



**ANNUAL FINANCIAL REPORT  
SULLIVAN COUNTY, TENNESSEE**



**FOR THE YEAR ENDED JUNE 30, 2012**



**ANNUAL FINANCIAL REPORT**  
**SULLIVAN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2012**

*COMPTROLLER OF THE TREASURY*  
*JUSTIN P. WILSON*

*DIVISION OF LOCAL GOVERNMENT AUDIT*  
*JAMES R. ARNETTE*  
*Director*

*BRYAN W. BURKLIN, CPA, CGFM*  
*Audit Manager*

*MARK TREECE, CPA, CGFM*  
*Auditor 4*

*MARIE TIDWELL, CPA*  
*BRAD BURKE, CPA, CIA*  
*ROBERT ANDERSON*  
*GREG BRUSH*  
*State Auditors*

This financial report is available at [www.comptroller.tn.gov](http://www.comptroller.tn.gov)

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## SULLIVAN COUNTY, TENNESSEE

### TABLE OF CONTENTS

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	Exhibit	Page(s)
Audit Highlights		6-7
<u>INTRODUCTORY SECTION</u>		8
Sullivan County Officials		9
<u>FINANCIAL SECTION</u>		10
Independent Auditor's Report		11-13
BASIC FINANCIAL STATEMENTS:		14
Government-wide Financial Statements:		
Statement of Net Assets	A	15-16
Statement of Activities	B	17-18
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	19-20
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	21
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	22-23
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	24-25
Proprietary Funds:		
Statement of Net Assets	D-1	26
Statement of Revenues, Expenses, and Changes in Net Assets	D-2	27
Statement of Cash Flows	D-3	28
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	E	29
Notes to the Financial Statements		30-79
REQUIRED SUPPLEMENTARY INFORMATION:		80
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	F-1	81-85
Highway/Public Works Fund	F-2	86
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Sullivan County School Department	F-3	87
Schedule of Funding Progress – Pension Plan – Discretely Presented Sullivan County Emergency Communications District	F-4	88
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Sullivan County School Department	F-5	89
Notes to the Required Supplementary Information		90-91

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		92
Nonmajor Governmental Funds:		93-94
Combining Balance Sheet	G-1	95-98
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	G-2	99-100
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	G-3	101
Ambulance Service Fund	G-4	102
Drug Control Fund	G-5	103
Sports and Recreation Fund	G-6	104
Major Governmental Fund:		105
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	H	106
Proprietary Funds:		107
Combining Statement of Net Assets	I-1	108
Combining Statement of Revenues, Expenses, and Changes in Net Assets	I-2	109
Combining Statement of Cash Flows	I-3	110
Fiduciary Funds:		111
Combining Statement of Fiduciary Assets and Liabilities	J-1	112
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	J-2	113-114
Component Unit:		
Discretely Presented Sullivan County School Department:		115
Statement of Activities	K-1	116
Balance Sheet – Governmental Funds	K-2	117
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	K-3	118
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	K-4	119
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	K-5	120
Combining Balance Sheet – Nonmajor Governmental Funds	K-6	121
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	K-7	122
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	K-8	123-125
Special Purpose Fund	K-9	126
School Federal Projects Fund	K-10	127
Other Education Special Revenue Fund	K-11	128
Education Debt Service Fund	K-12	129

	Exhibit	Page(s)
Miscellaneous Schedules:		130
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Sullivan County School Department	L-1	131-132
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Sullivan County School Department	L-2	133-135
Schedule of Transfers – Primary Government and Discretely Presented Sullivan County School Department	L-3	136
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Sullivan County School Department	L-4	137
Schedule of Detailed Revenues – All Governmental Fund Types	L-5	138-149
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Sullivan County School Department	L-6	150-152
Schedule of Detailed Expenditures – All Governmental Fund Types	L-7	153-193
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Sullivan County School Department	L-8	194-210
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	L-9	211
<u>SINGLE AUDIT SECTION</u>		212
Auditor's Report on Internal Control Over Financial Reporting and Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		213-215
Auditor's Report on Compliance With Requirements That Could Have a Direct and Material Effect on Each Major Program and Internal Control Over Compliance in Accordance With OMB Circular A-133		216-218
Schedule of Expenditures of Federal Awards and State Grants		219-221
Schedule of Audit Findings Not Corrected		222
Schedule of Findings and Questioned Costs		223-230
Auditee Reporting Responsibilities		231

***Audit Highlights***  
Annual Financial Report  
Sullivan County, Tennessee  
For the Year Ended June 30, 2012

***Scope***

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2012.

***Results***

Our report on Sullivan County's financial statements is unqualified.

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

***Findings and Best Practices***

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

**OFFICE OF COUNTY MAYOR**

- ◆ The Ambulance Service Department had accounting deficiencies.
- ◆ Observation Knob Park funds were stolen.
- ◆ The Observation Knob Park Office had deficiencies in accounts receivable.

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**OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ The School Department had deficiencies in the use of Federal Child Nutrition Program Funds.

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**OFFICE OF TRUSTEE**

- ◆ The accounting software did not identify the user who processed each transaction.
-

## **OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND THE CLERK AND MASTER**

- ◆ The accounting software did not identify the user who processed each transaction.
- 

### **BEST PRACTICES**

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sullivan County.

- Sullivan County should adopt a central system of accounting and budgeting for all departments.
- Sullivan County should establish an Audit Committee.

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# INTRODUCTORY SECTION

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# Sullivan County Officials

## June 30, 2012

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### **Officials**

Steve Godsey, County Mayor  
Terry Shaffer, Highway Commissioner  
Jubal Yennie, Director of Schools  
Frances Harrell, Trustee  
Kristinia Davis, Purchasing Agent  
Gayvern Moore, Director of Accounts and Budgets  
Jeanie Gammon, County Clerk  
Tommy Kerns, Circuit, General Sessions, and Law Courts Clerk  
Sarah Housewright, Clerk and Master  
Bart Long, Register  
Bob Icenhour, Assessor of Property  
Wayne Anderson, Sheriff

### **Board of County Commissioners**

Steve Godsey, County Mayor, Chairman	Baxter Hood
Cathy Armstrong	Dennis Houser
Ty Boomershine	Matthew Johnson
Mark Bowery	Bill Kilgore
Bryan Boyd	Dwight King
Linda Brittenham	Ed Marsh
James Brotherton	Wayne McConnell
Darlene Calton	Randy Morrell
John Crawford	Bob Neal
O.W. Ferguson	Michael Surgenor
John Gardner	Robert White
Terry Harkleroad	Eddie Williams
Joe Herron	

### **Board of Education**

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

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## FINANCIAL SECTION

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**STATE OF TENNESSEE  
COMPTROLLER OF THE TREASURY  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841**

**INDEPENDENT AUDITOR'S REPORT**

February 22, 2013

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, 2012, 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 did not audit the financial statements of the Sullivan County Emergency Communications District, which represent 1.3 percent and 1.1 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Sullivan County Emergency Communications District, is based on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position 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 June 30, 2012, and the respective changes in financial position and, where applicable, cash flows 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 February 22, 2013, 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.

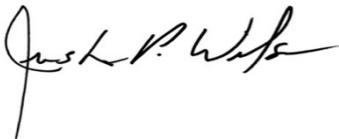
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 81 through 91 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 financial statements as a whole. 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

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 are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance 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 vertical stroke on the left side.

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb

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# BASIC FINANCIAL STATEMENTS

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Exhibit A

Sullivan County, Tennessee  
Statement of Net Assets  
June 30, 2012

	Primary Government Governmental Activities	Component Units	
		Sullivan County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 3,740,318	\$ 20,098	\$ 502,223
Equity in Pooled Cash and Investments	9,716,403	8,917,455	0
Inventories	74,148	335,893	0
Accounts Receivable	2,203,680	44,721	343,398
Allowance for Uncollectibles	(214,928)	0	0
Due from Other Governments	3,828,347	2,261,152	0
Due from Primary Government	0	1,180,286	0
Due from Component Units	94,233	0	0
Due from Joint Venture	264,735	0	0
Property Taxes Receivable	28,728,167	26,305,144	0
Allowance for Uncollectible Property Taxes	(961,049)	(879,674)	0
Prepaid Items	153,799	1,698	5,203
Deferred Charges - Debt Issuance Cost	428,208	73,404	0
Capital Assets:			
Assets Not Depreciated:			
Land	2,059,381	1,124,248	0
Construction in Progress	0	18,923,259	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	21,933,125	50,140,266	0
Infrastructure	12,060,457	0	0
Other Capital Assets	5,547,114	2,694,505	558,567
Total Assets	<u>\$ 89,656,138</u>	<u>\$ 111,142,455</u>	<u>\$ 1,409,391</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 392,705	\$ 456,690	\$ 4,423
Accrued Payroll	449,266	4,066	71,053
Accrued Interest Payable	359,056	98,542	0
Payroll Deductions Payable	42,656	365,700	0
Contracts Payable	28,200	1,595,426	0
Retainage Payable	0	82,789	0
Claims and Judgments Payable	477,013	0	0
Due to Primary Government	0	94,233	0
Due to Component Units	1,180,286	0	0
Due to State of Tennessee	46,506	6	0
Other Current Liabilities	1,058,760	75,949	0
Deferred Revenue - Property Taxes	27,137,094	24,849,018	0
Noncurrent Liabilities:			
Due Within One Year	3,822,516	2,124,675	0
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	51,202,311	33,199,217	0
Total Liabilities	<u>\$ 86,196,369</u>	<u>\$ 62,946,311</u>	<u>\$ 75,476</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Sullivan County School Department	Emergency Communica- tions District
<u>NET ASSETS</u>			
Invested in Capital Assets, net of related debt	\$ 36,468,155	\$ 60,221,680	\$ 0
Invested in Capital Assets	0	0	558,567
Restricted for:			
General Government	999,628	0	0
Administration of Justice	71,411	0	0
Public Safety	157,097	0	0
Public Health and Welfare	34,340	0	0
Social, Cultural, and Recreational Services	1,020	0	0
Education	0	1,259,205	0
Capital Projects	2,746,781	0	0
Debt Service	1,510,002	67,556	0
Unrestricted	<u>(38,528,665)</u>	<u>(13,352,297)</u>	<u>775,348</u>
Total Net Assets	<u>\$ 3,459,769</u>	<u>\$ 48,196,144</u>	<u>\$ 1,333,915</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, 2012

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary Government					Component Units				
	Program Revenues					Sullivan County School Department				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities	Department	School	Emergency	Communications District
Primary Government:										
Governmental Activities:										
General Government	\$ 4,236,978	\$ 1,361,786	\$ 204,233	\$ 116,572	\$ (2,554,387)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	5,253,767	3,650,813	0	0	(1,602,954)	0	0	0	0	0
Administration of Justice	5,009,241	2,788,464	118,104	0	(2,102,673)	0	0	0	0	0
Public Safety	21,670,905	3,631,101	385,204	556,966	(17,097,634)	0	0	0	0	0
Public Health and Welfare	13,784,354	8,079,811	2,954,645	0	(2,749,898)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,641,003	329,242	5,920	9,948	(1,295,893)	0	0	0	0	0
Agriculture and Natural Resources	184,689	0	0	0	(184,689)	0	0	0	0	0
Other Operations	1,092,881	1	0	0	(1,092,880)	0	0	0	0	0
Highways	9,450,225	22,672	2,671,081	381,680	(6,374,792)	0	0	0	0	0
Education	16,362,910	327,589	0	0	(16,035,321)	0	0	0	0	0
Debt Service:										
Interest	1,975,949	0	0	0	(1,975,949)	0	0	0	0	0
Other Debt Service	20,828	0	0	0	(20,828)	0	0	0	0	0
<b>Total Primary Government</b>	<b>\$ 80,683,730</b>	<b>\$ 20,191,479</b>	<b>\$ 6,339,187</b>	<b>\$ 1,065,166</b>	<b>\$ (53,087,898)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>
Component Units:										
Sullivan County School Department	\$ 99,035,769	\$ 2,125,136	\$ 12,058,088	\$ 15,976,323	\$ 0	\$ (68,876,222)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	1,043,143	944,536	327,239	0	0	0	0	0	228,632	0
<b>Total Component Units</b>	<b>\$ 100,078,912</b>	<b>\$ 3,069,672</b>	<b>\$ 12,385,327</b>	<b>\$ 15,976,323</b>	<b>\$ 0</b>	<b>\$ (68,876,222)</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 228,632</b>	<b>\$ 0</b>

(Continued)

Exhibit B

Sullivan County, Tennessee  
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Primary Government			Component Units		
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Sullivan County School Department	Emergency Communica- tions District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes		\$ 23,796,418	\$ 25,371,486	\$	\$	0
Property Taxes Levied for Debt Service		3,915,858	0			0
Local Option Sales Taxes		3,422,838	12,152,901			0
Litigation Tax - General		404,345	0			0
Litigation Tax - Office of Public Defender		149,877	0			0
Litigation Tax - Jail, Workhouse, or Courthouse Business Tax		324,499	0			0
Mineral Severance Tax		2,081,293	0			0
Wholesale Beer Tax		132,322	0			0
Interstate Telecommunications Tax		458,957	0			0
Other Local Taxes		7,346	0			0
Grants and Contributions Not Restricted to Specific Programs		0	3,786			0
Unrestricted Investment Income		3,568,670	44,188,803			0
Miscellaneous		117,356	45			10,286
Total General Revenues		\$ 38,446,677	\$ 82,192,652	\$	\$	10,286
Change in Net Assets		\$ (14,641,221)	\$ 13,316,430	\$	\$	238,918
Net Assets, July 1, 2011		18,100,990	34,879,714			1,094,997
Net Assets, June 30, 2012		\$ 3,459,769	\$ 48,196,144	\$	\$	1,333,915

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, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
<u>ASSETS</u>							
Cash	\$ 400	\$ 0	\$ 0	\$ 3,515,724	\$ 152,722	\$ 3,668,846	
Equity in Pooled Cash and Investments	3,231,486	1,145,383	2,421,972	0	2,285,697	9,084,538	
Inventories	74,148	0	0	0	0	74,148	
Accounts Receivable	197,375	147,221	0	0	1,526,742	1,871,338	
Due from Other Governments	2,815,198	881,808	0	0	131,341	3,828,347	
Due from Other Funds	203,916	0	0	0	12,202	216,118	
Due from Component Units	26,003	0	0	0	1,800	27,803	
Due from Joint Ventures	0	0	264,735	0	0	264,735	
Property Taxes Receivable	21,667,425	2,231,680	4,080,370	0	748,692	28,728,167	
Allowance for Uncollectible Property Taxes	(724,699)	(74,861)	(136,452)	0	(25,037)	(961,049)	
Prepaid Items	0	0	151,693	0	0	151,693	
Total Assets	\$ 27,491,252	\$ 4,331,231	\$ 6,782,318	\$ 3,515,724	\$ 4,834,159	\$ 46,954,684	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>							
Accounts Payable	\$ 241,352	\$ 0	\$ 0	\$ 0	\$ 104,567	\$ 345,919	
Accrued Payroll	314,337	61,990	0	0	72,939	449,266	
Payroll Deductions Payable	33,258	2,334	0	0	7,064	42,656	
Contracts Payable	0	0	0	0	28,200	28,200	
Due to Other Funds	201,118	119,247	0	0	209,151	529,516	
Due to Component Units	0	0	0	1,180,286	0	1,180,286	
Due to State of Tennessee	46,506	0	0	0	0	46,506	
Other Current Liabilities	0	0	1,058,760	0	0	1,058,760	
Deferred Revenue - Current Property Taxes	20,467,748	2,107,598	3,854,500	0	707,248	27,137,094	
Deferred Revenue - Delinquent Property Taxes	427,965	44,349	80,568	0	14,783	567,665	
Other Deferred Revenues	566,267	232,412	264,735	0	1,043,864	2,107,278	
Total Liabilities	\$ 22,298,551	\$ 2,567,930	\$ 5,258,563	\$ 1,180,286	\$ 2,187,816	\$ 33,493,146	

(Continued)



Exhibit C-2

Sullivan County, Tennessee  
Reconciliation of the Balance Sheet of Governmental Funds to  
the Statement of Net Assets  
June 30, 2012

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)		\$ 13,461,538
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,059,381	
Add: infrastructure net of accumulated depreciation	12,060,457	
Add: buildings and improvements net of accumulated depreciation	21,933,125	
Add: other capital assets net of accumulated depreciation	<u>5,547,114</u>	41,600,077
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,674,943
(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.		678,886
(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.		428,208
(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.		(359,056)
(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	\$ (1,670,000)	
Less: other loans payable	(21,412,124)	
Less: capital leases payable	(151,922)	
Less: bonds payable	(27,960,000)	
Add: deferred amount on refunded bonds	252,444	
Less: compensated absences payable	(1,222,378)	
Less: other postemployment benefits liability	(1,979,298)	
Less: other deferred revenue - premium on bonds	<u>(881,549)</u>	<u>(55,024,827)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 3,459,769</u>

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

Exhibit C-3

Sullivan County, Tennessee  
 Statement of Revenues, Expenditures,  
 and Changes in Fund Balances  
 Governmental Funds  
 For the Year Ended June 30, 2012

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other		
					Governmental Funds	Governmental Funds	
<b>Revenues</b>							
Local Taxes	\$ 25,227,372	\$ 5,354,740	\$ 4,057,097	\$ 0	\$ 0	\$ 733,065	\$ 35,372,274
Licenses and Permits	454,415	250,000	0	0	0	0	704,415
Fines, Forfeitures, and Penalties	488,438	0	0	0	0	73,608	562,046
Charges for Current Services	1,189,121	0	0	0	0	6,185,385	7,374,506
Other Local Revenues	417,753	63,766	1,635,614	12,565	0	207,028	2,336,726
Fees Received from County Officials	6,455,788	0	0	0	0	0	6,455,788
State of Tennessee	4,861,333	3,061,402	0	0	0	23,527	7,946,262
Federal Government	3,029,377	10,400	0	0	0	16,600	3,056,377
Other Governments and Citizens Groups	1,014,497	6,835	0	0	0	122,178	1,143,510
<b>Total Revenues</b>	<b>\$ 43,138,094</b>	<b>\$ 8,747,143</b>	<b>\$ 5,692,711</b>	<b>\$ 12,565</b>	<b>\$ 0</b>	<b>\$ 7,361,391</b>	<b>\$ 64,951,904</b>
<b>Expenditures</b>							
Current:							
General Government	\$ 4,404,118	\$ 0	\$ 0	\$ 0	\$ 0	\$ 15,782	\$ 4,419,900
Finance	5,062,691	0	79,905	0	0	0	5,142,596
Administration of Justice	4,609,705	0	0	0	0	18,105	4,627,810
Public Safety	20,483,885	0	0	0	0	48,781	20,532,666
Public Health and Welfare	6,112,934	0	0	0	0	6,950,642	13,063,576
Social, Cultural, and Recreational Services	1,251,888	0	0	0	0	292,767	1,544,655
Agriculture and Natural Resources	184,931	0	0	0	0	0	184,931
Other Operations	1,251,152	0	0	0	0	0	1,251,152
Highways	0	8,156,939	0	0	0	0	8,156,939
Instruction	210,239	0	0	0	0	0	210,239
Debt Service:							
Principal on Debt	82,574	0	2,879,717	0	0	0	2,962,291
Interest on Debt	0	0	1,997,865	0	0	0	1,997,865
Other Debt Service	0	0	20,828	0	0	0	20,828
Capital Projects	382,770	278,368	0	0	0	119,894	781,032
Capital Projects - Donated	256,015	0	0	15,637,944	0	0	15,893,959
<b>Total Expenditures</b>	<b>\$ 44,292,902</b>	<b>\$ 8,435,307</b>	<b>\$ 4,978,315</b>	<b>\$ 15,637,944</b>	<b>\$ 0</b>	<b>\$ 7,445,971</b>	<b>\$ 80,790,439</b>

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,154,808) \$	311,836 \$	714,396 \$	(15,625,379) \$	(84,580) \$		(15,838,535)
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 234,496 \$	0 \$	0 \$	0 \$	0 \$		234,496
Other Loans Issued	0	0	0	2,893,781	0		2,893,781
Insurance Recovery	0	0	0	0	8,229		8,229
Transfers In	30,000	0	245,939	0	0		275,939
Transfers Out	(245,939)	0	0	0	(30,000)		(275,939)
Total Other Financing Sources (Uses)	\$ 18,557 \$	0 \$	245,939 \$	2,893,781 \$	(21,771) \$		3,136,506
Net Change in Fund Balances	\$ (1,136,251) \$	311,836 \$	960,335 \$	(12,731,598) \$	(106,351) \$		(12,702,029)
Fund Balance, July 1, 2011	6,328,952	1,451,465	563,420	15,067,036	2,752,694		26,163,567
Fund Balance, June 30, 2012	\$ 5,192,701 \$	1,763,301 \$	1,523,755 \$	2,335,438 \$	2,646,343 \$		13,461,538

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, 2012

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)		\$ (12,702,029)
(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	\$ 947,973	
Less: current-year depreciation expense	<u>(2,184,188)</u>	(1,236,215)
(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		(341,930)
(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, 2011	\$ (2,021,957)	
Add: deferred delinquent property taxes and other deferred June 30, 2012	<u>2,674,943</u>	652,986
(4) The issuance of long-term debt (e.g., notes, bonds, other loans, leases) 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	\$ (2,893,781)	
Less: capital lease proceeds	(234,496)	
Add: change in premium on debt issuances	74,708	
Less: change in deferred debt issuance costs	(38,194)	
Add: principal payments on bonds	1,370,000	
Add: principal payments on notes	280,000	
Add: principal payments on other loans	1,229,717	
Add: principal payments on capital lease	82,574	
Less: change in deferred amount on refunding debt	<u>(35,066)</u>	(164,538)
(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	\$ 20,468	
Change in compensated absences payable	(40,252)	
Change in other postemployment benefits liability	<u>(10,358)</u>	(30,142)

(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>\$ (819,353)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (14,641,221)</u></u>

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

Sullivan County, Tennessee  
Statement of Net Assets  
Proprietary Funds  
June 30, 2012

Governmental  
 Activities -  
 Internal  
Service Funds

ASSETS

Current Assets:

Cash	\$	71,472
Equity in Pooled Cash and Investments		631,865
Accounts Receivable		117,414
Due from Other Funds		313,398
Due from Component Units		66,430
Prepaid Items		2,106
Total Assets	\$	<u>1,202,685</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	46,786
Claims and Judgments Payable		477,013
Total Liabilities	\$	<u>523,799</u>

NET ASSETS

Unrestricted	\$	<u>678,886</u>
Total Net Assets	\$	<u><u>678,886</u></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, 2012

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 919,935
Cobra Insurance Payments	4,547
Total Operating Revenues	<u>\$ 924,482</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 83,444
Dental Insurance	310,778
Audit Services	3,350
Contracts with Private Agencies	1,810
Building and Contents Insurance	115,925
Liability Insurance	47,292
Medical Claims	377,079
Bank Charges	22
Premiums on Corporate Surety Bonds	17
Trustee's Commission	361
Vehicle and Equipment Insurance	177,203
Workers' Compensation Insurance	732,037
Total Operating Expenses	<u>\$ 1,849,318</u>
Operating Income (Loss)	<u>\$ (924,836)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 1,561
Other State Revenues	11,547
Disaster Relief	92,375
Total Nonoperating Revenues (Expenses)	<u>\$ 105,483</u>
Change in Net Assets	\$ (819,353)
Net Assets, July 1, 2011	<u>1,498,239</u>
Net Assets, June 30, 2012	<u><u>\$ 678,886</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, 2012

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 709,729
Payments to Insurers and Claims Payments	(1,773,131)
Payments for Administrative Costs	<u>(88,757)</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,152,159)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 1,561
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,561</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Other State Revenues	\$ 11,547
Disaster Relief	<u>92,375</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 103,922</u>
Increase (Decrease) in Cash	\$ (1,046,676)
Cash, July 1, 2011	<u>1,750,013</u>
Cash, June 30, 2012	<u><u>\$ 703,337</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (924,836)
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	(214,753)
(Increase) Decrease in Prepaid Expenses	(1,286)
Increase (Decrease) in Other Current Liabilities	<u>(11,284)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (1,152,159)</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, 2012

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,450,348
Equity in Pooled Cash and Investments	1,208,597
Accounts Receivable	3,555
Due from Other Governments	5,249,175
Taxes Receivable	24,733,165
Allowance for Uncollectible Taxes	<u>(827,106)</u>
Total Assets	<u>\$ 37,817,734</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 30,180,642
Due to Litigants, Heirs, and Others	7,453,268
Due to Joint Ventures	<u>183,824</u>
Total Liabilities	<u>\$ 37,817,734</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, 2012**

**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 Sullivan County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of contents. 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 \$15,637,944 were contributed by the county to the School Department during the year ended June 30, 2012.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. Internal service funds are reported with the governmental activities in the government-wide financial statements, and 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 special revenue fund accounts for transactions of the county’s Highway Department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

**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 funds:

**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.

**Education Capital Projects Fund** – This 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.

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

**Special Revenue Funds** – These funds account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

**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.

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.

