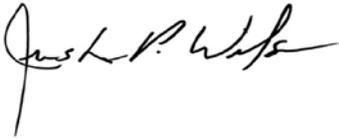
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2010, and have issued our report thereon dated October 29, 2010. Our report on the aggregate discretely presented component units was qualified due to not including the financial

statements of the Sullivan County Emergency Communications District, which were not available from other auditor's as of the date of this report. Our audit was performed for the purpose of forming 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.

Sullivan County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Sullivan County's responses and, accordingly, we express no opinion on the responses.

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, 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, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a long, vertical tail on the letter "J".

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Sullivan County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2010

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 50,123
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	567,140
National School Lunch Program	10.555	N/A	1,964,896 (11)
ARRA - Child Nutrition Discretionary Grants Limited Availability	10.579	N/A	7,169
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	675,503 (11)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(3)	<u>694,959</u>
Total U.S. Department of Agriculture			<u>\$ 3,959,790</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11832-00	\$ 148,535
Total U.S. Department of Housing and Urban Development			<u>\$ 148,535</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 32,666
American Battlefield Protection	15.926	N/A	7,965
Total U.S. Department of the Interior			<u>\$ 40,631</u>
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grant Program	16.592	N/A	\$ 58,614 (4)
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	N/A	93,989
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(5)	51,104
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	Z-07-033061-00	<u>73,901</u>
Total U.S. Department of Justice			<u>\$ 277,608</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	154AL-09-117	<u>20,359</u>
Total U.S. Department of Transportation			<u>\$ 20,359</u>
U.S. Environmental Protection Agency:			
Direct Program:			
Brownsfield Assessment and Cleanup Cooperative Agreements	66.818	N/A	<u>\$ 61,223</u>
Total U.S. Environmental Protection Agency			<u>\$ 61,223</u>

(Continued)

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Energy:			
Direct Program:			
ARRA - Energy Efficiency and Conservation Block Grant Program (EECBG)	81.128	N/A	\$ 204,858
Total U.S. Department of Energy			<u>\$ 204,858</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,377,518
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	745,331
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,375,058
Special Education - Preschool Grants	84.173	N/A	99,574
Special Education - Grants to States, Recovery Act	84.391	N/A	1,033,550
Special Education - Preschool Grants, Recovery Act	84.392	N/A	19,385
Career and Technical Education - Basic Grants to States	84.048	N/A	194,705
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	48,241
Innovative Education Program Strategies	84.298	N/A	1,956
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	26,975
Education Technology State Grants, Recovery Act	84.386	(2)	47,263
Improving Teacher Quality State Grants	84.367	N/A	559,211
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	2,483
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	2,160,600
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	369,548
Total U.S. Department of Education			<u>\$ 10,061,398</u>
National Archives and Records Administration:			
Passed-through State Library and Archives:			
National Historical Publications and Records Grant	89.003	(2)	\$ 5,200
Total National Archives and Records Administration			<u>\$ 5,200</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Public Health and Social Services Emergency Fund	93.003	(6)	\$ 379,189
Public Health Emergency Perparedness	93.069	GG-10-30084-00	431,116
Project Grants and Cooperative Agreements for Tuberculosis			
Control Programs	93.116	GG-10-28086-00	24,855 (10)
ARRA - Project Grants and Cooperative Agreements for Tuberculosis			
Control Programs	93.116	GG-10-29063-00	38,056 (10)
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children			
	93.197	GG-10-29068-00	68,524
Family Planning - Services	93.217	GU-10-28136-00	203,343
Immunization Grants	93.268	GU-10-28136-00	93,458
Centers for Disease Control and Prevention - Investigations and Technical Assistance			
	93.283	(7)	28,267
Cancer Control	93.399	GG-10-27680-00	54,800

(Continued)

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

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Health and Human Services (Cont.):			
Passed-through State Department of Health (Cont.):			
HIV Prevention Activities - Health Department Based	93.940	(8)	\$ 86,381
Preventive Health and Health Services Block Grant	93.991	(9)	59,158
Maternal and Child Health Services Block Grant to the States	93.994	GG-10-28774-00	48,130
Total U.S. Department of Health and Human Services			<u>\$ 1,515,277</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	GG-08-026014-00	\$ 55,929
Total U.S. Department of Homeland Security			<u>\$ 55,929</u>
Total Expenditures of Federal Awards			<u>\$ 16,350,808</u>