**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 General Debt Service 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 totaling \$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 discussed in Note V.C. for Contingent Liabilities. Claims and judgments payable totaling \$477,013 are discussed in Note V.A. Risk Management.

Retainage payable in the discretely presented Sullivan County School Department's 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 Education Capital Project Fund.

**3. Inventories and Prepaid Items**

Inventories of Sullivan County and the discretely presented Sullivan County School Department 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. Inventories are offset in the nonspendable fund balance account in governmental funds.

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. Prepaids are offset in the nonspendable fund balance account in governmental funds.

**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 policy of the county and the School Department 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 the School Department. 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 \$28 per day for 1-100 unused sick days; \$30 per day for 101-200 unused sick days; \$32 per day for 201-300 unused sick days; and \$34 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.

As of June 30, 2012, Sullivan County had \$38,292,124 in outstanding debt for capital purposes of the discretely presented Sullivan County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Bristol School System and City of Kingsport School System) based on an average daily attendance proration. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Bristol School System, and the City of Kingsport School System. In addition, Sullivan County had outstanding debt totaling \$7,770,000 on June 30, 2012, related to capital purposes of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in Note V.E.). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Therefore, Sullivan County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

The account Restricted for Capital Projects on the Statement of Net Assets primarily includes proceeds of debt issued by the primary

government and restricted for capital contributions to the school systems and industrial agencies.

It is the county's policy that restricted amounts would be reduced first followed by unrestricted amounts when expenditures are incurred for purposes for which both restricted and unrestricted fund balance is available. Also, it is the county's policy that committed amounts would be reduced first, followed by assigned amounts, and then unassigned amounts when expenditures are incurred for purposes for which amounts in any of these unrestricted fund balance classifications could be used.

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

Nonspendable Fund Balance – includes amounts that cannot be spent because they are either (a) not in spendable form or (b) legally or contractually required to be maintained intact.

Restricted Fund Balance – includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and the Board of Education are authorized bodies to make assignments. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances of \$213,618.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

**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.

At June 30, 2012, Sullivan County and the Sullivan County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Vehicles	\$ 33,662
"	Other Equipment	42,902
Highway/Public Works	Bridge Construction	41,350
"	Highway Equipment	70,877
"	Vehicles	24,919
"	State Aid Project	453,283
Nonmajor Fund:		
Solid Waste/Sanitation	Solid Waste Equipment	43,647
School Department:		
Major Fund:		
General Purpose School	Construction	403,686
Nonmajor Fund:		
Special Purpose	"	420,892

**B. Fund Deficit**

The Education Capital Projects Fund of the discretely presented Sullivan County School Department had a deficit in unassigned fund balance of \$326,671 at June 30, 2012. This negative unassigned fund balance resulted from expenditures exceeding restricted balances. The negative unassigned

fund balance was liquidated when revenues were recognized after June 30, 2012.

**C. Cash Shortage**

Observation Knob Park had a theft, which resulted in a cash shortage of \$58. The county’s General Fund replenished the park’s cash drawer for this missing money. Details of this theft and cash shortage are discussed in the Schedule of Findings and Questioned Costs section of this report.

**D. Expenditures Exceeded Appropriations**

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

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
General Fund:	
Risk Management	\$ 699
Courtroom Security	4,764
Other Local Welfare Services	955
General Debt Service Fund:	
Other Finance	19,905
Interest on Debt - Education	16

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General Fund and by greater than anticipated revenues in the General Debt Service Fund.

**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, 2012, Sullivan County had the following investments carried at cost. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented

Sullivan County School Department since both pool their deposits and investments through the county trustee.

**POOLED INVESTMENTS**

Investment	Weighted Average Maturity (days)	Cost
State Treasurer's Investment Pool	6 to 164	\$ 6,347,131

**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, 2012, 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, 2012, was as follows:

**Primary Government**

**Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 2,059,381	\$ 0	\$ 0	\$ 2,059,381
Total Capital Assets Not Depreciated	\$ 2,059,381	\$ 0	\$ 0	\$ 2,059,381
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,681,734	\$ 0	\$ 0	\$ 32,681,734
Infrastructure	20,747,609	0	(234,424)	20,513,185
Other Capital Assets	24,866,774	947,973	(579,342)	25,235,405
Total Capital Assets Depreciated	\$ 78,296,117	\$ 947,973	\$ (813,766)	\$ 78,430,324

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 10,106,651	\$ 641,958	\$ 0	\$ 10,748,609
Infrastructure	7,989,523	518,690	(55,485)	8,452,728
Other Capital Assets	19,081,102	1,023,540	(416,351)	19,688,291
Total Accumulated Depreciation	<u>\$ 37,177,276</u>	<u>\$ 2,184,188</u>	<u>\$ (471,836)</u>	<u>\$ 38,889,628</u>
Total Capital Assets Depreciated, Net	<u>\$ 41,118,841</u>	<u>\$ (1,236,215)</u>	<u>\$ (341,930)</u>	<u>\$ 39,540,696</u>
Governmental Activities Capital Assets, Net	<u>\$ 43,178,222</u>	<u>\$ (1,236,215)</u>	<u>\$ (341,930)</u>	<u>\$ 41,600,077</u>

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

**Governmental Activities:**

General Government	\$ 111,431
Administration of Justice	165,936
Public Safety	631,970
Public Health and Welfare	381,622
Social, Cultural, and Recreational	38,427
Other Operations	31,287
Highways	<u>823,515</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,184,188</u>

**Discretely Presented Sullivan County School Department****Governmental Activities:**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Not Depreciated:				
Land	\$ 1,124,248	\$ 0	\$ 0	\$ 1,124,248
Construction in Progress	5,252,445	14,991,576	(1,320,762)	18,923,259
Total Capital Assets Not Depreciated	<u>\$ 6,376,693</u>	<u>\$ 14,991,576</u>	<u>\$ (1,320,762)</u>	<u>\$ 20,047,507</u>

**Governmental Activities (Cont.):**

	Balance 7-1-11	Increases	Decreases	Balance 6-30-12
Capital Assets Depreciated:				
Buildings and Improvements	\$ 95,745,105	\$ 3,647,787	\$ 0	\$ 99,392,892
Other Capital Assets	8,370,700	799,530	(224,721)	8,945,509
Total Capital Assets Depreciated	<u>\$ 104,115,805</u>	<u>\$ 4,447,317</u>	<u>\$ (224,721)</u>	<u>\$ 108,338,401</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 47,296,882	\$ 1,955,744	\$ 0	\$ 49,252,626
Other Capital Assets	5,827,635	630,643	(207,274)	6,251,004
Total Accumulated Depreciation	<u>\$ 53,124,517</u>	<u>\$ 2,586,387</u>	<u>\$ (207,274)</u>	<u>\$ 55,503,630</u>
Total Capital Assets Depreciated, Net	<u>\$ 50,991,288</u>	<u>\$ 1,860,930</u>	<u>\$ (17,447)</u>	<u>\$ 52,834,771</u>
Governmental Activities Capital Assets, Net	<u>\$ 57,367,981</u>	<u>\$ 16,852,506</u>	<u>\$ (1,338,209)</u>	<u>\$ 72,882,278</u>

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

**Governmental Activities:**

Instruction	\$ 2,017,012
Support Services	408,543
Operation of Non-Instructional Services	<u>160,832</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,586,387</u></u>

**C. Construction Commitments**

At June 30, 2012, the discretely presented Sullivan County School Department had uncompleted construction contracts of \$403,686 in the General Purpose School Fund, \$34,334 in the Special Purpose School Fund, and \$3,508,096 in the Education Capital Projects Fund. Funding for these future expenditures is being provided through fund balance and the issuance of other loans.

**D. Interfund Receivables, Payables, and Transfers**

The composition of interfund balances as of June 30, 2012, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 203,916
Nonmajor governmental	General	11,911
"	Nonmajor governmental	291
Internal Service	General	189,207
"	Highway/Public Works	119,247
"	Nonmajor governmental	4,944
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	50,000
Nonmajor governmental	General Purpose School	7,117

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>
Primary Government:		
General	Component Unit - School Department: General Purpose School	\$ 26,003
Nonmajor governmental	"	1,800
Internal Service	"	66,430
Discretely Presented School Department:		
Education Capital Projects	Primary Government: General Capital Projects	1,180,286

**Interfund Transfers:**

Interfund transfers for the year ended June 30, 2012, consisted of the following amounts:

**Primary Government**

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
General Fund	\$ 0	\$ 245,939
Nonmajor governmental fund	30,000	0
<b>Total</b>	<b>\$ 30,000</b>	<b>\$ 245,939</b>

**Discretely Presented Sullivan County School Department**

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 2,334,848
Nonmajor governmental funds	466,149	0
<b>Total</b>	<b>\$ 466,149</b>	<b>\$ 2,334,848</b>

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**

**Primary Government**

On June 12, 2012, Sullivan County entered into a two-year lease-purchase agreement for Sheriff's Department vehicles. The terms of the agreement require total lease payments of \$234,496 plus interest of 5.75 percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the General Fund.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 234,496
Less: Accumulated Depreciation	(23,317)
<b>Total Book Value</b>	<b>\$ 211,179</b>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30	Governmental Funds
2013	\$ 82,574
2014	82,574
Total Minimum Lease Payments	<u>\$ 165,148</u>
Less: Amount Representing Interest	<u>(13,226)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 151,922</u></u>

### **Discretely Presented Sullivan County School Department**

On May 30, 2012, 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 \$88,602 plus interest of 8.95 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.

On June 28, 2012, the discretely presented Sullivan County School Department entered into a three-year lease-purchase agreement for computers. The terms of the agreement require total lease payments of \$118,528 plus interest of 3.21 percent. Title to the equipment transfers to the School Department at the end of the lease period. The School Federal Projects Fund is making the lease payments. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

The assets acquired through capital leases are as follows:

Asset	Governmental Activities
Machinery and Equipment	\$ 88,602
Less: Accumulated Depreciation	<u>(121)</u>
Total Book Value	<u><u>\$ 88,481</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2012, were as follows:

Year Ending June 30	Governmental Funds
2013	\$ 64,113
2014	64,113
2015	64,113
2016	22,044
2017	20,207
Total Minimum Lease Payments	\$ 234,590
Less: Amount Representing Interest	(28,636)
Present Value of Minimum Lease Payments	<u>\$ 205,954</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.

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, 2012, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, other loans, and capital lease outstanding as of June 30, 2012, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-12
General Obligation Bonds	2.5 to 6.25 %	4-1-28	\$ 16,965,000	\$ 12,315,000
General Obligation Bonds - Refunding	4.75 to 5	4-1-24	16,320,000	15,645,000
Capital Outlay Notes	4.5 to 5.54	4-1-17	2,500,000	1,670,000
Other Loans - Qualified School Construction Bonds	0 to 1.515	8-1-27	20,553,000	18,518,343
Other Loans - Energy Efficient Schools Initiative	0.750 (1)	4-16-20	5,000,000	2,893,781
Capital Leases	5.75	6-12-14	234,496	151,922

(1) \$2,106,219 remains available for future draws as of June 30, 2012.

In 2009-10, Sullivan County entered into a loan agreement totaling \$15,480,000 with the Tennessee State School Bond Authority. Qualified School Construction Bonds were issued through the authority, and the proceeds were loaned to Sullivan County and 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 authority. The administrative fee totaled \$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.

During 2010-11, Sullivan County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Sullivan County \$5,073,000 for Emmett Elementary and Holston Complex renovations. This loan is interest free after a rebate. The county pays an annual administrative fee of \$4,058.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2012, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2022	11,580,000	4,109,588	15,689,588
2023-2027	8,190,000	1,155,152	9,345,152
2028	650,000	39,975	689,975
Total	\$ 27,960,000	\$ 11,465,855	\$ 39,425,855

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 1,670,000	\$ 267,330	\$ 1,937,330

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 1,282,475	\$ 480,461	\$ 28,569	\$ 1,791,505
2014	1,696,600	502,164	19,538	2,218,302
2015	1,699,705	499,059	19,539	2,218,303
2016	1,702,835	495,929	19,538	2,218,302
2017	1,705,987	492,777	19,539	2,218,303
2018-2022	7,630,929	2,420,098	97,692	10,148,719
2023-2027	5,663,752	2,187,326	86,082	7,937,160
2028	29,841	24,221	1,014	55,076
Total	\$ 21,412,124	\$ 7,102,035	\$ 291,511	\$ 28,805,670

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

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 Note V.E.) The bonds and notes are general obligation debt of the county. The interlocal agreement, which established the joint venture, requires NETWORKS to pay the county an amount equal to the annual principal and interest requirements on the debt issues. In the event revenues of the joint venture are not sufficient to meet those requirements, the other participating governments in the joint venture have agreed to pay 49 percent of any such deficiency.

There is \$1,523,755 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$323, based on the 2010 federal census for residents living outside the Bristol and Kingsport school districts and \$178, for residents living inside these school districts. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$473, for residents living outside the Bristol and Kingsport districts and \$326, for residents living inside these school districts based on the 2010 federal census.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2012, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2011	\$ 29,330,000	\$ 1,950,000	\$ 19,748,060
Additions	0	0	2,893,781
Reductions	(1,370,000)	(280,000)	(1,229,717)
Balance, June 30, 2012	<u>\$ 27,960,000</u>	<u>\$ 1,670,000</u>	<u>\$ 21,412,124</u>
Balance Due Within One Year	<u>\$ 1,460,000</u>	<u>\$ 285,000</u>	<u>\$ 1,282,475</u>

	Capital Lease	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2011	\$ 0	\$ 1,968,940	\$ 1,182,126
Additions	234,496	947,965	1,518,325
Reductions	(82,574)	(937,607)	(1,478,073)
Balance, June 30, 2012	<u>\$ 151,922</u>	<u>\$ 1,979,298</u>	<u>\$ 1,222,378</u>
Balance Due Within One Year	<u>\$ 73,838</u>	<u>\$ 0</u>	<u>\$ 721,203</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 54,395,722
Less: Balance Due Within One Year	(3,822,516)
Add: Unamortized Premium on Debt	881,549
Less: Deferred Amount on Refunding	<u>(252,444)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 51,202,311</u>

Compensated absences and other postemployment benefits will be paid from the employing funds.

**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, 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.

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 15 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.

Bonds and the capital leases outstanding as of June 30, 2012, for governmental activities, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Final Maturity</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-12</u>
General Obligation Bonds - Refunding	5%	5-1-19	\$ 13,220,000	\$ 11,825,000
Capital Leases	3.21 to 8.95	5-30-17	207,130	205,954

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2012, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
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
2018-2019	3,800,000	287,500	4,087,500
Total	\$ 11,825,000	\$ 2,477,750	\$ 14,302,750

#### Changes in Long-term Liabilities

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2012, was as follows:

	Bonds		Capital Leases
Balance, July 1, 2011	\$ 13,220,000	\$	31,005
Additions		0	207,130
Reductions	(1,395,000)		(32,181) *
Balance, June 30, 2012	\$ 11,825,000	\$	205,954
Balance Due Within One Year	\$ 1,460,000	\$	56,888
	Other		Compensated
	Postemployment Benefits		Absences
Balance, July 1, 2011	\$ 14,856,916	\$	2,756,033
Additions	7,299,006		612,960
Reductions	(2,255,294)		(606,327)
Balance June 30, 2012	\$ 19,900,628	\$	2,762,666
Balance Due Within One Year	\$ 0	\$	607,787

\*Includes \$18,616 balance on a terminated lease where the equipment was returned to the lessor.

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2012	\$ 34,694,248
Less: Balance Due Within One Year	(2,124,675)
Add: Unamortized Premium	<u>629,644</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 33,199,217</u>

Compensated absences and other postemployment benefits will be paid from the employing funds.

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

The Sullivan County School Department has pledged a portion of its share of local option sales tax revenues toward the retirement of refunding bonds issued by Sullivan County in 2004. Total principal and interest remaining on the debt is \$14,302,750 with annual requirements ranging from \$2,051,250 in the next fiscal year to \$2,047,500 in the final year of 2019.

**H. On-Behalf Payments**

**Primary Government**

The State of Tennessee pays health insurance premiums for some retired employees on-behalf of Sullivan County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Medicare Supplement Plan for the year ended June 30, 2012, were \$727. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

**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, 2012, were \$1,032,825 and \$33,601, 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 7-1-11	Issued	Paid	Balance 6-30-12
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 2,920,458	\$ (2,920,458)	\$ 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
2010-2011	\$ 413,444	\$ 866,267	\$ (744,739)	\$ 534,972
2011-2012	534,972	1,072,457	(1,083,630)	523,799

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2010-2011	\$ 0	\$ 613,089	\$ (612,978)	111
2011-2012	111	687,857	(687,968)	0

**B. Subsequent Events**

On July 16, 2012, Sullivan County issued a \$156,058 capital lease for the School Department for computer equipment.

On October 3, 2012, Sullivan County issued a \$2,000,000 tax anticipation note for the General Fund for temporary operating funds.

On October 17, 2012, Sullivan County issued a \$1,800,000 tax anticipation note for the General Purpose School Fund for temporary operating funds.

**C. Contingent Liabilities**

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

However, one case involving the Sullivan County Sheriff suing the county for additional operating funds is scheduled for trial in March 2013. Based on the outcome of this litigation, the county's General Fund operational funding needs could be impacted for fiscal year 2013 and following.

**D. Change in Administration**

On March 31, 2012, Larry Bailey left the Office of Director of Accounts and Budgets and was succeeded by Gayvern Moore.

**E. Joint Ventures**

The Tri-Cities Regional Airport is a joint venture in which Sullivan County participates, along with Washington County and the cities of Kingsport; Johnson City; Bristol, Tennessee; and Bristol, Virginia. The airport is governed by a 12-member board (the Tri-Cities Regional Airport Authority) comprising two members appointed by Sullivan County and ten members appointed by the other participating governments. Funding for the Airport Authority 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  
2525 Highway 75, Suite 301  
Blountville, TN 37617

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

The Sullivan County, Bluff City, Kingsport Animal Control Center is a joint venture formed by an interlocal agreement between Sullivan County and the cities of Bluff City, and Kingsport. The purpose of the Animal Control Center is to provide animal control, prevent cruelty to animals, and for the operation of one or more animal shelters with Sullivan County, Bluff City, and Kingsport. The Animal Control Center is governed by a nine-member board comprising two members appointed by Sullivan County, two members

appointed by the City of Kingsport, one member by the City of Bluff City, one member by the Sullivan County Humane Society, and one member by the Animal Rescue Coalition, with the county mayor of Sullivan County and the city manager of the City of Kingsport as voting ex officio members. Funding for the Animal Control Center is provided by revenues generated from adoption fees and contributions from Sullivan County and the member cities. Sullivan County contributed \$318,711 to the Animal Control Center for the year ended June 30, 2012. Complete financial statements for the Animal Control Center can be obtained from its administrative office at the following address:

Sullivan County, Bluff City,  
Kingsport Animal Control Center  
P.O. Box 507  
Kingsport, TN 37662

**F. Jointly Governed Organizations**

**Primary Government**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated (TCA)*, and includes the counties of Carter, Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing 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.

**Discretely Presented Sullivan County School Department**

The Upper East Tennessee Educational Cooperative (UETEC) was reported as a jointly governed organization in prior years, but was dissolved during the 2010-11 year. The cooperative had been established through a contractual agreement between the Boards of Education of Sullivan County and various other counties and cities in the upper East Tennessee area. UETEC entered into an agreement to establish and operate the Northeast Tennessee Cooperative (NETCO) to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. NETCO continues to operate after the dissolution of UETEC. NETCO has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. The Sullivan County School department, along with certain other former member districts of UETEC, is also a member of NETCO. NETCO is

governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

## **G. Retirement Commitments**

### **Plan Description**

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

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

### **Funding Policy**

Sullivan County had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. As of April 1, 2012, the county has elected to discontinue the non-contributory provision for all future hires. This will require all new hires to contribute five percent of their earnable compensation to the plan. Employees who were employed prior to April 1, 2012, will continue to be eligible for the noncontributory provision.

The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 16.07 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, 2012, the county's annual pension cost of \$5,591,311 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-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, 2009, was six years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

### **Trend Information**

<b>Fiscal Year Ended</b>	<b>Annual Pension Cost (APC)</b>	<b>Percentage of APC Contributed</b>	<b>Net Pension Obligation</b>
6-30-12	\$5,591,311	100%	\$0
6-30-11	5,393,084	100	0
6-30-10	6,071,204	100	0

### **Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 92.6 percent funded. The actuarial accrued liability for benefits was \$149.69 million, and the actuarial value of assets was \$138.61 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$11.08 million.

The covered payroll (annual payroll of active employees covered by the plan) was \$35.98 million, and the ratio of the UAAL to the covered payroll was 30.79 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.

## **SCHOOL TEACHERS**

### **Plan Description**

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at [www.tn.gov/treasury/tcrs/Schools](http://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, 2012, was 9.05 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, 2012, 2011, and 2010, were \$3,687,161, \$3,750,397, and \$2,669,524, respectively, equal to the required contributions for each year.

### **H. 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**

The premium requirements of plan members 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 is eligible for Medicare. 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	\$ 927,261
Interest on the NPO	88,602
Adjustment to the ARC	(67,898)
Annual OPEB cost	<hr/> \$ 947,965
Amount of contribution	(937,607)
Increase/decrease in NPO	<hr/> \$ 10,358
Net OPEB obligation, 7-1-11	<hr/> 1,968,940
	<hr/>
Net OPEB obligation, 6-30-12	<hr/> <hr/> \$ 1,979,298

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Sullivan County	\$ 1,085,585	70.9%	\$ 1,724,276
6-30-11	"	1,127,584	78.3	1,968,940
6-30-12	"	947,965	99.0	1,979,298

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

Actuarial valuation date	7-1-11
Actuarial accrued liability (AAL)	\$ 16,605,514
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 16,605,514
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 25,450,000
UAAL as a % of covered payroll	65.2%

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, 2011, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent discount rate and an annual healthcare cost trend rate of nine percent initially reduced by decrements to an ultimate rate of five percent by 2020. 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 between the standard or partnership preferred provider organization (PPO) 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, beginning on January 1, 2011, the School Department no longer pays the full premium (\$85). The commercial plan is a Medicare Advantage Plan. During the year ended June 30, 2012, the discretely presented School Department contributed \$2,255,294 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
ARC	\$ 4,085,000	\$ 3,220,000	\$ 31,525
Interest on the NPO	158,668	443,471	(8,845)
Adjustment to the ARC	(168,423)	(470,736)	8,346
Annual OPEB cost	\$ 4,075,245	\$ 3,192,735	\$ 31,026
Amount of contribution	(2,087,059)	(168,235)	0
Increase/decrease in NPO	\$ 1,988,186	\$ 3,024,500	\$ 31,026
Net OPEB obligation, 7-1-11	3,966,710	11,086,766	(196,560)
Net OPEB obligation, 6-30-12	\$ 5,954,896	\$ 14,111,266	\$ (165,534)

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-10	Local Education Group	\$ 2,866,597	74 %	\$ 3,174,367
6-30-11	"	2,903,543	73	3,966,710
6-30-12	"	4,075,245	51	5,954,896
6-30-10	State Medicare Supplement	2,863,000	4	8,281,152
6-30-11	"	2,923,677	4	11,086,766
6-30-12	"	3,192,735	5	14,111,266
6-30-10	Commercial Medicare Supplement	381,043	139	(303,890)
6-30-11	"	385,321	72	(196,560)
6-30-12	"	31,026	0	(165,534)

### Funded Status and Funding Progress

The funded status of the plan as of July 1, 2011, was as follows:

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
Actuarial valuation date	7-1-11	7-1-11	7-1-11
Actuarial accrued liability (AAL)	\$ 41,251,000	\$ 33,682,000	\$ 0
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 41,251,000	\$ 33,682,000	\$ 0
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 52,063,881	\$ N/A	\$ N/A
UAAL as a % of covered payroll	79%	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, 2011, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 9.25 percent for fiscal year 2012. The trend rate will decrease to 8.75 percent in the fiscal year 2013 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 6.5 percent for fiscal year 2012. The trend rate will decrease to 6.25 percent in the fiscal year 2013 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2018. Both rates include a 2.5 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.

**I. Office of Central Accounting**

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

**J. Purchasing Laws**

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

**VI. OTHER NOTES – DISCRETELY PRESENTED SULLIVAN COUNTY EMERGENCY COMMUNICATIONS DISTRICT**

**A. Summary of Significant Accounting Principles**

**1. Organization**

The Tennessee General Assembly's passage of emergency Communications District Law (Acts 1984, ch. 867) declared that the establishment of a uniform emergency number to shorten the time required for a citizen to request and receive emergency aid is a matter of public concern and interest. It is the intent of communication districts to provide a simplified means of securing emergency services.

The legislative body of any municipality or county may, by ordinance or resolution, respectively, create an emergency communications district within all or part of the boundaries of such municipality or county. Prior to the establishment of such district, an election must be held and certified by the County Election Commission indicating the voters' approval of the communication district. Such an election was held in Sullivan County in August 1986, whereby the voters approved a referendum, which formed the Sullivan County Enhanced 9-1-1 Emergency Communications District.

The district is a component unit of Sullivan County, Tennessee, as defined by Statement No. 14 of the Governmental Accounting Standards Board, *The Reporting Entity*. A voting majority of the district's Board of Directors are appointed and approved by the Sullivan County Mayor and County Commission, respectively. The district must obtain County Commission approval before the issuance of most debt, and the County Commission has the ability to adjust the district's service charges.

2. **Measurement Focus, Basis of Accounting, and Financial Statement Presentation**

The district's financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

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

The district distinguishes operating revenues and expenses from non-operating items. Operating revenues and expenses generally result from providing services and producing and delivering goods in connection with the district's principal ongoing operations. The principal operating revenues of the district are surcharge revenue. Operating expenses include the equipment expenses, administrative expenses, and depreciation on capital assets. All revenues and expenses not meeting this definition are reported as non-operating revenues and expenses.

3. **Budgets and Budgetary Accounting**

The following procedures are used by the district in establishing the budgetary data reflected in the financial statements:

- a. Formal budgetary integration is employed throughout the year as a management control device.
- b. Budgets are adopted on a modified cash basis reflecting revenues when funds are received and expense upon payment. A reconciliation of the budgetary data to the accrual basis financial statements is included with the accompanying financial statements.

- c. All budgetary data presented in the accompanying financial statements is the final approved revised data.
- d. Budget items can only be revised upon approval of the Board of Directors.

**4. Cash and Cash Equivalents**

For purposes of the Statement of Cash Flows, the district considers all cash on hand, in bank, and all highly liquid investments (including restricted assets) including certificates of deposit to be cash and cash equivalents.

**5. Surcharge Revenue**

The district recognizes surcharge revenue as earned. CenturyLink, BTES and Charter, the local telephone service suppliers, collect and remit surcharge revenues to the district on a monthly basis. Surcharge revenue collections are being remitted to the district within 30 days subsequent to the last business day of the preceding month. The service suppliers are entitled to and retain three percent of their collected surcharges as an administrative fee. The district also receives revenue from the State of Tennessee for wireless revenue. This revenue is equivalent to 25 percent of the revenue generated by wireless communications and is based on a proportion of the population of each district. These funds are remitted to the district on a bi-monthly basis. The district, and all properties at any time owned by it, are exempt from all taxation in the State of Tennessee (Public Acts 1984, ch. 867).

**6. Depreciation**

Depreciation for capital assets is provided on the straight-line method over the estimated useful lives, which range from three years for office and training equipment to 25 years for the buildings. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain and loss is recognized in income as incurred.

**7. Estimates**

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

**8. Net Assets**

Net assets are the difference between assets and liabilities. Net assets invested in capital assets, net of related debt, are capital assets, less accumulated depreciation and any outstanding debt related to the acquisition, construction, or improvement of those assets.

**B. Cash and Cash Equivalents**

State statutes authorize the district to invest in obligations of the federal government, state government, the state investment pool, certificates of deposit and other time deposits, and repurchase agreements.

All of the district's cash and cash equivalents were deposited with financial institutions at June 30, 2012. All deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by the Tennessee Bank Collateral Pool.

**C. Capital Assets**

Capital assets activity for the year was as follows:

	<u>7-1-11</u>	<u>Increases</u>	<u>6-30-12</u>
Capital Assets, Not Being Depreciated:			
Land	\$ 123,393	\$ 0	\$ 123,393
Capital Assets, Being Depreciated:			
Automobiles	\$ 84,110	\$ 0	\$ 84,110
Office and Training Equipment	289,764	0	289,764
Machinery and Equipment	179,478	8,500	187,978
Other Equipment	8,357	0	8,357
Furniture and Fixtures	46,360	0	46,360
Buildings	662,868	17,988	680,856
Total Capital Assets, Being Depreciated	<u>\$ 1,270,937</u>	<u>\$ 26,488</u>	<u>\$ 1,297,425</u>

Capital Assets (Cont.)	7-1-11	Increases	6-30-12
Less Accumulated Depreciation For:			
Automobiles	\$ (77,431)	\$ (3,571)	\$ (81,002)
Office and Training Equipment	(237,933)	(28,533)	(266,466)
Machinery and Equipment	(172,911)	(6,475)	(179,386)
Other Equipment	(8,147)	(157)	(8,304)
Furniture and Fixtures	(26,972)	(6,798)	(33,770)
Buildings	(252,184)	(41,139)	(293,323)
Total Accumulated Depreciation	<u>\$ (775,578)</u>	<u>\$ (86,673)</u>	<u>\$ (862,251)</u>
Total Capital Assets, Depreciated, Net	<u>\$ 495,359</u>	<u>\$ (60,185)</u>	<u>\$ 435,174</u>
Total Capital Assets, Net	<u><u>\$ 618,752</u></u>	<u><u>\$ (60,185)</u></u>	<u><u>\$ 558,567</u></u>

Depreciation expense for the fiscal year ended June 30, 2012, was \$86,673.

**D. Accrued Expenses**

Accrued expenses consisted of the following:

Accrued salaries and related expenses	\$ 6,106
Accrued vacations	<u>64,947</u>
Totals	<u><u>\$ 71,053</u></u>

Accrued salaries and related expenses represent the amount owed for salaries and related expenses earned but not paid as of June 30. Accrued vacations represent the cost of accumulated vacation earned but not taken through June 30 at current wage rates. Actual payment of the employee benefits will occur in future periods.

**E. Tennessee Consolidated Retirement System**

**1. Plan Description**

Employees of Sullivan County Enhanced 9-1-1 Emergency Communications District 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 Enhanced 9-1-1 Emergency Communications District 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, 10<sup>th</sup> Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://www.tn.gov/treasury/tcrs/PS>.

## **2. Funding Policy**

Sullivan County Enhanced 9-1-1 Emergency Communications District has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2012, was 13.76 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

## **3. Annual Pension Cost**

For the year ended June 30, 2012, Sullivan County Enhanced 9-1-1 Emergency Communications District's annual pension cost of \$30,919 to TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 three percent annual rate of inflation, (c) 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), (d) projected

3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-year period. The district's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was nine years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-12	\$ 30,919	100%	\$ 0
6-30-11	29,446	100	0
6-30-10	38,572	100	0

**4. Funded Status and Funding Progress**

As of July 1, 2011, the most recent actuarial valuation date, the plan was 98.72 percent funded. The actuarial accrued liability for benefits was \$.55 million, and the actuarial value of assets was \$.54 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$.01 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.21 million, and the ratio of the UAAL to the covered payroll was 3.28 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.

**F. Leases**

**Operating Lease**

The district entered into an operating lease agreement on March 14, 2006, with United Telephone-Southeast, d.b.a. Century Link to be provided with a CML ECS 1000 System. The lease was for a term of 60 months with monthly payments due totaling \$2,900 after an upfront payment of \$116,000. The total lease amount of \$174,000 is being amortized over the life of the lease. The district had an option at the end of the lease to replace the equipment and begin a new lease or continue the current lease with monthly payments of \$2,900 for an additional 36 months. The lease expired March 31, 2011. Due to the Next Gen upgrade that will be occurring in the near future,

Century Link agreed to move forward with the current lease terms on a month-to-month basis with the district. The monthly payment remained the same.

Total lease/rent expense for the year was \$22,160.

The district is a lessor of certain real property under short-term agreements with a single lessee.

**G. Risk Management**

The district is exposed to various risks of loss related to torts; thefts of, damage to, and destruction of assets; errors and omissions; and natural disasters. The district maintains commercial insurance coverage for each of the above risks of loss. Workman's compensation insurance is retrospectively rated. Premium variance is not considered material. Management believes the coverage obtained through its commercial insurance policies is adequate to preclude any significant uninsured risk exposure to the district. There were no significant reductions in insurance coverage from the prior year and no settlements that exceeded the amount of insurance coverage since the inception of the district. Claims experienced in the fiscal year 2012 are considered by management to be insignificant.

**H. Inter-local Cooperation Agreement**

The Sullivan County, Tennessee, County Commission approved the Inter-local Cooperation Agreement providing for Emergency Communications Service between Sullivan County, Tennessee, the Sullivan County Sheriff, and Sullivan County Enhanced 9-1-1 Emergency Communications District, Under terms of the agreement, the county and the sheriff shall provide the physical facilities and employees necessary to operate and maintain an emergency communication service for the district for the period beginning July 1, 2011, and ending on June 30, 2012. The county, by and through the sheriff, shall provide a public safety answering point and central dispatch and qualified employees to operate an emergency communications service for the district. The agreement calls for the sheriff to hire six district employees to become "at-will" employees of the county. In return, for the facilities and the employees for the one-year period specified, the district agrees to pay to the county \$273,936 in 12 equal monthly installments. The agreement calls for annual renewal upon approval by the county, the sheriff and the district. The agreement was renewed under the same terms for the subsequent fiscal year. For the year ended June 30, 2012, there were no amounts owed to the Sheriff's Department.

**I. Subsequent Events**

The district entered into an Inter-Local Cooperation Agreement with seven other upper East Tennessee Communications Districts for the acquisition, maintenance, and joint use of Next Generation 911 Equipment. In accordance with the agreement, the district is responsible for one eighth of the cost of the Next Generation 911 call processing equipment. In addition, the district will be purchasing additional equipment separately, which will be the sole responsibility of the district. The approximate cost for both obligations is \$260,000. The State of Tennessee Emergency Communications Board has agreed to provide grant monies to cover the cost of this equipment. As of June 30, 2012, the State of Tennessee Emergency Communications Board had approved the district's request for its share of these monies and the amount is recorded as accounts receivable as of June 30, 2012.

Negotiations to purchase the Next Generation 911 equipment have begun and are expected to conclude in fiscal year 2013 with installation to be complete by June 2013.

Management evaluated all activity of the district through November 1, 2012 (the issue date of the financial statements) and concluded that no subsequent events, except as noted above, have occurred that would require recognition in the financial statements or disclosures in the notes to the financial statements.

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**REQUIRED SUPPLEMENTARY  
INFORMATION**

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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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<b>Revenues</b>							
Local Taxes	\$ 25,227,372	\$ 0	\$ 0	\$ 25,227,372	\$ 25,453,853	\$ 25,453,853	\$ (226,481)
Licenses and Permits	454,415	0	0	454,415	422,375	422,375	32,040
Fines, Forfeitures, and Penalties	488,438	0	0	488,438	476,840	476,840	11,598
Charges for Current Services	1,189,121	0	0	1,189,121	1,703,409	1,703,409	(514,288)
Other Local Revenues	417,753	0	0	417,753	146,132	322,746	95,007
Fees Received from County Officials	6,455,788	0	0	6,455,788	6,678,315	6,678,315	(222,527)
State of Tennessee	4,861,333	0	0	4,861,333	4,658,366	4,661,691	199,642
Federal Government	3,029,377	0	0	3,029,377	3,618,479	3,703,479	(674,102)
Other Governments and Citizens Groups	1,014,497	0	0	1,014,497	1,502,174	1,417,174	(402,677)
<b>Total Revenues</b>	<b>\$ 43,138,094</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 43,138,094</b>	<b>\$ 44,659,943</b>	<b>\$ 44,839,882</b>	<b>\$ (1,701,788)</b>
<b>Expenditures</b>							
General Government							
County Commission	\$ 304,848	\$ 0	\$ 0	\$ 304,848	\$ 306,063	\$ 306,063	\$ 1,215
County Mayor/Executive	191,438	(14)	0	191,424	197,784	197,784	6,360
County Attorney	205,073	(40)	818	205,851	211,230	211,230	5,379
Election Commission	445,469	(475)	16,717	461,711	508,364	508,364	46,653
Register of Deeds	460,560	(24,576)	3,967	439,951	558,750	558,750	118,799
Planning	322,750	(839)	31,575	353,486	329,558	359,558	6,072
Geographical Information Systems	34,104	(4,087)	322	30,339	31,015	31,015	676
County Buildings	1,457,211	(51,940)	58,573	1,463,844	1,424,515	1,598,682	134,838
Other Facilities	201,158	0	0	201,158	201,230	201,230	72
Preservation of Records	106,919	(6,762)	2,925	103,082	102,977	115,154	12,072
Risk Management	674,588	(827)	28	673,789	673,090	673,090	(699)

(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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 592,274	\$ (7,668)	\$ 10,627	\$ 595,233	\$ 608,449	\$ 608,449	\$ 13,216
Purchasing	574,936	(9,178)	5,182	570,940	627,226	627,226	56,286
Property Assessor's Office	1,524,085	(19,173)	1,084	1,505,996	1,597,787	1,597,787	91,791
County Trustee's Office	568,938	(824)	1,359	569,473	609,279	609,279	39,806
County Clerk's Office	1,204,027	(644)	1,625	1,205,008	1,406,761	1,406,761	201,753
Data Processing	115,820	(5,749)	3,275	113,346	114,000	114,000	654
Other Finance	482,611	0	0	482,611	550,000	550,000	67,389
<u>Administration of Justice</u>							
Circuit Court Judge	9,514	(133)	793	10,174	13,000	13,000	2,826
Circuit Court Clerk	1,420,551	(3,951)	5,078	1,421,678	1,427,427	1,427,427	5,749
General Sessions Court	498,198	(63)	317	498,452	499,765	499,765	1,313
General Sessions Judge	535,009	0	285	535,294	535,941	535,941	647
Drug Court	0	0	0	0	30,000	30,000	30,000
Chancery Court	506,626	(5,900)	282	501,008	514,102	514,102	13,094
Juvenile Court	655,328	(2,082)	3,157	656,403	707,631	707,631	51,228
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	244,125	0	0	244,125	280,690	280,690	36,565
Office of Public Defender	174,914	0	85	174,999	175,000	175,000	1
Other Administration of Justice	144,522	(10,242)	0	134,280	161,250	161,250	26,970
Courtroom Security	392,918	(5,610)	0	387,308	326,544	382,544	(4,764)
Victims Assistance Programs	25,000	0	0	25,000	0	25,000	0
<u>Public Safety</u>							
Sheriff's Department	8,994,208	(79,774)	8,258	8,922,692	8,906,286	9,089,678	166,986
Administration of the Sexual Offender Registry	4,089	(880)	600	3,809	10,500	10,500	6,691

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Jail	\$ 7,934,783	\$ (104,972)	\$ 57,164	\$ 7,886,975	\$ 7,780,471	\$ 7,964,464	\$ 77,489
Workhouse	89,016	0	0	89,016	87,710	90,210	1,194
Juvenile Services	595,671	0	0	595,671	638,552	638,552	42,881
Fire Prevention and Control	1,487,654	0	0	1,487,654	1,487,654	1,487,654	0
Civil Defense	506,353	(1,892)	1,341	505,802	537,383	537,383	31,581
Rescue Squad	294,823	0	0	294,823	294,823	294,823	0
Disaster Relief	198,295	(35,287)	18,471	181,479	627,512	329,492	148,013
County Coroner/Medical Examiner	218,672	(146)	2,240	220,766	245,260	245,260	24,494
Other Public Safety	160,321	0	0	160,321	182,208	182,208	21,887
<u>Public Health and Welfare</u>							
Local Health Center	5,624,599	(43,765)	46,721	5,627,555	6,661,918	6,661,918	1,034,363
Rabies and Animal Control	318,711	(18,905)	0	299,806	314,517	314,517	14,711
Other Local Health Services	30,000	0	0	30,000	30,000	30,000	0
Regional Mental Health Center	75,659	0	0	75,659	84,359	84,359	8,700
Aid to Dependent Children	27,250	0	0	27,250	27,250	27,250	0
Other Local Welfare Services	16,715	0	0	16,715	15,760	15,760	(955)
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	875,888	(5,974)	1,907	871,821	865,374	904,237	32,416
Parks and Fair Boards	365,000	0	0	365,000	365,000	365,000	0
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	134,252	0	11,850	146,102	127,792	146,102	0
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 7/1/2011	Add: Encumbrances 6/30/2012	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	\$ 49,679	\$ 0	\$ 0	\$ 49,679	\$ 50,356	\$ 50,356	\$ 677
<u>Other Operations</u>							
Tourism	5,000	0	0	5,000	5,000	5,000	0
Industrial Development	360,442	(5,500)	0	354,942	363,940	363,940	8,998
Housing and Urban Development	20,000	0	0	20,000	20,000	20,000	0
Other Economic and Community Development	464,954	0	0	464,954	614,954	614,954	150,000
Veterans' Services	11,900	0	0	11,900	11,900	11,900	0
Other Charges	727	0	0	727	0	727	0
Employee Benefits	307,195	(16,020)	2,278	293,453	382,499	382,499	89,046
Miscellaneous	80,934	0	0	80,934	82,615	82,615	1,681
<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>Principal on Debt</u>							
General Government	82,574	0	0	82,574	0	82,574	0
<u>Capital Projects</u>							
Public Utility Projects	382,226	0	0	382,226	400,000	400,000	17,774
Highway and Street Capital Projects	544	(544)	0	0	0	0	0
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	256,015	0	42,005	298,020	0	298,020	0
Total Expenditures	\$ 44,292,902	\$ (474,436)	\$ 340,909	\$ 44,159,375	\$ 46,196,260	\$ 47,003,963	\$ 2,844,588
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,154,808)	\$ 474,436	\$ (340,909)	\$ (1,021,281)	\$ (1,536,317)	\$ (2,164,081)	\$ 1,142,800

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 234,496	\$ 0	\$ 0	\$ 234,496	\$ 0	\$ 234,496	\$ 0
Transfers In	30,000	0	0	30,000	30,000	30,000	0
Transfers Out	(245,939)	0	0	(245,939)	(245,939)	(245,939)	0
Total Other Financing Sources (Uses)	\$ 18,557	\$ 0	\$ 0	\$ 18,557	\$ (215,939)	\$ 18,557	\$ 0
Net Change in Fund Balance	\$ (1,136,251)	\$ 474,436	\$ (340,909)	\$ (1,002,724)	\$ (1,752,256)	\$ (2,145,524)	\$ 1,142,800
Fund Balance, July 1, 2011	6,328,952	(474,436)	0	5,854,516	5,900,000	5,940,178	(85,662)
Fund Balance, June 30, 2012	\$ 5,192,701	\$ 0	\$ (340,909)	\$ 4,851,792	\$ 4,147,744	\$ 3,794,654	\$ 1,057,138

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,354,740	\$ 0	\$ 0	\$ 5,354,740	\$ 5,290,972	\$ 5,290,972	\$ 63,768
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	63,766	0	0	63,766	82,566	82,566	(18,800)
State of Tennessee	3,061,402	0	0	3,061,402	3,598,792	3,598,792	(537,390)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Other Governments and Citizens Groups	6,835	0	0	6,835	3,650	3,650	3,185
Total Revenues	\$ 8,747,143	\$ 0	\$ 0	\$ 8,747,143	\$ 9,236,380	\$ 9,236,380	\$ (489,237)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 291,810	(220)	0	291,590	341,437	341,437	49,847
Highway and Bridge Maintenance	5,713,078	(6,032)	1,362	5,708,408	6,192,431	6,192,431	484,023
Operation and Maintenance of Equipment	565,136	(3,394)	1,513	563,255	730,000	730,000	166,745
Asphalt Plant Operations	1,303,014	0	8,637	1,311,651	1,404,000	1,404,000	92,349
Traffic Control	24,203	0	326	24,529	30,000	30,000	5,471
Other Charges	78,716	0	0	78,716	110,000	110,000	31,284
Capital Outlay	180,982	(44,482)	95,796	232,296	308,000	308,000	75,704
<u>Capital Projects</u>							
Highway and Street Capital Projects	278,368	(307,680)	494,633	465,321	800,000	800,000	334,679
Total Expenditures	\$ 8,435,307	\$ (361,808)	\$ 602,267	\$ 8,675,766	\$ 9,915,868	\$ 9,915,868	\$ 1,240,102
Excess (Deficiency) of Revenues Over Expenditures	\$ 311,836	\$ 361,808	\$ (602,267)	\$ 71,377	\$ (679,488)	\$ (679,488)	\$ 750,865
Net Change in Fund Balance	\$ 311,836	\$ 361,808	\$ (602,267)	\$ 71,377	\$ (679,488)	\$ (679,488)	\$ 750,865
Fund Balance, July 1, 2011	1,451,465	(361,808)	0	1,089,657	769,124	769,124	320,533
Fund Balance, June 30, 2012	\$ 1,763,301	\$ 0	\$ (602,267)	\$ 1,161,034	\$ 89,636	\$ 89,636	\$ 1,071,398

Exhibit F-3

Sullivan County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Primary Government and Discretely Presented Sullivan County School Department  
June 30, 2012

(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)
7-1-11	\$ 138,610	\$ 149,690	\$ 11,080	92.60	% \$ 35,980	30.79 %
7-1-09	117,486	121,594	4,108	96.62	36,567	11.23
7-1-07	112,900	118,026	5,126	95.66	34,267	14.96

Exhibit F-4

Sullivan County, Tennessee  
Schedule of Funding Progress – Pension Plan  
Discretely Presented Sullivan County Emergency Communications District  
June 30, 2012

(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)
7-1-11	\$ 541	\$ 548	\$ 7	98.72	% \$ 214	3.28 %
7-1-09	379	388	8	97.82	135	6.27
7-1-07	312	321	9	97.20	117	7.69

Exhibit F-5

Sullivan County, Tennessee  
 Schedule of Funding Progress—Other Postemployment Benefits Plans  
 Primary Government and Discretely Presented Sullivan County School Department  
 June 30, 2012

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial 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	7-1-09	\$ 0	\$ 17,574	\$ 17,574	0 %	\$ 25,646	68 %
"	7-1-10	0	18,061	18,061	0	26,928	67
"	7-1-11	0	16,605	16,605	0	25,450	65
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-09	0	33,354	33,354	0	52,977	63
"	7-1-10	0	33,376	33,376	0	53,729	62
"	7-1-11	0	41,251	41,251	0	52,064	79
Medicare Supplement - State	7-1-09	0	31,946	31,946	0	N/A	N/A
"	7-1-10	0	31,946	31,946	0	N/A	N/A
"	7-1-11	0	33,682	33,682	0	N/A	N/A
Medicare Supplement - Commercial	7-1-09	0	7,525	7,525	0	N/A	N/A
"	7-1-10	0	8,589	8,589	0	N/A	N/A
"	7-1-11	0	0	0	0	N/A	N/A

\* The discretely presented Sullivan County School Department discontinued paying premiums for this plan; therefore, an Unfunded Actuarial Liability was not recognized.

**SULLIVAN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2012**

**A. 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.

At June 30, 2012, Sullivan County reported the following significant encumbrances in the General and Highway/Public Works funds:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
General	Vehicles	\$ 33,662
"	Other Equipment	42,902
Highway/Public Works	Bridge Construction	41,350
"	Highway Equipment	70,877
"	Vehicles	24,919
"	State Aid Project	453,283

**B. EXPENDITURES EXCEEDED APPROPRIATIONS**

Expenditures exceeded appropriations approved by the County Commission in certain major appropriation categories (the legal level of control) of the General Fund as follows:

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
Risk Management	\$ 699
Courtroom Security	4,764
Other Local Welfare Services	955

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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

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# Nonmajor Governmental Funds

## Special Revenue Funds

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Special Revenue Funds are used to account for and report the proceeds of specific revenue sources that are restricted or committed to expenditure for specified purposes other than debt service or capital projects.