<u>State Grants</u>		<u>Contract Number</u>	
Care and Coordination Services - State Department of Health	N/A	(2)	\$ 32,087
Adolescent Pregnancy - State Department of Health	N/A	GG-10-28915-00	57,626
TennCare Dental Prevention - State Department of Health	N/A	(2)	204,666
Home Visiting - State Department of Health	N/A	(2)	312,649
TenderCare Outreach - State Department of Health	N/A	GG-10-29534-00	160,368
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	48,353
State Aid Program - State Department of Transportation	N/A	(2)	360,896
Litter Program - State Department of Transportation	N/A	(2)	66,304
Used Tire Grant - State Department of Environment and Conservation	N/A	(2)	2,062
State Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	32,669
Fast Track Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	54,402
State Reappraisal - Comptroller of the Treasury	N/A	(2)	41,857
Health Department Program - State Department of Health	N/A	GG-10-30504-00	33,400
Connect TN - State Department of Education	N/A	(2)	7,972
Early Childhood Education Project - State Department of Education	N/A	(2)	<u>440,539</u>
Total State Grants			<u>\$ 1,855,850</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-09-26186-00: \$147,443; GG-10-29898-00: \$547,516.
- (4) - 2008-DJ-BX-O88: \$24,865; 2009-DJ-BX-1245: \$33,749.
- (5) - Z-10-28898-00: \$42,104; Z-10-29964-00: \$9,000.
- (6) - GG-09-25525-00: \$9,838; GG-10-29316-00: \$369,351.
- (7) - GG-10-30940-00: \$3,995; GG-09-25530-00: \$1,497; GG-09-27687-00: \$22,775.
- (8) - GG-09-27491-00: \$39,150; GG-10-30706-00: \$47,231.
- (9) - GG-10-29063-00: \$29,127; GG-10-29315-00: \$29,231.
- (10) - Total for CFDA No. 93.116 is \$62,911.
- (11) - Total for CFDA No. 10.555 is \$2,640,399.

Sullivan County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2010

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are the findings from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2009, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.01 (B)	236	The Solid Waste Department had deficiencies in receipting software application controls

OFFICE OF DIRECTOR OF SCHOOLS

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
09.03	237	Duties were not segregated adequately in the central office

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2010

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 significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed one instance of noncompliance that is material to the financial statements of Sullivan County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. A qualified opinion was issued on compliance for major programs.
6. The audit revealed one finding that is required to be reported under Section 510(a) of OMB Circular A-133.
7. 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 No. 10.557); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); the Improving Teacher Quality State Grants (CFDA No. 84.367); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$490,524 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

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The county mayor, director of accounts and budgets, and director of schools provided written responses on certain findings, which are paraphrased in this report.

OFFICE OF COUNTY MAYOR

FINDING 10.01 **THE SOLID WASTE DEPARTMENT'S RECEIPTING SOFTWARE DID NOT HAVE ADEQUATE APPLICATION CONTROLS**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

The following control deficiencies relating to the software were identified:

- A. Because the software provided users the ability to assign a receipt number to collections, duplicate receipt numbers could be assigned or a gap in receipt numbers could be created. This was a violation of Section 9-2-103, Tennessee Code Annotated, which provides for receipts to be prenumbered consecutively.
- B. Charges could be deleted from the application, leaving no evidence of the original transaction.

Sound business practices dictate that proper application controls be implemented. Because the vendor did not design the system with proper controls, inappropriate system activity could occur. After this was discussed with management, the vendor implemented controls within the software that assigned a sequential receipt number to collections. An audit trail of deletions was also put in place.

HEALTH DEPARTMENT

FINDING 10.02 **THE HEALTH DEPARTMENT HAD DEFICIENCIES IN THE USE OF FUNDS IN THE FEDERAL SPECIAL SUPPLEMENTAL NUTRITION PROGRAM FOR WOMEN, INFANTS, AND CHILDREN**

(Noncompliance Under Government Auditing Standards and OMB Circular A-133)

On August 17, 2010, the State of Tennessee, Department of Health, Office of Internal Audit released an audit report on the Women, Infants, and Children (WIC) program in Sullivan County for the period January 1, 2009, through April 14, 2010. The results of that audit disclosed the following deficiencies:

- A. Invoices for WIC reimbursements may not be accurate.
- B. WIC certification was not documented.
- C. WIC formula inventory records were not accurate.
- D. WIC formula was issued to non-WIC participants.
- E. WIC services were not entered into PTBMIS.

This audit report along with management’s responses and corrective action plans may be obtained from the state Department of Health, Office of Internal Audit, 11th floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

OFFICE OF HIGHWAY COMMISSIONER

FINDING 10.03 **THE COUNTY DID NOT MEET THE REQUIRED FIVE-YEAR AVERAGE FOR LOCAL REVENUES IN THE HIGHWAY/PUBLIC WORKS FUND**
(Material Noncompliance Under Government Auditing Standards)

Sullivan County did not meet the required five-year average for local revenues allocated to the Highway/Public Works Fund. Section 67-3-901, Tennessee Code Annotated (TCA), requires that counties appropriate and allocate “...funds for road purposes from local revenue sources in an amount not less than the average of the five (5) preceding fiscal years...” in order to be eligible to receive the gas tax increases imposed by the legislature in 1985.

The deficiency in local revenues resulted primarily from a deficiency in interest income placed in the fund. The Highway/Public Works Fund budget for the 2009-10 year reflected estimated revenues from interest earnings of \$1,000,000, while actual revenues from interest earnings totaled only \$90,887, a difference of \$909,113.

RECOMMENDATION

Sullivan County should monitor revenues of the Highway/Public Works Fund and ensure compliance with local revenue requirements of Section 67-3-901, TCA.