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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

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Capital Projects Funds are used to account for and report financial resources that are restricted, committed, or assigned to expenditure for capital outlays, including the acquisition or construction of capital facilities and other capital assets.

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

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.

Sullivan County, Tennessee  
 Combining Balance Sheet  
 Nonmajor Governmental Funds  
 June 30, 2012

Special Revenue Funds

	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
\$	250	0	0	200	0
	1,212,854	479,357	63,350	100,253	18,540
	63,847	1,407,054	1,091	3,106	0
	131,341	0	0	0	0
	8,671	3,531	0	0	0
	1,800	0	0	0	0
	748,692	0	0	0	0
	(25,037)	0	0	0	0
\$	2,142,418	1,889,942	64,441	103,559	18,540

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	
Total Assets	

LIABILITIES AND FUND BALANCES

\$	61,974	42,530	0	63	0
	19,145	51,428	0	2,366	0
	1,312	5,673	0	79	0
	28,200	0	0	0	0
	2,965	2,138	0	132	0
	707,248	0	0	0	0
	14,783	0	0	0	0
	0	1,043,864	0	0	0
\$	835,627	1,145,633	0	2,640	0
	0	0	0	0	18,540
	0	0	64,441	0	0
	0	0	0	0	0

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

Special Revenue Funds						
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
\$	1,306,791	\$ 744,309	\$ 0	\$ 0	\$ 0	0
	0	0	0	100,919		0
\$	1,306,791	\$ 744,309	\$ 64,441	\$ 100,919	\$ 18,540	
\$	2,142,418	\$ 1,889,942	\$ 64,441	\$ 103,559	\$ 18,540	

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances (Cont.)</u>
Committed:
Committed for Public Health and Welfare
Committed for Social, Cultural, and Recreational Services
Total Fund Balances
Total Liabilities and Fund Balances

(Continued)

Exhibit G-1

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

	Special Revenue Funds		Capital Projects Funds			Total Nonmajor Governmental Funds
	(Cont.)	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
Constitutional Officers - Fees						
\$ 152,272	\$ 152,722	\$ 0	\$ 0	\$ 0	\$ 0	\$ 152,722
0	1,874,354	106,330	305,013	411,343	0	2,285,697
51,644	1,526,742	0	0	0	0	1,526,742
0	131,341	0	0	0	0	131,341
0	12,202	0	0	0	0	12,202
0	1,800	0	0	0	0	1,800
0	748,692	0	0	0	0	748,692
0	(25,037)	0	0	0	0	(25,037)
\$ 203,916	\$ 4,422,816	\$ 106,330	\$ 305,013	\$ 411,343	\$ 4,834,159	

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	
Total Assets	

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	
Accounts Payable	
Accrued Payroll	
Payroll Deductions Payable	
Contracts Payable	
Due to Other Funds	
Deferred Revenue - Current Property Taxes	
Deferred Revenue - Delinquent Property Taxes	
Other Deferred Revenues	
Total Liabilities	
<u>Fund Balances</u>	
Restricted:	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Capital Projects	

(Continued)

Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
\$ 0 \$ 2,051,100 \$		0 \$	0 \$	0 \$	2,051,100
0 100,919		0	0	0	100,919
\$ 0 \$ 2,235,000 \$		106,330 \$	305,013 \$	411,343 \$	2,646,343
\$ 203,916 \$	4,422,816 \$	106,330 \$	305,013 \$	411,343 \$	4,834,159

LIABILITIES AND FUND BALANCES (CONT.)

<u>Fund Balances (Cont.)</u>
Committed:
Committed for Public Health and Welfare
Committed for Social, Cultural, and Recreational Services
Total Fund Balances
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, 2012

	Special Revenue Funds				
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Revenues</u>					
Local Taxes	\$ 733,065	0	0	0	0
Fines, Forfeitures, and Penalties	0	0	56,807	0	16,801
Charges for Current Services	932,809	4,922,424	195	314,175	0
Other Local Revenues	200,226	5,894	0	908	0
State of Tennessee	23,527	0	0	0	0
Federal Government	0	0	3,950	0	0
Other Governments and Citizens Groups	101,462	20,716	0	0	0
Total Revenues	\$ 1,991,089	\$ 4,949,034	\$ 60,952	\$ 315,083	\$ 16,801
<u>Expenditures</u>					
Current:					
General Government	\$ 0	0	0	0	0
Administration of Justice	0	0	0	0	18,105
Public Safety	0	0	48,781	0	0
Public Health and Welfare	1,941,279	5,009,363	0	0	0
Social, Cultural, and Recreational Services	0	0	0	292,767	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 1,941,279	\$ 5,009,363	\$ 48,781	\$ 292,767	\$ 18,105
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,810	\$ (60,329)	\$ 12,171	\$ 22,316	\$ (1,304)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	104	8,125	0	0
Transfers Out	0	(30,000)	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ (29,896)	\$ 8,125	\$ 0	\$ 0
Net Change in Fund Balances Fund Balance, July 1, 2011	\$ 49,810	\$ (90,225)	\$ 20,296	\$ 22,316	\$ (1,304)
Fund Balance, July 1, 2011	1,256,981	834,534	44,145	78,603	19,844
Fund Balance, June 30, 2012	\$ 1,306,791	\$ 744,309	\$ 64,441	\$ 100,919	\$ 18,540

(Continued)

Exhibit G-2

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

	Special Revenue Funds (Cont.)		Capital Projects Funds			Total Nonmajor Governmental Funds
	Constituti- onal Officers - Fees	Total	Community Development/ Industrial Park	Other Capital Projects	Total	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 733,065	\$ 0	\$ 0	\$ 0	\$ 733,065
Fines, Forfeitures, and Penalties	0	73,608	0	0	0	73,608
Charges for Current Services	15,782	6,185,385	0	0	0	6,185,385
Other Local Revenues	0	207,028	0	0	0	207,028
State of Tennessee	0	23,527	0	0	0	23,527
Federal Government	0	3,950	0	12,650	12,650	16,600
Other Governments and Citizens Groups	0	122,178	0	0	0	122,178
Total Revenues	\$ 15,782	\$ 7,348,741	\$ 0	\$ 12,650	\$ 12,650	\$ 7,361,391
<u>Expenditures</u>						
Current:						
General Government	\$ 15,782	\$ 15,782	\$ 0	\$ 0	\$ 0	\$ 15,782
Administration of Justice	0	18,105	0	0	0	18,105
Public Safety	0	48,781	0	0	0	48,781
Public Health and Welfare	0	6,950,642	0	0	0	6,950,642
Social, Cultural, and Recreational Services	0	292,767	0	0	0	292,767
Capital Projects	0	0	119,894	0	119,894	119,894
Total Expenditures	\$ 15,782	\$ 7,326,077	\$ 119,894	\$ 0	\$ 119,894	\$ 7,445,971
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 22,664	\$ (119,894)	\$ 12,650	\$ (107,244)	\$ (84,580)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 0	\$ 8,229	\$ 0	\$ 0	\$ 0	\$ 8,229
Transfers Out	0	(30,000)	0	0	0	(30,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (21,771)	\$ 0	\$ 0	\$ 0	\$ (21,771)
Net Change in Fund Balances	\$ 0	\$ 893	\$ (119,894)	\$ 12,650	\$ (107,244)	\$ (106,351)
Fund Balance, July 1, 2011	0	2,234,107	226,224	292,363	518,587	2,752,694
Fund Balance, June 30, 2012	\$ 0	\$ 2,235,000	\$ 106,330	\$ 305,013	\$ 411,343	\$ 2,646,343

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 733,065	\$ 0	\$ 0	\$ 733,065	\$ 733,163	\$ 733,163	\$ (98)
Charges for Current Services	932,809	0	0	932,809	1,026,668	1,026,668	(93,859)
Other Local Revenues	200,226	0	0	200,226	185,000	185,000	15,226
State of Tennessee	23,527	0	0	23,527	12,448	12,448	11,079
Other Governments and Citizens Groups	101,462	0	0	101,462	101,252	101,252	210
Total Revenues	\$ 1,991,089	\$ 0	\$ 0	\$ 1,991,089	\$ 2,058,531	\$ 2,058,531	\$ (67,442)
<u>Expenditures</u>							
Public Health and Welfare	\$ 19,552	\$ 0	\$ 1,700	\$ 21,252	\$ 26,000	\$ 26,000	\$ 4,748
Sanitation Education/Information	1,921,727	(207,452)	50,012	1,764,287	2,192,149	2,192,149	427,862
Transfer Stations	\$ 1,941,279	\$ (207,452)	\$ 51,712	\$ 1,785,539	\$ 2,218,149	\$ 2,218,149	\$ 432,610
Total Expenditures	\$ 49,810	\$ 207,452	\$ (51,712)	\$ 205,550	\$ (159,618)	\$ (159,618)	\$ 365,168
Excess (Deficiency) of Revenues Over Expenditures	\$ 49,810	\$ 207,452	\$ (51,712)	\$ 205,550	\$ (159,618)	\$ (159,618)	\$ 365,168
Net Change in Fund Balance Fund Balance, July 1, 2011	1,256,981	(207,452)	0	1,049,529	1,043,100	1,043,100	6,429
Fund Balance, June 30, 2012	\$ 1,306,791	\$ 0	\$ (51,712)	\$ 1,255,079	\$ 883,482	\$ 883,482	\$ 371,597

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 4,922,424	\$ 0	\$ 0	\$ 4,922,424	\$ 4,621,965	\$ 4,801,965	\$ 120,459
Other Local Revenues	5,894	0	0	5,894	0	0	5,894
Other Governments and Citizens Groups	20,716	0	0	20,716	26,000	26,000	(5,284)
Total Revenues	\$ 4,949,034	\$ 0	\$ 0	\$ 4,949,034	\$ 4,647,965	\$ 4,827,965	\$ 121,069
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 5,009,363	(277,668)	26,170	\$ 4,757,865	\$ 4,803,529	\$ 4,983,529	\$ 225,664
Total Expenditures	\$ 5,009,363	(277,668)	26,170	\$ 4,757,865	\$ 4,803,529	\$ 4,983,529	\$ 225,664
Excess (Deficiency) of Revenues Over Expenditures	\$ (60,329)	277,668	(26,170)	\$ 191,169	\$ (155,564)	\$ (155,564)	\$ 346,733
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 104	0	0	104	0	0	104
Transfers Out	(30,000)	0	0	(30,000)	(30,000)	(30,000)	0
Total Other Financing Sources (Uses)	\$ (29,896)	0	0	(29,896)	(30,000)	(30,000)	104
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ (90,225)	277,668	(26,170)	\$ 161,273	\$ (185,564)	\$ (185,564)	\$ 346,837
	834,534	(277,668)	0	556,866	588,041	588,041	(31,175)
Fund Balance, June 30, 2012	\$ 744,309	0	(26,170)	\$ 718,139	\$ 402,477	\$ 402,477	\$ 315,662

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 56,807	0	0	\$ 56,807	\$ 71,854	\$ 71,854	\$ (15,047)
Charges for Current Services	195	0	0	195	0	0	195
Other Local Revenues	0	0	0	0	350	350	(350)
Federal Government	3,950	0	0	3,950	0	0	3,950
Total Revenues	\$ 60,952	0	0	\$ 60,952	\$ 72,204	\$ 72,204	\$ (11,252)
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 48,781	(1,946)	2,782	\$ 49,617	\$ 72,204	\$ 72,204	\$ 22,587
Total Expenditures	\$ 48,781	(1,946)	2,782	\$ 49,617	\$ 72,204	\$ 72,204	\$ 22,587
Excess (Deficiency) of Revenues Over Expenditures	\$ 12,171	1,946	(2,782)	\$ 11,335	0	0	\$ 11,335
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,125	0	0	\$ 8,125	0	0	\$ 8,125
Total Other Financing Sources (Uses)	\$ 8,125	0	0	\$ 8,125	0	0	\$ 8,125
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 20,296	1,946	(2,782)	\$ 19,460	0	0	\$ 19,460
Fund Balance, July 1, 2011	44,145	(1,946)	0	42,199	41,887	41,887	312
Fund Balance, June 30, 2012	\$ 64,441	0	(2,782)	\$ 61,659	\$ 41,887	\$ 41,887	\$ 19,772

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 314,175 \$	0 \$	0 \$	314,175 \$	265,000 \$	265,000 \$	49,175
Other Local Revenues	908	0	0	908	0	0	908
<u>Total Revenues</u>	<u>\$ 315,083 \$</u>	<u>0 \$</u>	<u>0 \$</u>	<u>315,083 \$</u>	<u>265,000 \$</u>	<u>265,000 \$</u>	<u>50,083</u>
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 292,767 \$	(139) \$	2,344 \$	294,972 \$	289,262 \$	296,262 \$	1,290
<u>Total Expenditures</u>	<u>\$ 292,767 \$</u>	<u>(139) \$</u>	<u>2,344 \$</u>	<u>294,972 \$</u>	<u>289,262 \$</u>	<u>296,262 \$</u>	<u>1,290</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 22,316 \$	139 \$	(2,344) \$	20,111 \$	(24,262) \$	(31,262) \$	51,373
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 22,316 \$	139 \$	(2,344) \$	20,111 \$	(24,262) \$	(31,262) \$	51,373
	78,603	(139)	0	78,464	78,464	78,464	0
<u>Fund Balance, June 30, 2012</u>	<u>\$ 100,919 \$</u>	<u>0 \$</u>	<u>(2,344) \$</u>	<u>98,575 \$</u>	<u>54,202 \$</u>	<u>47,202 \$</u>	<u>51,373</u>

# **Major Governmental Fund**

## **General Debt Service Fund**

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The General Debt Service Fund is used to account for and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,057,097	\$ 3,995,838	\$ 3,995,838	\$ 61,259
Other Local Revenues	1,635,614	420,413	420,413	1,215,201
Other Governments and Citizens Groups	0	1,047,625	0	0
<b>Total Revenues</b>	<b>\$ 5,692,711</b>	<b>\$ 5,463,876</b>	<b>\$ 4,416,251</b>	<b>\$ 1,276,460</b>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 79,905	\$ 60,000	\$ 60,000	\$ (19,905)
<u>Principal on Debt</u>				
General Government	1,650,000	1,733,000	1,650,000	0
Education	1,229,717	1,904,718	1,229,718	1
<u>Interest on Debt</u>				
General Government	1,526,952	1,021,840	1,526,953	1
Education	470,913	1,271,635	470,897	(16)
<u>Other Debt Service</u>				
General Government	1,289	14,000	22,000	20,711
Education	19,539	37,019	35,019	15,480
<b>Total Expenditures</b>	<b>\$ 4,978,315</b>	<b>\$ 6,042,212</b>	<b>\$ 4,994,587</b>	<b>\$ 16,272</b>
Excess (Deficiency) of Revenues Over Expenditures	\$ 714,396	\$ (578,336)	\$ (578,336)	\$ 1,292,732
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 245,939	\$ 245,939	\$ 245,939	\$ 0
<b>Total Other Financing Sources (Uses)</b>	<b>\$ 245,939</b>	<b>\$ 245,939</b>	<b>\$ 245,939</b>	<b>\$ 0</b>
Net Change in Fund Balance	\$ 960,335	\$ (332,397)	\$ (332,397)	\$ 1,292,732
Fund Balance, July 1, 2011	563,420	789,942	789,942	(226,522)
<b>Fund Balance, June 30, 2012</b>	<b>\$ 1,523,755</b>	<b>\$ 457,545</b>	<b>\$ 457,545</b>	<b>\$ 1,066,210</b>

# Proprietary Funds

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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.

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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, 2012

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 71,472	\$ 0	\$ 71,472
Equity in Pooled Cash and Investments	588,798	43,067	631,865
Accounts Receivable	116,914	500	117,414
Due from Other Funds	0	313,398	313,398
Due from Component Units	66,430	0	66,430
Prepaid Items	0	2,106	2,106
Total Assets	<u>\$ 843,614</u>	<u>\$ 359,071</u>	<u>\$ 1,202,685</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 46,786	\$ 0	\$ 46,786
Claims and Judgments Payable	477,013	0	477,013
Total Liabilities	<u>\$ 523,799</u>	<u>\$ 0</u>	<u>\$ 523,799</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 319,815</u>	<u>\$ 359,071</u>	<u>\$ 678,886</u>
Total Net Assets	<u>\$ 319,815</u>	<u>\$ 359,071</u>	<u>\$ 678,886</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, 2012

	<u>Internal Service Funds</u>		
	<u>Self-</u>	<u>Employee</u>	
	<u>Insurance</u>	<u>Insurance -</u>	<u>Total</u>
		<u>General</u>	
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 327,589	\$ 592,346	\$ 919,935
Cobra Insurance Payments	0	4,547	4,547
Total Operating Revenues	<u>\$ 327,589</u>	<u>\$ 596,893</u>	<u>\$ 924,482</u>
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 51,000	\$ 32,444	\$ 83,444
Dental Insurance	0	310,778	310,778
Audit Services	3,350	0	3,350
Contracts with Private Agencies	1,810	0	1,810
Building and Contents Insurance	115,925	0	115,925
Liability Insurance	47,292	0	47,292
Medical Claims	0	377,079	377,079
Bank Charges	22	0	22
Premiums on Corporate Surety Bonds	17	0	17
Trustee's Commission	131	230	361
Vehicle and Equipment Insurance	177,203	0	177,203
Workers' Compensation Insurance	732,037	0	732,037
Total Operating Expenses	<u>\$ 1,128,787</u>	<u>\$ 720,531</u>	<u>\$ 1,849,318</u>
Operating Income (Loss)	<u>\$ (801,198)</u>	<u>\$ (123,638)</u>	<u>\$ (924,836)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 1,561	\$ 0	\$ 1,561
Other State Revenues	11,547	0	11,547
Disaster Relief	92,375	0	92,375
Total Nonoperating Revenues (Expenses)	<u>\$ 105,483</u>	<u>\$ 0</u>	<u>\$ 105,483</u>
Change in Net Assets	\$ (695,715)	\$ (123,638)	\$ (819,353)
Net Assets, July 1, 2011	<u>1,015,530</u>	<u>482,709</u>	<u>1,498,239</u>
Net Assets, June 30, 2012	<u><u>\$ 319,815</u></u>	<u><u>\$ 359,071</u></u>	<u><u>\$ 678,886</u></u>

Exhibit I-3

Sullivan County, Tennessee  
Combining Statement of Cash Flows  
All Proprietary Funds  
For the Year Ended June 30, 2012

	<u>Internal Service Funds</u>		
	Self- Insurance	Employee Insurance - General	Total
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-Insurance Premiums	\$ 426,734	\$ 282,995	\$ 709,729
Payments to Insurers and Claims Payments	(1,083,647)	(689,484)	(1,773,131)
Payments for Administrative Costs	(56,313)	(32,444)	(88,757)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (713,226)</u>	<u>\$ (438,933)</u>	<u>\$ (1,152,159)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	\$ 1,561	\$ 0	\$ 1,561
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,561</u>	<u>\$ 0</u>	<u>\$ 1,561</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Other State Revenues	\$ 11,547	\$ 0	\$ 11,547
Disaster Relief	92,375	0	92,375
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 103,922</u>	<u>\$ 0</u>	<u>\$ 103,922</u>
Increase (Decrease) in Cash	\$ (607,743)	\$ (438,933)	\$ (1,046,676)
Cash, July 1, 2011	1,268,013	482,000	1,750,013
Cash, June 30, 2012	<u>\$ 660,270</u>	<u>\$ 43,067</u>	<u>\$ 703,337</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (801,198)	\$ (123,638)	\$ (924,836)
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	99,145	(313,898)	(214,753)
(Increase) Decrease in Prepaid Expenses	0	(1,286)	(1,286)
Increase (Decrease) in Other Current Liabilities	(11,173)	(111)	(11,284)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (713,226)</u>	<u>\$ (438,933)</u>	<u>\$ (1,152,159)</u>

# Fiduciary Funds

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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.

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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 that 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, 2012

	Agency Funds										Total	
	City			City			Constitu-					
	Cities - Sales Tax	School ADA - Bristol	School ADA - Kingsport	School ADA - Kingsport	Airport Joint Venture	Officers - Agency	Judicial District Drug					
<b>ASSETS</b>												
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,450,348	\$ 0	\$ 0	\$ 0	\$ 7,450,348	\$ 0	\$ 7,450,348
Equity in Pooled Cash and Investments	0	392,727	633,785	633,785	25,986	0	156,099	0	0	0	156,099	1,208,597
Accounts Receivable	0	243	392	392	0	2,920	0	0	0	0	0	3,555
Due from Other Governments	3,355,865	731,547	1,160,024	1,160,024	0	0	1,739	0	0	0	1,739	5,249,175
Taxes Receivable	0	9,462,503	15,270,662	15,270,662	0	0	0	0	0	0	0	24,733,165
Allowance for Uncollectible Taxes	0	(316,437)	(510,669)	(510,669)	0	0	0	0	0	0	0	(827,106)
<b>Total Assets</b>	<b>\$ 3,355,865</b>	<b>\$ 10,270,583</b>	<b>\$ 16,554,194</b>	<b>\$ 16,554,194</b>	<b>\$ 25,986</b>	<b>\$ 7,453,268</b>	<b>\$ 157,838</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,453,268</b>	<b>\$ 157,838</b>	<b>\$ 37,817,734</b>
<b>LIABILITIES</b>												
Due to Other Taxing Units	\$ 3,355,865	\$ 10,270,583	\$ 16,554,194	\$ 16,554,194	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 30,180,642
Due to Litigants, Heirs, and Others	0	0	0	0	0	7,453,268	0	0	0	7,453,268	0	7,453,268
Due to Joint Ventures	0	0	0	0	25,986	0	157,838	0	0	0	157,838	183,824
<b>Total Liabilities</b>	<b>\$ 3,355,865</b>	<b>\$ 10,270,583</b>	<b>\$ 16,554,194</b>	<b>\$ 16,554,194</b>	<b>\$ 25,986</b>	<b>\$ 7,453,268</b>	<b>\$ 157,838</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 7,453,268</b>	<b>\$ 157,838</b>	<b>\$ 37,817,734</b>

Exhibit J-2

Sullivan County, Tennessee  
Combining Statement of Changes in Assets and  
Liabilities - All Agency Funds  
For the Year Ended June 30, 2012

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 20,142,898	\$ 20,142,898	\$ 0
Due from Other Governments	3,258,809	3,355,865	3,258,809	3,355,865
<b>Total Assets</b>	<b>\$ 3,258,809</b>	<b>\$ 23,498,763</b>	<b>\$ 23,401,707</b>	<b>\$ 3,355,865</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,258,809	\$ 23,498,763	\$ 23,401,707	\$ 3,355,865
<b>Total Liabilities</b>	<b>\$ 3,258,809</b>	<b>\$ 23,498,763</b>	<b>\$ 23,401,707</b>	<b>\$ 3,355,865</b>
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 404,532	\$ 13,554,750	\$ 13,566,555	\$ 392,727
Accounts Receivable	292	243	292	243
Due from Other Governments	710,888	731,547	710,888	731,547
Taxes Receivable	9,512,769	9,462,503	9,512,769	9,462,503
Allowance for Uncollectible Taxes	(313,225)	(316,437)	(313,225)	(316,437)
<b>Total Assets</b>	<b>\$ 10,315,256</b>	<b>\$ 23,432,606</b>	<b>\$ 23,477,279</b>	<b>\$ 10,270,583</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 10,315,256	\$ 23,432,606	\$ 23,477,279	\$ 10,270,583
<b>Total Liabilities</b>	<b>\$ 10,315,256</b>	<b>\$ 23,432,606</b>	<b>\$ 23,477,279</b>	<b>\$ 10,270,583</b>
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 630,639	\$ 21,871,943	\$ 21,868,797	\$ 633,785
Accounts Receivable	455	392	455	392
Due from Other Governments	1,100,762	1,160,024	1,100,762	1,160,024
Taxes Receivable	14,829,792	15,270,662	14,829,792	15,270,662
Allowance for Uncollectible Taxes	(488,296)	(510,669)	(488,296)	(510,669)
<b>Total Assets</b>	<b>\$ 16,073,352</b>	<b>\$ 37,792,352</b>	<b>\$ 37,311,510</b>	<b>\$ 16,554,194</b>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 16,073,352	\$ 37,792,352	\$ 37,311,510	\$ 16,554,194
<b>Total Liabilities</b>	<b>\$ 16,073,352</b>	<b>\$ 37,792,352</b>	<b>\$ 37,311,510</b>	<b>\$ 16,554,194</b>
<u>Airport Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 24,569	\$ 1,431	\$ 14	\$ 25,986
<b>Total Assets</b>	<b>\$ 24,569</b>	<b>\$ 1,431</b>	<b>\$ 14</b>	<b>\$ 25,986</b>

(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	\$ 24,569	\$ 1,431	\$ 14	\$ 25,986
Total Liabilities	\$ 24,569	\$ 1,431	\$ 14	\$ 25,986
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 7,342,577	\$ 24,760,640	\$ 24,652,869	\$ 7,450,348
Accounts Receivable	1,433	2,920	1,433	2,920
Total Assets	\$ 7,344,010	\$ 24,763,560	\$ 24,654,302	\$ 7,453,268
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 7,344,010	\$ 24,763,560	\$ 24,654,302	\$ 7,453,268
Total Liabilities	\$ 7,344,010	\$ 24,763,560	\$ 24,654,302	\$ 7,453,268
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 185,008	\$ 228,921	\$ 257,830	\$ 156,099
Accounts Receivable	8,873	0	8,873	0
Due from Other Governments	6,866	1,739	6,866	1,739
Total Assets	\$ 200,747	\$ 230,660	\$ 273,569	\$ 157,838
<u>Liabilities</u>				
Accounts Payable	\$ 234	\$ 0	\$ 234	\$ 0
Due to Joint Ventures	200,513	230,660	273,335	157,838
Total Liabilities	\$ 200,747	\$ 230,660	\$ 273,569	\$ 157,838
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 7,342,577	\$ 24,760,640	\$ 24,652,869	\$ 7,450,348
Equity in Pooled Cash and Investments	1,244,748	55,799,943	55,836,094	1,208,597
Accounts Receivable	11,053	3,555	11,053	3,555
Due from Other Governments	5,077,325	5,249,175	5,077,325	5,249,175
Taxes Receivable	24,342,561	24,733,165	24,342,561	24,733,165
Allowance for Uncollectible Taxes	(801,521)	(827,106)	(801,521)	(827,106)
Total Assets	\$ 37,216,743	\$ 109,719,372	\$ 109,118,381	\$ 37,817,734
<u>Liabilities</u>				
Accounts Payable	\$ 234	\$ 0	\$ 234	\$ 0
Due to Joint Ventures	225,082	232,091	273,349	183,824
Due to Other Taxing Units	29,647,417	84,723,721	84,190,496	30,180,642
Due to Litigants, Heirs, and Others	7,344,010	24,763,560	24,654,302	7,453,268
Total Liabilities	\$ 37,216,743	\$ 109,719,372	\$ 109,118,381	\$ 37,817,734

# Sullivan County School Department

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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, three Special Revenue Funds, a Debt Service Fund, and a Capital Projects Fund.

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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 improvements.

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.

Other Education Special Revenue Fund – The Other Education Special Revenue Fund is used to account for the operations of the Stem Platform School funded with federal grants and by Sullivan County School Department and Kingsport City School System.

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, 2012

Functions/Programs	Program Revenues			Expenses	Net (Expense) Revenue and Changes in Net Assets	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions		Total Governmental Activities	Governmental Activities
Governmental Activities:						
Instruction	\$ 61,276,122	\$ 0	\$ 7,024,059	\$ 31,164,095	\$ 15,947,988	\$ (38,304,075)
Support Services	354,871	1,147,763	28,335	6,025,267	0	(29,633,126)
Operation of Non-Instructional Services	1,770,265	3,886,266	0	570,285	0	(368,736)
Interest on Long-term Debt	0	0	0			(570,285)
<b>Total Governmental Activities</b>	<b>\$ 99,035,769</b>	<b>\$ 2,125,136</b>	<b>\$ 12,058,088</b>		<b>\$ 15,976,323</b>	<b>\$ (68,876,222)</b>
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes						\$ 25,371,486
Local Option Sales Tax						12,152,901
Other Local Taxes						3,786
Grants and Contributions Not Restricted for Specific Programs						44,188,803
Unrestricted Investment Income						45
Other						475,631
<b>Total General Revenues</b>						<b>\$ 82,192,652</b>
Change in Net Assets						\$ 13,316,430
Net Assets, July 1, 2011						34,879,714
<b>Net Assets, June 30, 2012</b>						<b>\$ 48,196,144</b>

Exhibit K-2

Sullivan County, Tennessee  
Balance Sheet - Governmental Funds  
Discretely Presented Sullivan County School Department  
June 30, 2012

	Major Funds		Nonmajor	Total
	General Purpose School	Education Capital Projects	Other	
			Govern- mental Funds	
				Govern- mental Funds
<u>ASSETS</u>				
Cash	\$ 20,098	\$ 0	\$ 0	\$ 20,098
Equity in Pooled Cash and Investments	7,299,808	356,521	1,261,126	8,917,455
Inventories	335,893	0	0	335,893
Accounts Receivable	6,449	0	38,272	44,721
Due from Other Governments	2,208,064	0	53,088	2,261,152
Due from Other Funds	50,000	0	7,117	57,117
Due from Primary Government	0	1,180,286	0	1,180,286
Property Taxes Receivable	25,004,743	0	1,300,401	26,305,144
Allowance for Uncollectible Property Taxes	(836,187)	0	(43,487)	(879,674)
Prepaid Items	1,698	0	0	1,698
Total Assets	<u>\$ 34,090,566</u>	<u>\$ 1,536,807</u>	<u>\$ 2,616,517</u>	<u>\$ 38,243,890</u>
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 162,501	\$ 191,036	\$ 103,153	\$ 456,690
Accrued Payroll	0	0	4,066	4,066
Payroll Deductions Payable	361,750	0	3,950	365,700
Contracts Payable	5,773	1,589,653	0	1,595,426
Retainage Payable	0	82,789	0	82,789
Due to Other Funds	7,117	0	50,000	57,117
Due to Primary Government	94,233	0	0	94,233
Due to State of Tennessee	6	0	0	6
Other Current Liabilities	75,949	0	0	75,949
Deferred Revenue - Current Property Taxes	23,620,601	0	1,228,417	24,849,018
Deferred Revenue - Delinquent Property Taxes	493,719	0	25,676	519,395
Other Deferred Revenues	1,076,009	0	38,272	1,114,281
Total Liabilities	<u>\$ 25,897,658</u>	<u>\$ 1,863,478</u>	<u>\$ 1,453,534</u>	<u>\$ 29,214,670</u>
<u>Fund Balances</u>				
Nonspendable:				
Inventory	\$ 335,893	\$ 0	\$ 0	\$ 335,893
Prepaid Items	1,698	0	0	1,698
Restricted:				
Restricted for Education	338,102	0	895,427	1,233,529
Restricted for Debt Service	0	0	67,556	67,556
Committed:				
Committed for Education	3,488,406	0	200,000	3,688,406
Assigned:				
Assigned for Education	257,163	0	0	257,163
Assigned for Capital Projects	16,710	0	0	16,710
Unassigned	3,754,936	(326,671)	0	3,428,265
Total Fund Balances	<u>\$ 8,192,908</u>	<u>\$ (326,671)</u>	<u>\$ 1,162,983</u>	<u>\$ 9,029,220</u>
Total Liabilities and Fund Balances	<u>\$ 34,090,566</u>	<u>\$ 1,536,807</u>	<u>\$ 2,616,517</u>	<u>\$ 38,243,890</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, 2012

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)		\$	9,029,220
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,124,248	
Add: construction in progress		18,923,259	
Add: buildings and improvements net of accumulated depreciation		50,140,266	
Add: other capital assets net of accumulated depreciation		<u>2,694,505</u>	72,882,278
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,633,676
(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.			73,404
(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.			(98,542)
(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 leases payable	\$	(205,954)	
Less: bonds payable		(11,825,000)	
Less: compensated absences payable		(2,762,666)	
Less: other postemployment benefits liability		(19,900,628)	
Less: unamortized premiums on bonds		<u>(629,644)</u>	<u>(35,323,892)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 48,196,144</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, 2012

	Major Funds		Nonmajor Funds	Total Governmental Funds
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	
<b>Revenues</b>				
Local Taxes	\$ 36,381,830	\$ 0	\$ 1,261,331	\$ 37,643,161
Licenses and Permits	5,851	0	0	5,851
Charges for Current Services	2,409,089	0	0	2,409,089
Other Local Revenues	491,861	0	0	491,861
State of Tennessee	44,248,711	246,496	0	44,495,207
Federal Government	4,741,660	0	7,316,138	12,057,798
Other Governments and Citizens Groups	86,665	15,637,944	3,708	15,728,317
<b>Total Revenues</b>	<b>\$ 88,365,667</b>	<b>\$ 15,884,440</b>	<b>\$ 8,581,177</b>	<b>\$ 112,831,284</b>
<b>Expenditures</b>				
Current:				
Finance	\$ 0	\$ 0	\$ 17,003	\$ 17,003
Instruction	49,722,718	0	5,357,625	55,080,343
Support Services	29,014,493	0	2,080,413	31,094,906
Operation of Non-Instructional Services	5,987,574	0	0	5,987,574
Capital Outlay	54,695	0	502,420	557,115
Debt Service:				
Principal on Debt	13,565	0	1,395,000	1,408,565
Interest on Debt	16,564	0	661,000	677,564
Other Debt Service	0	0	249	249
Capital Projects	0	16,211,111	0	16,211,111
<b>Total Expenditures</b>	<b>\$ 84,809,609</b>	<b>\$ 16,211,111</b>	<b>\$ 10,013,710</b>	<b>\$ 111,034,430</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 3,556,058</b>	<b>\$ (326,671)</b>	<b>\$ (1,432,533)</b>	<b>\$ 1,796,854</b>
<b>Other Financing Sources (Uses)</b>				
Capital Leases Issued	\$ 88,602	\$ 0	\$ 118,528	\$ 207,130
Transfers In	466,149	0	2,334,848	2,800,997
Transfers Out	(2,334,848)	0	(466,149)	(2,800,997)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (1,780,097)</b>	<b>\$ 0</b>	<b>\$ 1,987,227</b>	<b>\$ 207,130</b>
<b>Net Change in Fund Balances</b>	<b>\$ 1,775,961</b>	<b>\$ (326,671)</b>	<b>\$ 554,694</b>	<b>\$ 2,003,984</b>
Fund Balance, July 1, 2011	6,416,947	0	608,289	7,025,236
<b>Fund Balance, June 30, 2012</b>	<b>\$ 8,192,908</b>	<b>\$ (326,671)</b>	<b>\$ 1,162,983</b>	<b>\$ 9,029,220</b>

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, 2012

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)		\$ 2,003,984
(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	\$ 18,118,131	
Less: current-year depreciation expense	<u>(2,586,387)</u>	15,531,744
(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		(17,447)
(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/other deferred June 30, 2011	\$ (2,112,761)	
Add: deferred delinquent property taxes/other deferred June 30, 2012	<u>1,633,676</u>	(479,085)
(4) The issuance of long-term debt (e.g., notes, bonds, leases) 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: capital lease proceeds	\$ (207,130)	
Add: principal payments on bonds	1,395,000	
Add: principal payments on capital lease	13,565	
Add: change in premium on debt issuances	108,559	
Less: change in deferred debt issuance costs	(12,656)	
Add: balance of terminated capital lease	<u>18,616</u>	1,315,954
(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	\$ 11,625	
Change in compensated absences payable	(6,633)	
Change in other postemployment benefits liability	<u>(5,043,712)</u>	(5,038,720)
Change in net assets of governmental activities (Exhibit B)		<u>\$ 13,316,430</u>

Sullivan County, Tennessee  
 Combining Balance Sheet - Nonmajor Governmental Funds  
 Discretely Presented Sullivan County School Department  
 June 30, 2012

Exhibit K-6

	Special Revenue Funds				Total	Debt Service Fund		Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Other			Education Debt Service		
			School Federal Projects	Education Special Revenue				
\$ 883,384	\$ 210,186	\$ 100,000	\$ 1,193,570	\$ 67,556	\$ 1,261,126			
0	0	38,272	38,272	0	38,272			
0	50,781	2,307	53,088	0	53,088			
0	7,117	0	7,117	0	7,117			
1,300,401	0	0	1,300,401	0	1,300,401			
(43,487)	0	0	(43,487)	0	(43,487)			
\$ 2,140,298	\$ 268,084	\$ 140,579	\$ 2,548,961	\$ 67,556	\$ 2,616,517			

ASSETS

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

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

Restricted:	
Restricted for Education	
Restricted for Debt Service	
Committed:	
Committed for Education	
Total Fund Balances	

Total Liabilities and Fund Balances

\$ 41,219	\$ 21,713	\$ 40,221	\$ 103,153	\$ 0	\$ 103,153
0	0	4,066	4,066	0	4,066
0	3,950	0	3,950	0	3,950
0	0	50,000	50,000	0	50,000
1,228,417	0	0	1,228,417	0	1,228,417
25,676	0	0	25,676	0	25,676
0	0	38,272	38,272	0	38,272
\$ 1,295,312	\$ 25,663	\$ 132,559	\$ 1,453,534	\$ 0	\$ 1,453,534
\$ 844,986	\$ 42,421	\$ 8,020	\$ 895,427	\$ 0	\$ 895,427
0	0	0	0	67,556	67,556
0	200,000	0	200,000	0	200,000
\$ 844,986	\$ 242,421	\$ 8,020	\$ 1,095,427	\$ 67,556	\$ 1,162,983
\$ 2,140,298	\$ 268,084	\$ 140,579	\$ 2,548,961	\$ 67,556	\$ 2,616,517

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, 2012

	Special Revenue Funds					Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Education Special Revenue	Other	Education Debt Service	
<b>Revenues</b>						
Local Taxes	\$ 1,261,331	\$ 0	\$ 0	\$ 1,261,331	\$ 0	\$ 1,261,331
Federal Government	0	7,316,138	0	7,316,138	0	7,316,138
Other Governments and Citizens Groups	0	0	3,708	3,708	0	3,708
<b>Total Revenues</b>	<b>\$ 1,261,331</b>	<b>\$ 7,316,138</b>	<b>\$ 3,708</b>	<b>\$ 8,581,177</b>	<b>\$ 0</b>	<b>\$ 8,581,177</b>
<b>Expenditures</b>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 17,003	\$ 17,003
Instruction	0	5,357,625	0	5,357,625	0	5,357,625
Support Services	24,996	2,009,729	45,688	2,080,413	0	2,080,413
Capital Outlay	502,420	0	0	502,420	0	502,420
Debt Service:						
Principal on Debt	0	0	0	0	1,395,000	1,395,000
Interest on Debt	0	0	0	0	661,000	661,000
Other Debt Service	0	0	0	0	249	249
<b>Total Expenditures</b>	<b>\$ 527,416</b>	<b>\$ 7,367,354</b>	<b>\$ 45,688</b>	<b>\$ 7,940,458</b>	<b>\$ 2,073,252</b>	<b>\$ 10,013,710</b>
<b>Excess (Deficiency) of Revenues Over Expenditures</b>	<b>\$ 733,915</b>	<b>\$ (51,216)</b>	<b>\$ (41,980)</b>	<b>\$ 640,719</b>	<b>\$ (2,073,252)</b>	<b>\$ (1,432,533)</b>
<b>Other Financing Sources (Uses)</b>						
Capital Leases Issued	\$ 0	\$ 118,528	\$ 0	\$ 118,528	\$ 0	\$ 118,528
Transfers In	0	200,000	50,000	250,000	2,084,848	2,334,848
Transfers Out	(412,000)	(54,149)	0	(466,149)	0	(466,149)
<b>Total Other Financing Sources (Uses)</b>	<b>\$ (412,000)</b>	<b>\$ 264,379</b>	<b>\$ 50,000</b>	<b>\$ (97,621)</b>	<b>\$ 2,084,848</b>	<b>\$ 1,987,227</b>
<b>Net Change in Fund Balances Fund Balance, July 1, 2011</b>	<b>\$ 321,915</b>	<b>\$ 213,163</b>	<b>\$ 8,020</b>	<b>\$ 543,098</b>	<b>\$ 11,596</b>	<b>\$ 554,694</b>
<b>Fund Balance, July 1, 2011</b>	<b>523,071</b>	<b>29,258</b>	<b>0</b>	<b>552,329</b>	<b>55,960</b>	<b>608,289</b>
<b>Fund Balance, June 30, 2012</b>	<b>\$ 844,986</b>	<b>\$ 242,421</b>	<b>\$ 8,020</b>	<b>\$ 1,095,427</b>	<b>\$ 67,556</b>	<b>\$ 1,162,983</b>

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 36,381,830	\$ 0	0	\$ 36,381,830	\$ 36,578,001	\$ 36,578,001	\$ (196,171)
Licenses and Permits	5,851	0	0	5,851	6,000	6,000	(149)
Charges for Current Services	2,409,089	0	0	2,409,089	2,534,900	2,534,900	(125,811)
Other Local Revenues	491,861	0	0	491,861	457,600	457,600	34,261
State of Tennessee	44,248,711	0	0	44,248,711	43,021,439	44,138,705	110,006
Federal Government	4,741,660	0	0	4,741,660	4,330,550	4,630,550	111,110
Other Governments and Citizens Groups	86,665	0	0	86,665	0	85,100	1,565
Total Revenues	\$ 88,365,667	\$ 0	0	\$ 88,365,667	\$ 86,928,490	\$ 88,430,856	\$ (65,189)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 41,355,887	\$ 0	1,208	\$ 41,357,095	\$ 42,618,446	\$ 42,563,546	\$ 1,206,451
Special Education Program	5,635,990	0	11,376	5,647,366	5,750,878	5,750,878	103,512
Vocational Education Program	2,730,841	0	2,179	2,733,020	3,004,751	3,004,751	271,731
<u>Support Services</u>							
Health Services	110,559	(504)	197	110,252	129,380	129,380	19,128
Other Student Support	1,840,895	0	0	1,840,895	1,849,553	1,876,553	35,658
Regular Instruction Program	2,775,964	(2,056)	0	2,773,908	3,087,401	3,137,643	363,735
Special Education Program	205,303	0	0	205,303	227,886	227,886	22,583
Vocational Education Program	133,522	0	0	133,522	151,070	151,070	17,548
Other Programs	1,066,426	0	0	1,066,426	0	1,066,426	0
Board of Education	1,486,812	(57,580)	0	1,429,232	1,724,949	1,724,949	295,717
Director of Schools	696,483	0	0	696,483	736,046	729,486	33,003
Office of the Principal	5,841,808	0	5,700	5,847,508	5,917,676	5,923,616	76,108

(Continued)

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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Fiscal Services	\$ 378,752	\$ 0	\$ 9,000	\$ 387,752	\$ 427,218	\$ 417,218	\$ 29,466
Human Services/Personnel	308,546	0	0	308,546	317,186	320,186	11,640
Operation of Plant	6,111,168	0	0	6,111,168	6,548,725	6,323,725	212,557
Maintenance of Plant	3,673,284	(2,830)	0	3,670,454	3,854,950	3,894,350	223,896
Transportation	4,384,971	0	0	4,384,971	4,135,798	4,460,798	75,827
<u>Operation of Non-Instructional Services</u>							
Food Service	5,467,283	(46,772)	2,257	5,422,768	5,681,797	5,971,797	549,029
Community Services	23,055	0	0	23,055	32,218	42,218	19,163
Early Childhood Education	497,236	0	14,891	512,127	527,324	527,324	15,197
<u>Capital Outlay</u>							
Regular Capital Outlay	54,695	0	403,686	458,381	35,000	495,000	36,619
Principal on Debt	13,565	0	0	13,565	0	13,565	0
Education	16,564	0	0	16,564	40,000	38,555	21,991
Interest on Debt							
Education							
Total Expenditures	\$ 84,809,609	\$ (109,742)	\$ 450,494	\$ 85,150,361	\$ 86,798,252	\$ 88,790,920	\$ 3,640,559
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,556,058	\$ 109,742	\$ (450,494)	\$ 3,215,306	\$ 130,238	\$ (360,064)	\$ 3,575,370
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 88,602	\$ 0	\$ 0	\$ 88,602	\$ 0	\$ 88,602	\$ 0
Transfers In	466,149	0	0	466,149	470,000	470,000	(3,851)

(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 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers Out	\$ (2,334,848)	0 \$	0 \$	(2,334,848) \$	(2,076,560) \$	(2,334,860) \$	12
Total Other Financing Sources (Uses)	\$ (1,780,097) \$	0 \$	0 \$	(1,780,097) \$	(1,606,560) \$	(1,776,258) \$	(3,839)
Net Change in Fund Balance Fund Balance, July 1, 2011	\$ 1,775,961 \$ 6,416,947	109,742 \$ (109,742)	(450,494) \$ 0	1,435,209 \$ 6,307,205	(1,476,322) \$ 6,749,085	(2,136,322) \$ 6,749,085	3,571,531 (441,880)
Fund Balance, June 30, 2012	\$ 8,192,908 \$	0 \$	(450,494) \$	7,742,414 \$	5,272,763 \$	4,612,763 \$	3,129,651

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,261,331	0	0	\$ 1,261,331	\$ 1,287,000	\$ 1,287,000	\$ (25,669)
Total Revenues	\$ 1,261,331	0	0	\$ 1,261,331	\$ 1,287,000	\$ 1,287,000	\$ (25,669)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 24,996	0	0	24,996	26,000	26,000	1,004
<u>Capital Outlay</u>							
Regular Capital Outlay	502,420	(15,125)	420,892	908,187	1,389,000	1,389,000	480,813
Total Expenditures	\$ 527,416	(15,125)	420,892	\$ 933,183	\$ 1,415,000	\$ 1,415,000	\$ 481,817
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ 733,915	15,125	(420,892)	\$ 328,148	\$ (128,000)	\$ (128,000)	\$ 456,148
<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, 2011	\$ 321,915	15,125	(420,892)	\$ (83,852)	\$ (540,000)	\$ (540,000)	\$ 456,148
	523,071	(15,125)	0	507,946	540,000	540,000	(32,054)
Fund Balance, June 30, 2012	\$ 844,986	0	(420,892)	\$ 424,094	0	0	\$ 424,094

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, 2012

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2011	Add: Encumbrances 6/30/2012	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive Negative
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,316,138 \$	0 \$	0 \$	7,316,138 \$	8,136,269 \$	8,134,112 \$	(817,974)
Total Revenues	\$ 7,316,138 \$	0 \$	0 \$	7,316,138 \$	8,136,269 \$	8,134,112 \$	(817,974)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,447,248 \$	(9,388) \$	0 \$	2,437,860 \$	2,318,094 \$	2,582,732 \$	144,872
Special Education Program	2,709,367	(120)	0	2,709,247	2,799,516	3,013,570	304,323
Vocational Education Program	201,010	(494)	0	200,516	103,996	201,010	494
<u>Support Services</u>							
Attendance	19,694	0	0	19,694	23,000	23,000	3,306
Other Student Support	181,218	0	42,069	223,287	216,352	239,521	16,234
Regular Instruction Program	1,020,486	(107,608)	0	912,878	1,602,949	1,339,781	426,903
Special Education Program	90,483	0	0	90,483	244,988	121,501	31,018
Vocational Education Program	2,346	0	0	2,346	4,000	2,346	0
Transportation	695,502	(257,645)	0	437,857	795,210	701,055	263,198
Total Expenditures	\$ 7,367,354 \$	(375,255) \$	42,069 \$	7,034,168 \$	8,108,105 \$	8,224,516 \$	1,190,348
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (51,216) \$	375,255 \$	(42,069) \$	281,970 \$	28,164 \$	(90,404) \$	372,374
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 118,528 \$	0 \$	0 \$	118,528 \$	0 \$	118,528 \$	0
Transfers In	200,000	0	0	200,000	350,540	200,000	0
Transfers Out	(54,149)	0	0	(54,149)	(407,972)	(57,392)	3,243
Total Other Financing Sources (Uses)	\$ 264,379 \$	0 \$	0 \$	264,379 \$	(57,432) \$	261,136 \$	3,243
Net Change in Fund Balance	\$ 213,163 \$	375,255 \$	(42,069) \$	546,349 \$	(29,268) \$	170,732 \$	375,617
Fund Balance, July 1, 2011	29,258	(375,255)	0	(345,997)	29,268	29,268	(375,265)
Fund Balance, June 30, 2012	\$ 242,421 \$	0 \$	(42,069) \$	200,352 \$	0 \$	200,000 \$	352