MANAGEMENT’S RESPONSE – COUNTY MAYOR AND DIRECTOR OF ACCOUNTS AND BUDGETS

Sullivan County government has historically elected to fund the Highway/Public Works Fund with local revenues greater than required by law and far greater than most if not all other county governments in Tennessee. The local funding has included a mix of county revenues including interest earnings on idle county funds as well as certain other county

revenues that are impacted by the national economy. Currently, the Sullivan County Commission has increased funding for the 2011 budget by allocating an additional two cents (\$680,000) to the tax rate for the Highway/Public Works Fund to alleviate the negative economic impact on the historical revenues allocated. With expected improvements in the national economy the other potential revenues should regain some of their decline and improve the local funding for the Highway/Public Works Fund.

FINDING 10.04 THE HIGHWAY COMMISSIONER AND A COUNTY EMPLOYEE HAVE BEEN INDICTED BY THE SULLIVAN COUNTY GRAND JURY
(Noncompliance Under Government Auditing Standards)

It should be noted that prior to beginning our audit work, Highway Commissioner Allan Pope and section foreman David Campbell were indicted by the Sullivan County Grand Jury on August 24, 2010, related to violations of the Uniform Road Law. The indictments stem from the alleged use of highway equipment to benefit private individuals while performing a series of projects in Blountville, Bluff City, and Piney Flats from November 2006 to March 2010. The Highway Commissioner, Allan Pope, was indicted on one count of theft over \$10,000, four counts of theft over \$1,000, one count of official misconduct, and one count of private use of county equipment. Section foreman David Campbell was indicted on one count of theft over \$10,000, four counts of theft over \$1,000, two counts of official misconduct, and one count of private use of highway equipment. On November 5, 2010, Allan Pope was convicted of official misconduct and removed from office. As of the date of this report, the employee is awaiting trial.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 10.05 DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE CENTRAL OFFICE
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among employees in the School Department's Central Office. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of management's decisions and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

I acknowledge that the Department of Education has a few findings related to internal controls and purchasing procedures. I believe this will be addressed in the near future when we put a business manager in place to provide oversight and clarity of financial systems. The Department of Education will have segregation of duties during the 2010-11 school year.

OFFICE OF CLERK AND MASTER

FINDING 10.06 A CASH SHORTAGE OF \$203.50 WAS DISCOVERED BY THE CLERK AND MASTER
(Noncompliance Under Government Auditing Standards)

In March 2010, an attorney paid \$203.50 in cash to file a case in the Bristol Office, but did not obtain a receipt at that time. A few days later, the attorney returned to the office to obtain his receipt; however, no record of the case or receipt could be found. Subsequently, a deputy clerk of the office brought the missing funds to the clerk and master. The clerk and master immediately filed the case, issued a receipt, and terminated the deputy clerk's employment. The clerk and master performed a review of all cases filed within a two to three month period prior to this incident and found no other discrepancies. The clerk and master did not file a Fraud Reporting Form with the Comptroller's Office in accordance with Section 8-4-501, Tennessee Code Annotated. This statute provides that this Fraud Reporting Form be filed within five working days from the time the official has knowledge that an unlawful conduct has occurred. The clerk and master filed the Fraud Reporting Form on July 12, 2010.

RECOMMENDATION

Receipts should be issued at the time of collection. The official should file a Fraud Reporting Form in accordance with provisions of state statute when suspected fraud has occurred.

BEST PRACTICE

AN AUDIT COMMITTEE HAS NOT BEEN ESTABLISHED

Sullivan County does not have an Audit Committee. Sound business practices dictate that establishing an Audit Committee would significantly improve management oversight and accountability. The absence of an Audit Committee has been a management decision by the County Commission. The Division of County Audit strongly believes that an Audit Committee is a best practice that should be adopted to assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and would be responsible for monitoring management's plans to address various risks.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

Sullivan County Department of Education will formulate an audit committee during the 2010-11 school year.

AUDITOR'S COMMENT

The County Commission, not the Board of Education, should establish an Audit Committee that is independent of county management. The Audit Committee may be comprised of members of the County Commission, citizens of Sullivan County, or a combination of both.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Agriculture: Passed-through State Department of Health: Special Supplemental Nutrition Program for Women, Infants, and Children	10.07	10.557	<u>Circular A-132</u> , Compliance Supplement, Part 3 (A,E)	Noncompliance, see Finding 10.02: Compliance Over Activities Allowed or Unallowed and Eligibility.	\$ 0

**SULLIVAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2010**

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

Sullivan County Health Department – Corrective Action Plan for Current-Year's Findings

FINDINGS 10.02 and 10.07

Contact person: Gary Mayes, Regional Director of Sullivan County
Regional Health Department

Corrective action taken: Management's responses and corrective action plans
may be obtained from the state Department of Health,
Office of Internal Audit, 11th floor, Andrew Johnson
Tower, 710 James Robertson Parkway, Nashville, TN
37243

Anticipated completion date: 2010-11