Exhibit K-11

Sullivan County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Sullivan County School Department  
Other Education Special Revenue Fund  
For the Year Ended June 30, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 0	\$ 0	\$ 300,000	\$ (300,000)
Other Governments and Citizens Groups	3,708	0	50,000	(46,292)
Total Revenues	\$ 3,708	\$ 0	\$ 350,000	\$ (346,292)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 0	\$ 0	\$ 300,000	\$ 300,000
<u>Support Services</u>				
Director of Schools	42,567	0	50,000	7,433
Office of the Principal	3,121	0	9,000	5,879
Operation of Plant	0	0	16,000	16,000
Maintenance of Plant	0	0	25,000	25,000
Total Expenditures	\$ 45,688	\$ 0	\$ 400,000	\$ 354,312
Excess (Deficiency) of Revenues Over Expenditures	\$ (41,980)	\$ 0	\$ (50,000)	\$ 8,020
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 50,000	\$ 0	\$ 50,000	\$ 0
Total Other Financing Sources (Uses)	\$ 50,000	\$ 0	\$ 50,000	\$ 0
Net Change in Fund Balance	\$ 8,020	\$ 0	\$ 0	\$ 8,020
Fund Balance, July 1, 2011	0	0	0	0
Fund Balance, June 30, 2012	\$ 8,020	\$ 0	\$ 0	\$ 8,020

Exhibit K-12

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, 2012

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 2,084,640	\$ 0	\$ 0
Total Revenues	\$ 0	\$ 2,084,640	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 17,003	\$ 20,640	\$ 20,640	\$ 3,637
<u>Principal on Debt</u>				
Education	1,395,000	1,395,000	1,395,000	0
<u>Interest on Debt</u>				
Education	661,000	661,000	661,000	0
<u>Other Debt Service</u>				
Education	249	8,000	8,000	7,751
Total Expenditures	\$ 2,073,252	\$ 2,084,640	\$ 2,084,640	\$ 11,388
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,073,252)	\$ 0	\$ (2,084,640)	\$ 11,388
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,084,848	\$ 0	\$ 2,084,640	\$ 208
Total Other Financing Sources (Uses)	\$ 2,084,848	\$ 0	\$ 2,084,640	\$ 208
Net Change in Fund Balance	\$ 11,596	\$ 0	\$ 0	\$ 11,596
Fund Balance, July 1, 2011	55,960	55,961	55,961	(1)
Fund Balance, June 30, 2012	\$ 67,556	\$ 55,961	\$ 55,961	\$ 11,595

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## MISCELLANEOUS SCHEDULES

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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, 2012

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-11	Issued During Period	Matured During Period	Outstanding 6-30-12
<b><u>PRIMARY GOVERNMENT</u></b>								
<b><u>NOTES PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 1,995,000	4.5 to 5.05 %	6-1-05	4-1-17	\$ 1,550,000	0 \$	225,000 \$	1,325,000
Industrial Park	505,000	5.54	2-1-06	2-1-17	400,000	0	55,000	345,000
Total Notes Payable	\$ 1,950,000				\$ 1,950,000	0 \$	280,000 \$	1,670,000
<b><u>OTHER LOANS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
Qualified School Construction Bonds, Series 2009	15,480,000	1.515	12-17-09	7-1-26	\$ 14,675,060	0 \$	965,928 \$	13,709,132
Qualified School Construction Bonds, Series 2010	5,073,000	0	10-7-10	8-1-27	5,073,000	0	263,789	4,809,211
Energy Efficient Schools Initiative (1)	2,893,781	.75	5-16-11	4-16-20	0	2,893,781	0	2,893,781
Total Other Loans Payable	\$ 19,748,060				\$ 19,748,060	\$ 2,893,781	\$ 1,229,717	\$ 21,412,124
<b><u>CAPITAL LEASE PAYABLE</u></b>								
<u>Payable through General Fund</u>								
Police Vehicles	234,496	5.75	6-12-12	6-12-14	0 \$	234,496 \$	82,574 \$	151,922
Total Capital Lease Payable	\$ 0				\$ 0	\$ 234,496	\$ 82,574	\$ 151,922
<b><u>BONDS PAYABLE</u></b>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Public Improvement Bonds, Series 2002	4,465,000	2.5 to 3.5	10-1-02	8-1-14	\$ 1,675,000	0 \$	400,000 \$	1,275,000
General Obligation Public Improvement Bonds, Series 2005	6,000,000	3.25 to 4.1	6-1-05	5-1-25	5,135,000	0	195,000	4,940,000
Schools Refunding	16,320,000	4.75 to 5	9-1-05	4-1-24	16,320,000	0	675,000	15,645,000
Industrial Park Series 2007	6,500,000	5.9 to 6.25	6-21-07	4-1-28	6,200,000	0	100,000	6,100,000
Total Bonds Payable	\$ 29,330,000				\$ 29,330,000	0 \$	1,370,000 \$	\$ 27,960,000

(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 7-1-11	Issued During Period	Matured During Period	Outstanding 6-30-12
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Copy Machines 2007 (2)	\$ 99,273	9.086 %	11-1-07	10-1-12	\$ 31,005	0 \$	31,005 \$	0
Copy Machines 2012	88,602	8.95	5-30-12	5-30-17		88,602	1,176	87,426
Total Payable through General Purpose School Fund					\$ 31,005	\$ 88,602	\$ 32,181	\$ 87,426
<u>Payable through School Federal Projects Fund</u>								
Computers	118,528	3.21	6-28-12	6-28-15	\$ 0	\$ 118,528	0 \$	118,528
Total Payable through School Federal Projects Fund					\$ 0	\$ 118,528	0 \$	118,528
Total Capital Leases Payable					\$ 31,005	\$ 207,130	\$ 32,181	\$ 205,954
<u>BONDS PAYABLE</u>								
<u>Payable through Education Debt Service Fund</u>								
Schools Refunding	13,220,000	5	11-1-04	5-1-19	\$ 13,220,000	0 \$	1,395,000 \$	11,825,000
Total Bonds Payable					\$ 13,220,000	0 \$	1,395,000 \$	11,825,000

- (1) The total amount approved for the Energy Efficient Schools Initiative Loan was \$5,000,000, of which \$2,893,781 has been drawn as of June 30, 2012, and \$2,106,219 remains to be drawn.
- (2) Total matured during the period includes a payment of \$18,616 for the early termination of the lease. These copiers were returned to the lessor.

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
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	<u>\$ 1,670,000</u>	<u>\$ 267,330</u>	<u>\$ 1,937,330</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2013	\$ 1,282,475	\$ 480,461	\$ 28,569	\$ 1,791,505
2014	1,696,600	502,164	19,538	2,218,302
2015	1,699,705	499,059	19,539	2,218,303
2016	1,702,835	495,929	19,538	2,218,302
2017	1,705,987	492,777	19,539	2,218,303
2018	1,709,164	489,600	19,538	2,218,302
2019	1,712,364	486,400	19,539	2,218,303
2020	1,644,451	483,176	19,538	2,147,165
2021	1,282,475	480,461	19,539	1,782,475
2022	1,282,475	480,461	19,538	1,782,474
2023	1,282,475	480,461	19,539	1,782,475
2024	1,282,475	480,461	19,538	1,782,474
2025	1,282,475	480,461	19,539	1,782,475
2026	1,377,559	480,461	19,538	1,877,558
2027	438,768	265,482	7,928	712,178
2028	29,841	24,221	1,014	55,076
Total	<u>\$ 21,412,124</u>	<u>\$ 7,102,035</u>	<u>\$ 291,511</u>	<u>\$ 28,805,670</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.)

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Capital Lease		
	Principal	Interest	Total
2013	\$ 73,838	\$ 8,736	\$ 82,574
2014	78,084	4,490	82,574
Total	<u>\$ 151,922</u>	<u>\$ 13,226</u>	<u>\$ 165,148</u>

Year Ending June 30	Bonds		
	Principal	Interest	Total
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>\$ 27,960,000</u>	<u>\$ 11,465,855</u>	<u>\$ 39,425,855</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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2013	\$ 56,888	\$ 7,225	\$ 64,113
2014	53,204	10,909	64,113
2015	57,167	6,946	64,113
2016	19,363	2,681	22,044
2017	19,332	875	20,207
Total	\$ 205,954	\$ 28,636	\$ 234,590

Year Ending June 30	Bonds		
	Principal	Interest	Total
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	\$ 11,825,000	\$ 2,477,750	\$ 14,302,750

Exhibit L-3

Sullivan County, Tennessee  
Schedule of Transfers  
Primary Government and Discretely Presented Sullivan County School Department  
For the Year Ended June 30, 2012

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 245,939
Ambulance Service	General	Funds for salary for Health Dept/EMS director	30,000
Total Transfers Primary Government			<u>\$ 275,939</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 200,000
"	Other Education Special Revenue	"	50,000
"	Education Debt Service	Debt retirement	2,084,848
School Federal Projects	General Purpose School	Indirect cost	54,149
Special Purpose	"	Debt retirement	412,000
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 2,800,997</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, 2012

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 100,125	\$ 50,000	Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, TCA	95,357	100,000	"
Director of Schools	State Board of Education and County Board of Education	136,600 (1)	100,000	"
Trustee	Section 8-24-102, TCA	80,474	4,861,900	"
Assessor of Property	Section 8-24-102, TCA	80,474	10,000	"
Director of Accounts and Budgets:	County Commission	68,517 (4)	25,000	"
Larry Bailey (7-1-11 to 3-31-12)	County Commission	14,975	25,000	"
Gayvern Moore (4-1-12 to 6-30-12)	Section 261, Private Acts of 1947, as amended	58,536	10,000	"
Purchasing Agent	Section 8-24-102, TCA	80,474	50,000	"
County Clerk	Section 8-24-102, TCA	80,474	100,000	"
Circuit, General Sessions, and Law Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	80,474 (2)	80,000	"
Register	Section 8-24-102, TCA	80,474	25,000	"
Sheriff	Section 8-24-102, TCA, and County Commission	95,957 (3)	26,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)			250,000	Princeton Excess and Surplus Lines Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000 and a vehicle allowance of \$9,000.
- (2) Does not include special commissioner fees of \$15,782.
- (3) Includes a \$6,835 supplement as workhouse superintendent and a \$600 law enforcement training supplement.
- (4) Includes \$8,161 for unused accrued vacation pay.

Exhibit L-5

Sullivan County, Tennessee  
 Schedule of Detailed Revenues -  
 All Governmental Fund Types  
 For the Year Ended June 30, 2012

	Special Revenue Funds						District Attorney General
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 19,839,181	\$ 692,384	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	531,227	18,266	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	290,918	9,976	0	0	0	0	0
Interest and Penalty	180,236	6,230	0	0	0	0	0
Pick-up Taxes	154,047	5,376	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	570,939	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	801,701	0	0	0	0	0	0
Litigation Tax - General	273,673	0	0	0	0	0	0
Litigation Tax - Office of Public Defender	149,877	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	324,499	0	0	0	0	0	0
Business Tax	2,081,293	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	23,876	833	0	0	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0	0
<u>Total Local Taxes</u>	<u>\$ 25,227,372</u>	<u>\$ 733,065</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	\$ 36,445	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Cable TV Franchise	306,765	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	950	0	0	0	0	0	0
Building Permits	110,255	0	0	0	0	0	0
<u>Total Licenses and Permits</u>	<u>\$ 454,415</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>0</u>

(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>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 153,618	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Attorney General Fees	0	0	0	0	0	0	16,801
<u>Criminal Court</u>							
DUI Treatment Fines	67,263	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	124,920	0	0	0	0	0	0
Officers Costs	66,619	0	0	0	0	0	0
Game and Fish Fines	875	0	0	0	0	0	0
Drug Control Fines	0	0	0	17,990	0	0	0
Drug Court Fees	27,576	0	0	0	0	0	0
Courtroom Security Fee	15,368	0	0	0	0	0	0
Victims Assistance Assessments	20,167	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	4,851	0	0	0	0	0	0
Data Entry Fee - Chancery Court	3,187	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	22,211	0	0	0
Courtroom Security Fee	109	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	16,606	0	0	0
Other Fines, Forfeitures, and Penalties	3,885	0	0	0	0	0	0
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 488,438</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 56,807</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 16,801</b>
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 932,809	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	413,160	0	4,922,424	0	0	0	0
Zoning Studies	5,545	0	0	0	0	0	0
Work Release Charges for Board	18,980	0	0	0	0	0	0
Health Department Collections	396,141	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>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Backflow Charges	\$ 1,464	\$ 0	\$ 0	\$ 195	\$ 0	\$ 0	0
<u>Fees</u>							
Recreation Fees	0	0	0	0	314,175	0	0
Copy Fees	7,663	0	0	0	0	0	0
Library Fees	7,494	0	0	0	0	0	0
Greenbelt Late Application Fee	300	0	0	0	0	0	0
Telephone Commissions	264,043	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	47,668	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	11,400	0	0	0	0	0	0
Data Processing Fee - County Clerk	13,418	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	1,845	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,189,121	\$ 932,809	\$ 4,922,424	\$ 195	\$ 314,175	\$ 0	0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 10,012	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	50,206	0	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	0	0
Commissary Sales	32,392	0	0	0	0	0	0
Sale of Maps	348	0	0	0	0	0	0
Sale of Recycled Materials	812	199,457	0	0	460	0	0
Miscellaneous Refunds	47,374	769	72	0	448	0	0
<u>Nonrecurring Items</u>							
Revenue from Joint Ventures	0	0	0	0	0	0	0
Sale of Equipment	5,300	0	5,822	0	0	0	0
Sale of Property	250,225	0	0	0	0	0	0
Damages Recovered from Individuals	3,889	0	0	0	0	0	0
Contributions and Gifts	17,195	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 Local Revenues (Cont.)</u>							
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 417,753	\$ 200,226	\$ 5,894	\$ 0	\$ 908	\$ 0	\$ 0
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	1,416,429	0	0	0	0	0	0
Circuit Court Clerk	691,560	0	0	0	0	0	0
General Sessions Court Clerk	921,240	0	0	0	0	0	0
Clerk and Master	594,318	0	0	0	0	0	0
Register	605,769	0	0	0	0	0	0
Sheriff	6,154	0	0	0	0	0	0
Trustee	2,220,318	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 6,455,788	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	103,104	0	0	0	0	0	0
On-Behalf Contributions for OPEB	727	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	64,200	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	550,446	0	0	0	0	0	0
Public Works Grants	0	0	0	0	0	0	0
State Aid Program	70,587	17,207	0	0	0	0	0
Litter Program							
<u>Other State Revenues</u>							
Income Tax	393,072	0	0	0	0	0	0
Beer Tax	18,421	0	0	0	0	0	0
Alcoholic Beverage Tax	177,898	0	0	0	0	0	0
Mixed Drink Tax	20,491	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>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Emergency Hospital - Prisoners	704	0	0	0	0	0	0
Prisoner Transportation	23,755	0	0	0	0	0	0
Contracted Prisoner Boarding	2,888,340	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
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	330,746	0	0	0	0	0	0
Other State Revenues	203,678	6,320	0	0	0	0	0
Total State of Tennessee	\$ 4,861,333	\$ 23,527	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	60,000	0	0	0	0	0	0
Homeland Security Grants	545,270	0	0	0	0	0	0
Other Federal through State	1,881,073	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Forest Service	11,241	0	0	0	0	0	0
Medicare	10,886	0	0	0	0	0	0
Tax Credit Bond Rebate	245,939	0	0	0	0	0	0
ARRA Grant # 7	0	0	0	0	0	0	0
Other Direct Federal Revenue	274,968	0	0	3,950	0	0	0
Total Federal Government	\$ 3,029,377	\$ 0	\$ 0	\$ 3,950	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	0	0	0	0	0	0	0
Contributions	16,017	0	0	0	0	0	0
Contracted Services	998,283	101,462	3,531	0	0	0	0
<u>Citizens Groups</u>							
Donations	0	0	6,093	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	
Other							
Other	\$ 197	\$ 0	\$ 11,092	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Governments and Citizens Groups	\$ 1,014,497	\$ 101,462	\$ 20,716	\$ 0	\$ 0	\$ 0	\$ 0
Total	\$ 43,138,094	\$ 1,991,089	\$ 4,949,034	\$ 60,952	\$ 315,083	\$ 16,801	

(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 Debt Service	General Capital Projects	Other Capital Projects			
<u>Local Taxes</u>									
<u>County Property Taxes</u>									
Current Property Tax	\$ 0	\$ 2,042,904	\$ 3,733,512	\$ 0	\$ 0	\$ 0	\$ 0	\$ 26,307,981	
Trustee's Collections - Prior Year	0	53,894	90,154	0	0	0	0	693,541	
Circuit/Clerk & Master Collections - Prior Years	0	24,349	41,229	0	0	0	0	366,472	
Interest and Penalty	0	16,647	28,298	0	0	0	0	231,411	
Pick-up Taxes	0	15,863	28,740	0	0	0	0	204,026	
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	570,939	
<u>County Local Option Taxes</u>									
Local Option Sales Tax	0	2,600,000	0	0	0	0	0	3,401,701	
Litigation Tax - General	0	0	130,672	0	0	0	0	404,345	
Litigation Tax - Office of Public Defender	0	0	0	0	0	0	0	149,877	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	324,499	
Business Tax	0	0	0	0	0	0	0	2,081,293	
Mineral Severance Tax	0	132,322	0	0	0	0	0	132,322	
<u>Statutory Local Taxes</u>									
Bank Excise Tax	0	2,458	4,492	0	0	0	0	31,659	
Wholesale Beer Tax	0	458,957	0	0	0	0	0	458,957	
Interstate Telecommunications Tax	0	7,346	0	0	0	0	0	7,346	
Total Local Taxes	\$ 0	\$ 5,354,740	\$ 4,057,097	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,372,274	
<u>Licenses and Permits</u>									
<u>Licenses</u>									
Animal Registration	\$ 0	0	0	0	0	0	0	36,445	
Cable TV Franchise	0	250,000	0	0	0	0	0	556,765	
<u>Permits</u>									
Beer Permits	0	0	0	0	0	0	0	950	
Building Permits	0	0	0	0	0	0	0	110,255	
Total Licenses and Permits	\$ 0	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 704,415	

(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 Debt Service	Other Capital Projects	General Capital Projects	Other Capital Projects		
<u>Fines, Forfeitures, and Penalties</u>									
<u>Circuit Court</u>									
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	153,618
District Attorney General Fees	0	0	0	0	0	0	0	0	16,801
<u>Criminal Court</u>									
DUI Treatment Fines	0	0	0	0	0	0	0	0	67,263
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	124,920
Officers Costs	0	0	0	0	0	0	0	0	66,619
Game and Fish Fines	0	0	0	0	0	0	0	0	875
Drug Control Fines	0	0	0	0	0	0	0	0	17,990
Drug Court Fees	0	0	0	0	0	0	0	0	27,576
Courtroom Security Fee	0	0	0	0	0	0	0	0	15,368
Victims Assistance Assessments	0	0	0	0	0	0	0	0	20,167
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	4,851
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	3,187
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	0	22,211
Courtroom Security Fee	0	0	0	0	0	0	0	0	109
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	16,606
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	3,885
<b>Total Fines, Forfeitures, and Penalties</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 0</b>	<b>\$ 562,046</b>
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	932,809
Patient Charges	0	0	0	0	0	0	0	0	5,335,584
Zoning Studies	0	0	0	0	0	0	0	0	5,545
Work Release Charges for Board	0	0	0	0	0	0	0	0	18,980
Health Department Collections	0	0	0	0	0	0	0	0	396,141

(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	Other Capital Projects				
<u>Charges for Current Services (Cont.)</u>									
<u>General Service Charges (Cont.)</u>									
Backflow Charges	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,659
<u>Fees</u>									
Recreation Fees	0	0	0	0	0	0	0	0	314,175
Copy Fees	0	0	0	0	0	0	0	0	7,663
Library Fees	0	0	0	0	0	0	0	0	7,494
Greenbelt Late Application Fee	0	0	0	0	0	0	0	0	300
Telephone Commissions	0	0	0	0	0	0	0	0	264,043
Special Commissioner Fees/Special Master Fees	15,782	0	0	0	0	0	0	0	15,782
Data Processing Fee - Register	0	0	0	0	0	0	0	0	47,668
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	0	11,400
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	0	13,418
<u>Other Charges for Services</u>									
Other Charges for Services	0	0	0	0	0	0	0	0	1,845
Total Charges for Current Services	\$ 15,782	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,374,506
<u>Other Local Revenues</u>									
<u>Recurring Items</u>									
Investment Income	0	31,862	61,356	12,565	0	0	0	0	115,795
Lease/Rentals	0	0	0	0	0	0	0	0	50,206
Sale of Materials and Supplies	0	15,837	0	0	0	0	0	0	15,837
Commissary Sales	0	0	0	0	0	0	0	0	32,392
Sale of Maps	0	0	0	0	0	0	0	0	348
Sale of Recycled Materials	0	0	0	0	0	0	0	0	200,729
Miscellaneous Refunds	0	3,937	0	0	0	0	0	0	52,600
<u>Nonrecurring Items</u>									
Revenue from Joint Ventures	0	0	374,258	0	0	0	0	0	374,258
Sale of Equipment	0	1,721	0	0	0	0	0	0	12,843
Sale of Property	0	0	1,200,000	0	0	0	0	0	1,450,225
Damages Recovered from Individuals	0	110	0	0	0	0	0	0	3,999
Contributions and Gifts	0	0	0	0	0	0	0	0	17,195

(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	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>							
Other Local Revenues	\$ 0	\$ 10,299	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,299
Total Other Local Revenues	\$ 0	\$ 63,766	\$ 1,635,614	\$ 12,565	\$ 0	\$ 0	\$ 2,336,726
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,416,429
Circuit Court Clerk	0	0	0	0	0	0	691,560
General Sessions Court Clerk	0	0	0	0	0	0	921,240
Clerk and Master	0	0	0	0	0	0	594,318
Register	0	0	0	0	0	0	605,769
Sheriff	0	0	0	0	0	0	6,154
Trustee	0	0	0	0	0	0	2,220,318
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,455,788
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,104
On-Behalf Contributions for OPEB	0	0	0	0	0	0	727
Public Safety Grants	0	0	0	0	0	0	64,200
Law Enforcement Training Programs	0	0	0	0	0	0	550,446
Health and Welfare Grants	0	0	0	0	0	0	381,680
Health Department Programs	0	0	0	0	0	0	87,794
Public Works Grants	0	381,680	0	0	0	0	393,072
State Aid Program	0	0	0	0	0	0	18,421
Litter Program	0	0	0	0	0	0	177,898
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	20,491
Beer Tax	0	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0	0
Mixed Drink Tax	0	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		Debt Service Fund		Capital Projects Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Other Capital Projects	General Capital Projects	Other Capital Projects		
<u>State of Tennessee (Cont.)</u>								
<u>Other State Revenues (Cont.)</u>								
Emergency Hospital - Prisoners	0	0	0	0	0	0	0	704
Prisoner Transportation	0	0	0	0	0	0	0	23,755
Contracted Prisoner Boarding	0	0	0	0	0	0	0	2,888,340
Gasoline and Motor Fuel Tax	0	2,566,567	0	0	0	0	0	2,566,567
Petroleum Special Tax	0	113,155	0	0	0	0	0	113,155
Registrar's Salary Supplement	0	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	0	330,746
Other State Revenues	0	0	0	0	0	0	0	209,998
Total State of Tennessee	0	3,061,402	0	0	0	0	0	7,946,262
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	0	0	0	0	0	0	0	60,000
Homeland Security Grants	0	0	0	0	0	0	0	545,270
Other Federal through State	0	0	0	0	0	0	0	1,881,073
<u>Direct Federal Revenue</u>								
Forest Service	0	10,400	0	0	0	0	0	21,641
Medicare	0	0	0	0	0	0	0	10,886
Tax Credit Bond Rebate	0	0	0	0	0	0	0	245,939
ARRA Grant # 7	0	0	0	0	0	12,650	0	12,650
Other Direct Federal Revenue	0	0	0	0	0	0	0	278,918
Total Federal Government	0	10,400	0	0	0	12,650	0	3,056,377
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	0	400	0	0	0	0	0	400
Contributions	0	0	0	0	0	0	0	16,017
Contracted Services	0	6,435	0	0	0	0	0	1,109,711
<u>Citizens Groups</u>								
Donations	0	0	0	0	0	0	0	6,093

(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 Debt Service	General Capital Projects	Other Capital Projects			
Other Governments and Citizens Groups (Cont.)									
Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,289
Total Other Governments and Citizens Groups	\$ 0	\$ 6,835	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,143,510
Total	\$ 15,782	\$ 8,747,143	\$ 5,692,711	\$ 12,565	\$ 12,650	\$ 64,951,904			

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, 2012

	Special Purpose	General Purpose School	School Federal Projects	Other Education Special Revenue	Education Capital Projects	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,190,581	\$ 22,889,733	\$ 0	\$ 0	\$ 0	\$ 24,080,314
Trustee's Collections - Prior Year	31,744	611,186	0	0	0	642,930
Circuit/Clerk & Master Collections - Prior Years	17,424	335,260	0	0	0	352,684
Interest and Penalty	10,859	208,975	0	0	0	219,834
Pick-up Taxes	9,252	177,881	0	0	0	187,133
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	12,126,740	0	0	0	12,126,740
<u>Statutory Local Taxes</u>						
Bank Excise Tax	1,471	28,269	0	0	0	29,740
Interstate Telecommunications Tax	0	3,786	0	0	0	3,786
Total Local Taxes	\$ 1,261,331	\$ 36,381,830	\$ 0	\$ 0	\$ 0	\$ 37,643,161
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	0	5,851	0	0	0	5,851
Total Licenses and Permits	0	5,851	0	0	0	5,851
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	0	1,050,663	0	0	0	1,050,663
Lunch Payments - Adults	0	68,482	0	0	0	68,482
Income from Breakfast	0	109,299	0	0	0	109,299
A la carte Sales	0	536,231	0	0	0	536,231
Receipts from Individual Schools	0	32,444	0	0	0	32,444
TBI Criminal Background Fees	0	4,206	0	0	0	4,206
<u>Other Charges for Services</u>						
Other Charges for Services	0	607,764	0	0	0	607,764
Total Charges for Current Services	0	2,409,089	0	0	0	2,409,089
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0	45	0	0	0	45
Sale of Materials and Supplies	0	1,307	0	0	0	1,307

(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	Other Education		Total
				Special Revenue	Capital Projects	
<u>Other Local Revenues (Cont.)</u>						
<u>Recurring Items (Cont.)</u>						
Sale of Recycled Materials	\$ 0	\$ 5,590	\$ 0	\$ 0	\$ 0	\$ 5,590
Refund of Telecommunication and Internet Fees (E-Rate)	0	96,614	0	0	0	96,614
Retirees' Insurance Payments	0	341,630	0	0	0	341,630
Cobra Insurance Payments	0	2,836	0	0	0	2,836
Commodity Rebates	0	20,040	0	0	0	20,040
Miscellaneous Refunds	0	6,239	0	0	0	6,239
<u>Nonrecurring Items</u>						
Sale of Equipment	0	9,150	0	0	0	9,150
Damages Recovered from Individuals	0	7,837	0	0	0	7,837
<u>Other Local Revenues</u>						
Other Local Revenues	0	573	0	0	0	573
Total Other Local Revenues	\$ 0	\$ 491,861	\$ 0	\$ 0	\$ 0	\$ 491,861
<u>State of Tennessee</u>						
General Government Grants						
On-Behalf Contributions for OPEB	\$ 0	\$ 1,066,426	\$ 0	\$ 0	\$ 0	\$ 1,066,426
<u>State Education Funds</u>						
Basic Education Program	0	39,886,001	0	0	0	39,886,001
Early Childhood Education	0	479,223	0	0	0	479,223
School Food Service	0	53,016	0	0	0	53,016
Energy Efficient School Initiative	0	0	0	0	246,496	246,496
Driver Education	0	22,496	0	0	0	22,496
Other State Education Funds	0	130,523	0	0	0	130,523
Statewide Student Management System (SSMS) - ARRA	0	28,335	0	0	0	28,335
Career Ladder Program	0	383,786	0	0	0	383,786
Career Ladder - Extended Contract	0	203,500	0	0	0	203,500
Career Ladder - Extended Contract - ARRA	0	149,288	0	0	0	149,288
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	0	1,788,563	0	0	0	1,788,563
Other State Grants	0	35,810	0	0	0	35,810
Safe Schools - ARRA	0	21,744	0	0	0	21,744
Total State of Tennessee	\$ 0	\$ 44,248,711	\$ 0	\$ 0	\$ 246,496	\$ 44,495,207

(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	Other Education		Total
				Special Revenue	Education Capital Projects	
<b>Federal Government</b>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 2,110,484	\$ 0	\$ 0	\$ 0	\$ 2,110,484
USDA - Commodities	0	271,506	0	0	0	271,506
Breakfast	0	639,441	0	0	0	639,441
USDA - Other	0	43,052	0	0	0	43,052
Vocational Education - Basic Grants to States	0	0	120,073	0	0	120,073
Title I Grants to Local Education Agencies	0	0	2,478,648	0	0	2,478,648
Special Education - Grants to States	0	67,140	3,430,148	0	0	3,497,288
Special Education Preschool Grants	0	0	125,829	0	0	125,829
Eisenhower Professional Development State Grants	0	0	703,283	0	0	703,283
Race-to-the-Top - ARRA	0	0	439,666	0	0	439,666
Other Federal through State	0	1,366,929	18,491	0	0	1,385,420
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	0	170,380	0	0	0	170,380
Forest Service	0	21,000	0	0	0	21,000
Other Direct Federal Revenue	0	51,728	0	0	0	51,728
<b>Total Federal Government</b>	\$ 0	\$ 4,741,660	\$ 7,316,138	\$ 0	\$ 0	\$ 12,057,798
<b>Other Governments and Citizens Groups</b>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 3,708	\$ 15,637,944	\$ 15,641,652
<u>Citizens Groups</u>						
Donations	0	86,665	0	0	0	86,665
<b>Total Other Governments and Citizens Groups</b>	\$ 0	\$ 86,665	\$ 0	\$ 3,708	\$ 15,637,944	\$ 15,728,317
<b>Total</b>	\$ 1,261,331	\$ 88,365,667	\$ 7,316,138	\$ 3,708	\$ 15,884,440	\$ 112,831,284

Exhibit L-7

Sullivan County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2012

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	168,209	
Social Security		10,428	
Employer Medicare		2,439	
Contracts with Government Agencies		113,346	
Dues and Memberships		350	
Freight Expenses		32	
Legal Notices, Recording, and Court Costs		1,118	
Maintenance and Repair Services - Office Equipment		1,949	
Postal Charges		959	
Printing, Stationery, and Forms		150	
Travel		3,328	
Tuition		1,125	
Data Processing Supplies		75	
Food Supplies		152	
Office Supplies		1,138	
Other Supplies and Materials		50	
Total County Commission			\$ 304,848

County Mayor/Executive

County Official/Administrative Officer	\$	100,125	
Secretary(ies)		31,320	
Social Security		7,975	
State Retirement		21,180	
Life Insurance		140	
Medical Insurance		17,266	
Dental Insurance		551	
Employer Medicare		1,865	
Communication		1,378	
Dues and Memberships		2,934	
Legal Notices, Recording, and Court Costs		64	
Maintenance and Repair Services - Office Equipment		447	
Postal Charges		227	
Printing, Stationery, and Forms		52	
Travel		261	
Other Contracted Services		1,120	
Food Supplies		90	
Gasoline		2,277	
Office Supplies		1,829	
Periodicals		337	
Total County Mayor/Executive			191,438

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	105,131	
Secretary(ies)		38,941	
Social Security		8,715	
State Retirement		23,156	
Life Insurance		140	
Medical Insurance		13,218	
Dental Insurance		744	
Employer Medicare		2,038	
Communication		1,654	
Dues and Memberships		1,020	
Legal Notices, Recording, and Court Costs		44	
Maintenance and Repair Services - Office Equipment		453	
Postal Charges		459	
Printing, Stationery, and Forms		26	
Rentals		76	
Travel		584	
Tuition		854	
Office Supplies		499	
Periodicals		7,321	
Total County Attorney			\$ 205,073

Election Commission

County Official/Administrative Officer	\$	72,427
Clerical Personnel		116,756
Temporary Personnel		43,461
Part-time Personnel		631
Election Commission		5,960
Election Workers		30,330
Social Security		14,623
State Retirement		30,769
Life Insurance		314
Medical Insurance		26,467
Dental Insurance		1,207
Unemployment Compensation		6,848
Employer Medicare		3,420
Other Fringe Benefits		287
Bank Charges		35
Communication		11,944
Data Processing Services		39,089
Dues and Memberships		250

(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.)

Legal Notices, Recording, and Court Costs	\$	9,088	
Maintenance and Repair Services - Buildings		2,239	
Maintenance and Repair Services - Office Equipment		1,783	
Postal Charges		11,683	
Printing, Stationery, and Forms		1,635	
Rentals		24	
Travel		4,084	
Data Processing Supplies		4,080	
Food Supplies		218	
Gasoline		52	
General Construction Materials		520	
Office Supplies		5,137	
Other Supplies and Materials		108	
Total Election Commission			\$ 445,469

Register of Deeds

County Official/Administrative Officer	\$	80,474
Clerical Personnel		179,618
Part-time Personnel		1,529
Social Security		15,447
State Retirement		41,815
Life Insurance		419
Medical Insurance		64,829
Dental Insurance		1,473
Employer Medicare		3,612
Other Fringe Benefits		576
Communication		2,806
Data Processing Services		47,962
Dues and Memberships		1,420
Freight Expenses		327
Maintenance and Repair Services - Buildings		175
Maintenance and Repair Services - Equipment		1,575
Maintenance and Repair Services - Office Equipment		3,505
Maintenance and Repair Services - Vehicles		100
Postal Charges		1,395
Printing, Stationery, and Forms		221
Rentals		416
Tow-in Services		371
Travel		532
Custodial Supplies		21

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Food Supplies	\$	185	
Gasoline		86	
General Construction Materials		883	
Office Supplies		1,841	
Periodicals		21	
Tires and Tubes		314	
Other Supplies and Materials		231	
Office Equipment		5,550	
Other Equipment		831	
Total Register of Deeds			\$ 460,560

Planning

Supervisor/Director	\$	51,032
Clerical Personnel		24,291
Other Salaries and Wages		116,134
Board and Committee Members Fees		2,700
Social Security		11,623
State Retirement		30,727
Life Insurance		349
Medical Insurance		34,815
Dental Insurance		1,487
Employer Medicare		2,719
Other Fringe Benefits		1,138
Communication		4,054
Consultants		1,080
Data Processing Services		2,976
Dues and Memberships		988
Engineering Services		7,500
Legal Notices, Recording, and Court Costs		1,421
Licenses		50
Maintenance and Repair Services - Office Equipment		4,290
Postal Charges		635
Printing, Stationery, and Forms		410
Travel		1,605
Tuition		1,065
Disposal Fees		2
Permits		3,460
Data Processing Supplies		797
Food Supplies		231
Gasoline		7,534

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Instructional Supplies and Materials	\$	880	
Office Supplies		1,115	
Periodicals		84	
Tires and Tubes		295	
Vehicle Parts		797	
Other Supplies and Materials		67	
Other Charges		4,399	
Total Planning			\$ 322,750

Geographical Information Systems

Maintenance and Repair Services - Office Equipment	\$	5,441	
Other Contracted Services		28,280	
Data Processing Supplies		293	
Office Supplies		90	
Total Geographical Information Systems			34,104

County Buildings

Mechanic(s)	\$	59,676
Guards		67,785
Clerical Personnel		32,907
Custodial Personnel		125,485
Maintenance Personnel		219,759
Social Security		26,505
State Retirement		55,778
Life Insurance		823
Medical Insurance		115,703
Dental Insurance		3,594
Unemployment Compensation		6,041
Employer Medicare		6,199
Other Fringe Benefits		6,929
Communication		8,076
Contracts with Government Agencies		960
Licenses		18
Maintenance and Repair Services - Buildings		23,906
Maintenance and Repair Services - Equipment		50,973
Maintenance and Repair Services - Office Equipment		76
Maintenance and Repair Services - Vehicles		2,728
Pest Control		1,845
Printing, Stationery, and Forms		467
Rentals		12,341

(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.)

Travel	\$	53	
Disposal Fees		8,188	
Permits		722	
Other Contracted Services		1,548	
Custodial Supplies		16,365	
Data Processing Supplies		489	
Drugs and Medical Supplies		337	
Electricity		289,290	
Equipment Parts - Heavy		10,450	
Equipment Parts - Light		409	
Equipment and Machinery Parts		805	
Garage Supplies		1,387	
Gasoline		16,354	
General Construction Materials		67,648	
Lubricants		4,824	
Natural Gas		12,446	
Office Supplies		1,589	
Salt		517	
Small Tools		237	
Tires and Tubes		275	
Uniforms		4,717	
Vehicle Parts		6,117	
Water and Sewer		13,661	
Gravel and Chert		2,635	
Drainage Materials		673	
Other Supplies and Materials		10,478	
Building Construction		2,400	
Building Improvements		37,000	
Communication Equipment		20,000	
Heating and Air Conditioning Equipment		94,085	
Maintenance Equipment		1,888	
Other Equipment		1,050	
Total County Buildings			\$ 1,457,211
<u>Other Facilities</u>			
Contracts with Government Agencies	\$	193,658	
Maintenance Agreements		7,500	
Total Other Facilities			201,158

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Supervisor/Director	\$	37,480	
Part-time Personnel		9,382	
Social Security		2,881	
State Retirement		6,015	
Life Insurance		70	
Medical Insurance		4,298	
Dental Insurance		372	
Employer Medicare		674	
Advertising		558	
Communication		3,482	
Data Processing Services		567	
Janitorial Services		75	
Legal Services		100	
Licenses		750	
Maintenance and Repair Services - Office Equipment		1,680	
Postal Charges		174	
Printing, Stationery, and Forms		5	
Travel		342	
Remittance of Revenue Collected		5,070	
Disposal Fees		480	
Other Contracted Services		10,387	
Data Processing Supplies		1,473	
Food Preparation Supplies		364	
Food Supplies		1,455	
General Construction Materials		78	
Library Books/Media		4,231	
Office Supplies		13,149	
Periodicals		327	
Other Supplies and Materials		1,000	
Total Preservation of Records			\$ 106,919

Risk Management

Supervisor/Director	\$	48,345
Social Security		2,824
State Retirement		7,644
Life Insurance		70
Medical Insurance		9,264
Dental Insurance		372
Employer Medicare		660
Communication		1,788

(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.)

Data Processing Services	\$	70	
Maintenance and Repair Services - Equipment		2,124	
Postal Charges		44	
Travel		701	
Tuition		125	
Data Processing Supplies		2,218	
Instructional Supplies and Materials		59	
Office Supplies		5,120	
Periodicals		378	
Propane Gas		294	
Boiler Insurance		20,116	
Building and Contents Insurance		199,398	
Liability Insurance		228,648	
Premiums on Corporate Surety Bonds		75	
Vehicle and Equipment Insurance		52,053	
Workers' Compensation Insurance		92,198	
Total Risk Management			\$ 674,588

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	83,492
Supervisor/Director		140,751
Clerical Personnel		170,172
Part-time Personnel		17,278
Social Security		25,104
State Retirement		52,989
Life Insurance		622
Medical Insurance		62,950
Dental Insurance		2,127
Employer Medicare		5,871
Advertising		19
Bank Charges		46
Communication		7,208
Data Processing Services		3,770
Dues and Memberships		25
Legal Notices, Recording, and Court Costs		225
Maintenance and Repair Services - Office Equipment		3,040
Postal Charges		8,053
Printing, Stationery, and Forms		1,619
Tuition		222

(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.)

Data Processing Supplies	\$	786	
Equipment Parts - Light		28	
Food Supplies		217	
Gasoline		1,583	
Office Supplies		3,415	
Periodicals		604	
Other Supplies and Materials		58	
Total Accounting and Budgeting			\$ 592,274

Purchasing

County Official/Administrative Officer	\$	58,536
Assistant(s)		45,231
Supervisor/Director		34,436
Purchasing Personnel		112,545
Equipment Operators		69,323
Clerical Personnel		47,549
Social Security		22,294
State Retirement		55,240
Life Insurance		646
Medical Insurance		77,831
Dental Insurance		2,046
Unemployment Compensation		1,740
Employer Medicare		5,214
Other Fringe Benefits		1,193
Advertising		75
Communication		6,576
Dues and Memberships		285
Legal Notices, Recording, and Court Costs		2,193
Maintenance and Repair Services - Buildings		89
Maintenance and Repair Services - Office Equipment		7,824
Postal Charges		943
Printing, Stationery, and Forms		381
Rentals		7,792
Disposal Fees		356
Data Processing Supplies		6,846
Duplicating Supplies		1,161
Equipment Parts - Light		15
Food Supplies		408
Gasoline		2,530
General Construction Materials		245

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Office Supplies	\$	2,164	
Periodicals		206	
Propane Gas		55	
Tires and Tubes		279	
Uniforms		338	
Vehicle Parts		351	
Total Purchasing			\$ 574,936

Property Assessor's Office

County Official/Administrative Officer	\$	80,474
Assistant(s)		56,105
Supervisor/Director		47,502
Deputy(ies)		268,768
Internal Audit Personnel		50,897
Clerical Personnel		450,123
Board and Committee Members Fees		830
Social Security		56,900
State Retirement		153,169
Life Insurance		1,844
Medical Insurance		189,608
Dental Insurance		6,640
Unemployment Compensation		2,761
Employer Medicare		13,308
Other Fringe Benefits		1,028
Audit Services		15,745
Communication		10,628
Data Processing Services		13,757
Dues and Memberships		2,420
Legal Notices, Recording, and Court Costs		119
Licenses		35
Maintenance and Repair Services - Office Equipment		4,096
Maintenance and Repair Services - Vehicles		531
Postal Charges		6,800
Printing, Stationery, and Forms		362
Travel		1,231
Tuition		460
Data Processing Supplies		10,212
Food Supplies		314
Gasoline		19,186
Office Supplies		1,764

(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.)

Periodicals	\$	140	
Tires and Tubes		923	
Vehicle Parts		1,814	
Other Supplies and Materials		396	
Other Charges		15,129	
Motor Vehicles		38,066	
Total Property Assessor's Office			\$ 1,524,085

County Trustee's Office

County Official/Administrative Officer	\$	80,474	
Assistant(s)		42,804	
Deputy(ies)		198,466	
Part-time Personnel		5,535	
Social Security		19,195	
State Retirement		43,141	
Life Insurance		558	
Medical Insurance		92,377	
Dental Insurance		2,974	
Employer Medicare		4,489	
Communication		8,322	
Data Processing Services		2,767	
Dues and Memberships		934	
Legal Notices, Recording, and Court Costs		49	
Maintenance and Repair Services - Office Equipment		1,503	
Postal Charges		33,351	
Printing, Stationery, and Forms		21,088	
Rentals		76	
Travel		793	
Custodial Supplies		119	
Data Processing Supplies		5,790	
Office Supplies		867	
Data Processing Equipment		1,857	
Office Equipment		1,409	
Total County Trustee's Office			568,938

County Clerk's Office

County Official/Administrative Officer	\$	80,474
Deputy(ies)		616,937
Part-time Personnel		54,326
Board and Committee Members Fees		480

(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 (Cont.)

Social Security	\$	44,282	
State Retirement		112,273	
Life Insurance		1,507	
Medical Insurance		185,361	
Dental Insurance		6,545	
Employer Medicare		10,356	
Other Fringe Benefits		595	
Communication		8,808	
Data Processing Services		34,143	
Dues and Memberships		1,009	
Legal Notices, Recording, and Court Costs		247	
Maintenance and Repair Services - Office Equipment		1,830	
Postal Charges		37,511	
Printing, Stationery, and Forms		1,015	
Travel		942	
Other Contracted Services		480	
Data Processing Supplies		591	
Food Supplies		258	
General Construction Materials		120	
Office Supplies		3,937	
Total County Clerk's Office			\$ 1,204,027

Data Processing

Communication	\$	927	
Data Processing Services		8,099	
Licenses		1,275	
Maintenance Agreements		98,549	
Maintenance and Repair Services - Office Equipment		3,628	
Data Processing Supplies		2,722	
Office Supplies		620	
Total Data Processing			115,820

Other Finance

Refunds	\$	1,749	
Trustee's Commission		480,862	
Total Other Finance			482,611

Administration of Justice

Circuit Court Judge

Communication	\$	7,326	
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(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 Judge (Cont.)

Postal Charges	\$	388	
Printing, Stationery, and Forms		90	
Office Supplies		1,710	
Total Circuit Court Judge			\$ 9,514

Circuit Court Clerk

County Official/Administrative Officer	\$	80,474	
Clerical Personnel		793,633	
Part-time Personnel		61,859	
Jury and Witness Expense		81	
Social Security		55,834	
State Retirement		136,595	
Life Insurance		1,832	
Medical Insurance		162,628	
Dental Insurance		6,393	
Unemployment Compensation		13,659	
Employer Medicare		13,059	
Other Fringe Benefits		2,858	
Communication		15,712	
Contracts with Private Agencies		2,685	
Data Processing Services		11,474	
Dues and Memberships		150	
Freight Expenses		50	
Legal Notices, Recording, and Court Costs		15	
Licenses		50	
Maintenance Agreements		4,718	
Maintenance and Repair Services - Office Equipment		6,013	
Postal Charges		15,712	
Printing, Stationery, and Forms		2,523	
Rentals		111	
Travel		1,346	
Disposal Fees		1,040	
Data Processing Supplies		1,316	
Office Supplies		28,691	
Periodicals		40	
Total Circuit Court Clerk			1,420,551

Courtroom Security

Medical and Dental Services	\$	195	
Total Courtroom Security			392,918

(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 Court

Judge(s)	\$	296,947	
Secretary(ies)		67,275	
Social Security		17,392	
State Retirement		58,710	
Life Insurance		279	
Medical Insurance		32,513	
Dental Insurance		1,101	
Employer Medicare		5,194	
Communication		4,085	
Dues and Memberships		440	
Licenses		835	
Maintenance and Repair Services - Office Equipment		642	
Postal Charges		428	
Printing, Stationery, and Forms		1,095	
Travel		6,361	
Tuition		930	
Food Supplies		90	
Office Supplies		1,306	
Periodicals		2,575	
Total General Sessions Court			\$ 498,198

General Sessions Judge

Judge(s)	\$	296,947
Assistant(s)		61,821
Secretary(ies)		32,592
Social Security		20,887
State Retirement		62,987
Life Insurance		349
Medical Insurance		32,112
Dental Insurance		1,294
Employer Medicare		5,574
Other Fringe Benefits		575
Communication		5,653
Dues and Memberships		100
Licenses		1,012
Maintenance and Repair Services - Office Equipment		860
Postal Charges		505
Travel		5,294
Tuition		765
Office Supplies		1,798

(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.)

Periodicals	\$ 3,884	
Total General Sessions Judge		\$ 535,009

Chancery Court

County Official/Administrative Officer	\$ 80,474	
Clerical Personnel	228,402	
Part-time Personnel	18,218	
Social Security	19,433	
State Retirement	49,640	
Life Insurance	628	
Medical Insurance	63,123	
Dental Insurance	2,203	
Unemployment Compensation	7,668	
Employer Medicare	4,545	
Other Fringe Benefits	287	
Communication	6,235	
Data Processing Services	3,101	
Dues and Memberships	250	
Legal Notices, Recording, and Court Costs	67	
Maintenance and Repair Services - Office Equipment	5,585	
Postal Charges	3,698	
Printing, Stationery, and Forms	4,271	
Rentals	44	
Data Processing Supplies	4,341	
Office Supplies	3,725	
Periodicals	688	
Total Chancery Court		506,626

Juvenile Court

Supervisor/Director	\$ 50,027
Probation Officer(s)	22,186
Guidance Personnel	230,038
Secretary(ies)	44,371
Clerical Personnel	31,174
Social Security	22,499
State Retirement	60,605
Life Insurance	698
Medical Insurance	86,773
Dental Insurance	2,946
Employer Medicare	5,261

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	684	
Freight Expenses		16	
Legal Services		15,600	
Maintenance and Repair Services - Office Equipment		340	
Postal Charges		45	
Printing, Stationery, and Forms		196	
Travel		6,366	
Tuition		5,765	
Other Contracted Services		61,902	
Data Processing Supplies		1,948	
Drugs and Medical Supplies		2,153	
Food Supplies		223	
Gasoline		875	
Office Supplies		2,508	
Periodicals		129	
Total Juvenile Court			\$ 655,328

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	139,299	
Salary Supplements		4,314	
Secretary(ies)		25,178	
Part-time Personnel		8,351	
Social Security		10,831	
State Retirement		26,348	
Life Insurance		238	
Medical Insurance		20,781	
Dental Insurance		580	
Employer Medicare		2,533	
Other Fringe Benefits		1,481	
Travel		4,191	
Total District Attorney General			244,125

Office of Public Defender

Paraprofessionals	\$	123,181	
Clerical Personnel		844	
Social Security		7,466	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Office of Public Defender (Cont.)

State Retirement	\$	19,972	
Life Insurance		145	
Medical Insurance		12,563	
Dental Insurance		662	
Unemployment Compensation		6,714	
Employer Medicare		1,746	
Other Fringe Benefits		596	
Licenses		800	
Tuition		225	
Total Office of Public Defender			\$ 174,914

Other Administration of Justice

Board and Committee Members Fees	\$	3,072	
Jury and Witness Expense		98,955	
Other Per Diem and Fees		26,402	
Legal Services		3,608	
Maintenance Agreements		2,247	
Communication Equipment		10,238	
Total Other Administration of Justice			144,522

Courtroom Security

Deputy(ies)	\$	184,256	
Part-time Personnel		76,866	
Social Security		16,003	
State Retirement		27,947	
Life Insurance		419	
Medical Insurance		17,190	
Dental Insurance		1,266	
Employer Medicare		3,743	
Communication		55	
Data Processing Services		135	
Other Contracted Services		200	
Law Enforcement Supplies		932	
Uniforms		8,343	
Other Supplies and Materials		6	
Other Equipment		55,362	
Total Courtroom Security			392,918

Victims Assistance Programs

Remittance of Revenue Collected	\$	25,000	
Total Victims Assistance Programs			25,000

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	95,957
Assistant(s)		193,279
Deputy(ies)		1,829,523
Captain(s)		274,075
Lieutenant(s)		725,054
Sergeant(s)		1,079,102
Mechanic(s)		82,183
Dispatchers/Radio Operators		483,617
Secretary(ies)		361,391
School Resource Officer		115,625
Social Security		311,585
State Retirement		827,297
Life Insurance		8,988
Medical Insurance		1,057,898
Dental Insurance		36,867
Unemployment Compensation		1,244
Employer Medicare		72,834
Communication		77,570
Data Processing Services		60,966
Dues and Memberships		9,720
Evaluation and Testing		112
Financial Advisory Services		56
Freight Expenses		634
Legal Notices, Recording, and Court Costs		64
Licenses		808
Maintenance Agreements		75
Maintenance and Repair Services - Equipment		31,696
Maintenance and Repair Services - Office Equipment		15,142
Maintenance and Repair Services - Vehicles		850
Medical and Dental Services		2,003
Pest Control		640
Postal Charges		3,924
Printing, Stationery, and Forms		3,087
Rentals		2,879
Tow-in Services		965
Transportation - Other than Students		4
Travel		52,452
Tuition		21,052
Veterinary Services		4,157
Disposal Fees		2,060

(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 Contracted Services	\$	6,523	
Animal Food and Supplies		2,000	
Custodial Supplies		5,267	
Data Processing Supplies		86,743	
Drugs and Medical Supplies		3,642	
Electricity		7,628	
Equipment Parts - Light		554	
Equipment and Machinery Parts		1,005	
Food Preparation Supplies		80	
Food Supplies		1,296	
Garage Supplies		1,827	
Gasoline		475,258	
General Construction Materials		3,380	
Instructional Supplies and Materials		3,642	
Law Enforcement Supplies		45,611	
Lubricants		4,000	
Office Supplies		16,492	
Periodicals		818	
Small Tools		1,238	
Tires and Tubes		15,813	
Uniforms		89,449	
Vehicle Parts		42,365	
Water and Sewer		1,619	
Other Supplies and Materials		3,387	
Other Charges		59,744	
Law Enforcement Equipment		26,820	
Motor Vehicles		234,496	
Other Capital Outlay		6,076	
Total Sheriff's Department			\$ 8,994,208

Administration of the Sexual Offender Registry

Other Contracted Services	\$	3,400	
Data Processing Supplies		186	
Law Enforcement Supplies		38	
Office Supplies		465	
Total Administration of the Sexual Offender Registry			4,089

Jail

Assistant(s)	\$	108,813	
Deputy(ies)		2,358,283	

(Continued)

Exhibit L-7

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

<u>General Fund (Cont.)</u>	
<u>Public Safety (Cont.)</u>	
<u>Jail (Cont.)</u>	
Captain(s)	\$ 101,534
Lieutenant(s)	344,183
Sergeant(s)	249,310
Medical Personnel	329,052
Guards	56,719
Secretary(ies)	29,133
Cafeteria Personnel	155,344
Board and Committee Members Fees	11,834
Social Security	224,347
State Retirement	594,743
Life Insurance	6,982
Medical Insurance	774,760
Dental Insurance	29,281
Unemployment Compensation	9,590
Employer Medicare	52,469
Other Fringe Benefits	16,305
Advertising	1,244
Communication	17,102
Data Processing Services	32,041
Dues and Memberships	2,475
Evaluation and Testing	120
Financial Advisory Services	322
Legal Services	322
Licenses	471
Maintenance and Repair Services - Buildings	17,910
Maintenance and Repair Services - Equipment	51,112
Maintenance and Repair Services - Office Equipment	12,101
Maintenance and Repair Services - Vehicles	1,685
Medical and Dental Services	591,407
Pest Control	670
Printing, Stationery, and Forms	4,701
Rentals	3,061
Tow-in Services	1,095
Transportation - Other than Students	36,860
Travel	10,444
Tuition	8,990
Veterinary Services	720
Disposal Fees	22,041
Other Contracted Services	1,251
Custodial Supplies	42,433

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Data Processing Supplies	\$	28,880	
Diesel Fuel		2,407	
Drugs and Medical Supplies		29,878	
Electricity		303,941	
Equipment Parts - Heavy		1,280	
Equipment Parts - Light		21,388	
Equipment and Machinery Parts		8,810	
Food Preparation Supplies		23,165	
Food Supplies		665,718	
Gasoline		64,171	
General Construction Materials		13,721	
Instructional Supplies and Materials		1,048	
Law Enforcement Supplies		19,307	
Lubricants		2,281	
Natural Gas		61,150	
Office Supplies		17,585	
Periodicals		305	
Prisoners Clothing		12,693	
Small Tools		1,881	
Tires and Tubes		9,556	
Uniforms		74,591	
Vehicle Parts		4,067	
Water and Sewer		169,807	
Gravel and Chert		93	
Liner Materials		9,058	
Other Supplies and Materials		6,279	
Heating and Air Conditioning Equipment		68,463	
Total Jail			\$ 7,934,783

Workhouse

Deputy(ies)	\$	52,620
Board and Committee Members Fees		1,297
Social Security		3,142
State Retirement		8,448
Life Insurance		140
Medical Insurance		17,175
Dental Insurance		711
Employer Medicare		735
Communication		487
Printing, Stationery, and Forms		22

(Continued)

Exhibit L-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Workhouse (Cont.)</u>		
Custodial Supplies	\$ 4,166	
Other Supplies and Materials	73	
Total Workhouse		\$ 89,016
<u>Juvenile Services</u>		
Contracts with Government Agencies	\$ 303,119	
Contributions	292,552	
Total Juvenile Services		595,671
<u>Fire Prevention and Control</u>		
Contributions	\$ 1,487,654	
Total Fire Prevention and Control		1,487,654
<u>Civil Defense</u>		
Supervisor/Director	\$ 47,677	
Medical Personnel	191,223	
Paraprofessionals	16,922	
Secretary(ies)	28,000	
Part-time Personnel	59,621	
Social Security	20,696	
State Retirement	46,517	
Life Insurance	529	
Medical Insurance	63,363	
Dental Insurance	2,032	
Unemployment Compensation	7,077	
Employer Medicare	4,840	
Other Fringe Benefits	576	
Communication	5,333	
Maintenance and Repair Services - Office Equipment	351	
Maintenance and Repair Services - Vehicles	132	
Medical and Dental Services	156	
Postal Charges	92	
Printing, Stationery, and Forms	452	
Travel	125	
Tuition	125	
Data Processing Supplies	463	
Equipment Parts - Light	90	
Food Supplies	132	
Gasoline	4,170	
Instructional Supplies and Materials	809	

(Continued)

Exhibit L-7

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

<u>General Fund (Cont.)</u>		
<u>Public Safety (Cont.)</u>		
<u>Civil Defense (Cont.)</u>		
Office Supplies	\$	960
Uniforms		2,381
Vehicle Parts		673
Other Supplies and Materials		836
Total Civil Defense		<u>506,353</u>
	\$	
<u>Rescue Squad</u>		
Contributions	\$	294,823
Total Rescue Squad		<u>294,823</u>
<u>Disaster Relief</u>		
Contracts with Private Agencies	\$	30,000
Contributions		6,000
Printing, Stationery, and Forms		62
Tuition		9,000
Other Contracted Services		3,531
Communication Equipment		7,616
Data Processing Equipment		29,530
Motor Vehicles		35,287
Other Equipment		77,269
Total Disaster Relief		<u>198,295</u>
<u>County Coroner/Medical Examiner</u>		
Other Per Diem and Fees	\$	33,745
Communication		531
Contributions		129,994
Maintenance and Repair Services - Vehicles		317
Printing, Stationery, and Forms		8
Other Contracted Services		41,800
Drugs and Medical Supplies		1,207
Gasoline		5,153
Tires and Tubes		353
Vehicle Parts		1,798
Other Supplies and Materials		166
Other Charges		3,600
Total County Coroner/Medical Examiner		<u>218,672</u>
<u>Other Public Safety</u>		
Communication	\$	1,419
Maintenance and Repair Services - Equipment		140,160

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Electricity	\$	16,062	
Equipment Parts - Light		2,036	
Natural Gas		638	
Propane Gas		6	
Total Other Public Safety			\$ 160,321

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	69,246
Assistant(s)		175,164
Supervisor/Director		280,183
Teachers		203,299
Medical Personnel		2,068,005
Education Media Personnel		29,903
Clerical Personnel		602,336
Custodial Personnel		30,025
Part-time Personnel		45,041
Other Salaries and Wages		17,879
Social Security		207,821
State Retirement		442,806
Life Insurance		4,948
Medical Insurance		536,060
Dental Insurance		18,842
Unemployment Compensation		22,148
Employer Medicare		49,235
Advertising		5,316
Bank Charges		2,473
Communication		54,151
Contracts with Government Agencies		25,903
Contracts with Private Agencies		2,391
Data Processing Services		83
Freight Expenses		142
Legal Services		400
Licenses		17
Maintenance and Repair Services - Equipment		27,674
Maintenance and Repair Services - Office Equipment		21,538
Medical and Dental Services		19,587
Pest Control		775
Postal Charges		11,317
Printing, Stationery, and Forms		10,713

(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.)

Rentals	\$	1,062	
Travel		47,042	
Tuition		6,787	
Disposal Fees		6,086	
Other Contracted Services		8,301	
Custodial Supplies		3,892	
Data Processing Supplies		23,688	
Drugs and Medical Supplies		238,602	
Electricity		97,363	
Equipment Parts - Heavy		1,969	
Equipment and Machinery Parts		3,635	
Food Supplies		4,546	
Gasoline		4,290	
General Construction Materials		11,215	
Instructional Supplies and Materials		66,784	
Natural Gas		4,728	
Office Supplies		43,100	
Periodicals		1,391	
Uniforms		1,687	
Vehicle Parts		1,257	
Water and Sewer		13,058	
Other Supplies and Materials		13,931	
Building Improvements		25,000	
Health Equipment		9,764	
Total Local Health Center			\$ 5,624,599

Rabies and Animal Control

Truck Drivers	\$	93,182
Social Security		5,639
State Retirement		15,331
Life Insurance		209
Medical Insurance		23,933
Dental Insurance		922
Employer Medicare		1,319
Communication		206
Contributions		172,901
Maintenance and Repair Services - Office Equipment		471
Pest Control		1,125
Veterinary Services		305
Drugs and Medical Supplies		2,000

(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.)

Electricity	\$	508	
Natural Gas		121	
Water and Sewer		78	
Other Supplies and Materials		461	
Total Rabies and Animal Control			\$ 318,711

Other Local Health Services

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

Regional Mental Health Center

Contracts with Government Agencies	\$	6,300	
Contributions		69,359	
Total Regional Mental Health Center			75,659

Aid to Dependent Children

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

Other Local Welfare Services

Contributions	\$	5,760	
Pauper Burials		10,955	
Total Other Local Welfare Services			16,715

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	\$	55,970	
Clerical Personnel		284,397	
Custodial Personnel		81,346	
Part-time Personnel		20,656	
Social Security		26,235	
State Retirement		53,959	

(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.)

Life Insurance	\$	675	
Medical Insurance		74,969	
Dental Insurance		2,115	
Employer Medicare		6,136	
Advertising		325	
Communication		6,901	
Contributions		30,000	
Data Processing Services		8,345	
Dues and Memberships		450	
Janitorial Services		119	
Licenses		402	
Maintenance and Repair Services - Equipment		75	
Maintenance and Repair Services - Office Equipment		1,468	
Matching Share		13,343	
Pest Control		475	
Postal Charges		1,543	
Printing, Stationery, and Forms		602	
Rentals		111	
Travel		1,734	
Tuition		870	
Disposal Fees		541	
Custodial Supplies		870	
Data Processing Supplies		9,972	
Electricity		17,680	
General Construction Materials		685	
Instructional Supplies and Materials		14,546	
Library Books/Media		53,608	
Natural Gas		3,264	
Office Supplies		12,329	
Periodicals		6,730	
Water and Sewer		1,234	
Other Supplies and Materials		8,471	
Other Charges		35,575	
Data Processing Equipment		19,277	
Furniture and Fixtures		2,691	
Other Capital Outlay		15,194	
Total Libraries			\$ 875,888
<u>Parks and Fair Boards</u>			
Contributions	\$	65,000	

(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.)

Parks and Fair Boards (Cont.)

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

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$ 2,545	
Contributions	3,500	
Maintenance and Repair Services - Office Equipment	201	
Matching Share	126,516	
Printing, Stationery, and Forms	90	
Data Processing Supplies	1,164	
Office Supplies	188	
Other Supplies and Materials	48	
Total Agriculture Extension Service		134,252

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 28,626	
Social Security	1,688	
State Retirement	4,595	
Life Insurance	70	
Medical Insurance	9,205	
Employer Medicare	395	
Contributions	5,100	
Total Soil Conservation		49,679

Other Operations

Tourism

Contributions	\$ 5,000	
Total Tourism		5,000

Industrial Development

Contracts with Private Agencies	\$ 5,622	
Contributions	353,940	
Electricity	444	
Road Signs	436	
Total Industrial Development		360,442

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Housing and Urban Development

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

Other Economic and Community Development

Contracts with Government Agencies	\$ 200,000	
Contributions	264,954	
Total Other Economic and Community Development		464,954

Veterans' Services

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

Other Charges

On-Behalf Payments to OPEB	\$ 727	
Total Other Charges		727

Employee Benefits

Medical Insurance	\$ 230,095	
Employer Medicare	79	
Other Fringe Benefits	71,001	
Contracts with Private Agencies	6,020	
Total Employee Benefits		307,195

Miscellaneous

Contracts with Other Public Agencies	\$ 4,484	
Dues and Memberships	26,452	
Other Charges	49,998	
Total Miscellaneous		80,934

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Principal on Debt

General Government

Principal on Capital Leases	\$ 82,574	
Total General Government		\$ 82,574

Capital Projects

Public Utility Projects

Other Capital Outlay	\$ 382,226	
Total Public Utility Projects		382,226

Highway and Street Capital Projects

Other Road Supplies	\$ 544	
Total Highway and Street Capital Projects		544

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Contracted Services	\$ 27,225	
Communication Equipment	53,621	
Law Enforcement Equipment	4,833	
Motor Vehicles	37,347	
Other Equipment	132,989	
Total Capital Projects Donated to Other Entities		<u>256,015</u>

Total General Fund		\$ 44,292,902
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 1,381	
Printing, Stationery, and Forms	5,140	
Other Contracted Services	6,557	
Custodial Supplies	3,578	
Instructional Supplies and Materials	2,165	
Office Supplies	81	
Other Charges	650	
Total Sanitation Education/Information		\$ 19,552

Transfer Stations

Supervisor/Director	\$ 58,253
Mechanic(s)	30,195
Equipment Operators	27,260
Truck Drivers	201,687

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

Clerical Personnel	\$	29,692
Maintenance Personnel		147,710
Part-time Personnel		34,023
Social Security		30,851
State Retirement		73,195
Life Insurance		1,024
Medical Insurance		116,999
Dental Insurance		4,020
Employer Medicare		7,215
Other Fringe Benefits		912
Architects		600
Bank Charges		22
Communication		9,158
Contracts with Government Agencies		24,643
Dues and Memberships		4,258
Evaluation and Testing		1,000
Freight Expenses		46
Maintenance and Repair Services - Buildings		28,200
Maintenance and Repair Services - Equipment		44,404
Maintenance and Repair Services - Office Equipment		75
Maintenance and Repair Services - Vehicles		55,139
Postal Charges		80
Printing, Stationery, and Forms		1,178
Rentals		4,870
Tow-in Services		925
Travel		2,739
Disposal Fees		568,467
Other Contracted Services		638
Crushed Stone		5,313
Custodial Supplies		169
Data Processing Supplies		3,185
Diesel Fuel		121,052
Electricity		19,261
Equipment Parts - Heavy		11,670
Equipment Parts - Light		5,931
Equipment and Machinery Parts		7,184
Fuel Oil		1,682
Garage Supplies		16,566
Gasoline		10,314
General Construction Materials		1,635

(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.)

Instructional Supplies and Materials	\$	500	
Lubricants		13,295	
Office Supplies		3,182	
Propane Gas		1,870	
Structural Steel		6,745	
Tires and Tubes		36,425	
Uniforms		4,006	
Vehicle Parts		18,373	
Water and Sewer		1,908	
Other Supplies and Materials		15,381	
Trustee's Commission		23,076	
Solid Waste Equipment		82,326	
Other Equipment		1,200	
Total Transfer Stations			\$ 1,921,727

Total Solid Waste/Sanitation Fund \$ 1,941,279

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Supervisor/Director	\$	56,207	
Captain(s)		142,987	
Lieutenant(s)		143,780	
Medical Personnel		2,076,547	
Clerical Personnel		121,922	
Part-time Personnel		150,288	
Social Security		162,010	
State Retirement		405,251	
Life Insurance		4,310	
Medical Insurance		540,874	
Dental Insurance		18,657	
Unemployment Compensation		2,430	
Employer Medicare		37,890	
Other Fringe Benefits		11,220	
Bank Charges		424	
Communication		22,496	
Data Processing Services		3,528	
Debt Collection Services		239,726	
Dues and Memberships		550	
Financial Advisory Services		324	

(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.)

Freight Expenses	\$	49
Legal Notices, Recording, and Court Costs		220
Licenses		6,060
Maintenance Agreements		250
Maintenance and Repair Services - Buildings		3,608
Maintenance and Repair Services - Equipment		6,399
Maintenance and Repair Services - Office Equipment		1,437
Maintenance and Repair Services - Vehicles		6,177
Medical and Dental Services		3,280
Pest Control		910
Postal Charges		3,479
Printing, Stationery, and Forms		1,405
Rentals		30,180
Tow-in Services		1,676
Travel		4,926
Tuition		4,391
Disposal Fees		7,246
Penalties		86
Other Contracted Services		29,762
Custodial Supplies		2,747
Data Processing Supplies		2,919
Diesel Fuel		158,279
Drugs and Medical Supplies		127,230
Electricity		25,531
Equipment Parts - Light		4,629
Food Supplies		404
Garage Supplies		171
Gasoline		3,399
General Construction Materials		451
Instructional Supplies and Materials		2,135
Lubricants		2,953
Natural Gas		4,919
Office Supplies		2,029
Periodicals		269
Small Tools		36
Tires and Tubes		15,361
Uniforms		22,243
Vehicle Parts		50,598
Water and Sewer		1,466
Other Supplies and Materials		6,350

(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.)

Refunds	\$	240	
Trustee's Commission		49,364	
Communication Equipment		1,822	
Motor Vehicles		240,769	
Other Equipment		30,087	
Total Ambulance/Emergency Medical Services			<u>\$ 5,009,363</u>

Total Ambulance Service Fund \$ 5,009,363

Drug Control Fund

Public Safety

Sheriff's Department

Communication	\$	8,133	
Contributions		9,334	
Data Processing Services		2,010	
Confidential Drug Enforcement Payments		4,959	
Freight Expenses		66	
Licenses		26	
Rentals		4,677	
Tow-in Services		1,625	
Travel		4,538	
Tuition		1,520	
Data Processing Supplies		757	
Gasoline		518	
Law Enforcement Supplies		4,303	
Office Supplies		1,498	
Periodicals		221	
Uniforms		740	
Vehicle Parts		3,262	
Trustee's Commission		594	
Total Sheriff's Department			<u>\$ 48,781</u>

Total Drug Control Fund 48,781

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	31,965	
Laborers		25,998	
Temporary Personnel		54,148	

(Continued)

Exhibit L-7

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

Sports and Recreation Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Social Security	\$	6,767	
State Retirement		9,302	
Life Insurance		140	
Medical Insurance		17,176	
Dental Insurance		372	
Unemployment Compensation		2,177	
Employer Medicare		1,583	
Bank Charges		2,134	
Communication		918	
Contracts with Private Agencies		2,200	
Licenses		248	
Postal Charges		107	
Rentals		504	
Disposal Fees		1,699	
Crushed Stone		896	
Custodial Supplies		1,673	
Data Processing Supplies		688	
Diesel Fuel		1,666	
Electricity		58,223	
Equipment Parts - Light		1,138	
Gasoline		7,038	
General Construction Materials		6,681	
Ice		2,425	
Office Supplies		372	
Propane Gas		1,934	
Sand		690	
Small Tools		278	
Uniforms		1,104	
Vehicle Parts		50	
Water and Sewer		30,004	
Gravel and Chert		169	
Other Supplies and Materials		57	
Trustee's Commission		3,109	
Maintenance Equipment		11,134	
Motor Vehicles		6,000	
Total Parks and Fair Boards			\$ 292,767

Total Sports and Recreation Fund

\$ 292,767

(Continued)

Exhibit L-7

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

District Attorney General Fund

Administration of Justice

District Attorney General

Jury and Witness Expense	\$	391	
Data Processing Services		8	
Dues and Memberships		2,520	
Janitorial Services		1,275	
Legal Services		1,860	
Travel		1,097	
Tuition		7,584	
Library Books/Media		97	
Office Supplies		26	
Periodicals		2,902	
Other Supplies and Materials		183	
Trustee's Commission		162	
Total District Attorney General			\$ 18,105

Total District Attorney General Fund \$ 18,105

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	15,782	
Total Other General Administration			\$ 15,782

Total Constitutional Officers - Fees Fund 15,782

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	95,357	
Social Security		5,910	
State Retirement		15,386	
Life Insurance		70	
Medical Insurance		4,298	
Dental Insurance		179	
Employer Medicare		1,382	
Communication		12,674	
Data Processing Services		425	
Dues and Memberships		4,350	
Evaluation and Testing		1,138	
Licenses		1,361	
Maintenance Agreements		1,450	

(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.)

Maintenance and Repair Services - Buildings	\$	1,175	
Maintenance and Repair Services - Office Equipment		1,956	
Medical and Dental Services		411	
Postal Charges		223	
Printing, Stationery, and Forms		62	
Rentals		1,276	
Travel		394	
Tuition		115	
Permits		150	
Other Contracted Services		420	
Electricity		30,891	
General Construction Materials		1,048	
Natural Gas		5,097	
Office Supplies		3,398	
Water and Sewer		2,859	
Other Supplies and Materials		694	
Trustee's Commission		97,661	
Total Administration			\$ 291,810

Highway and Bridge Maintenance

Assistant(s)	\$	114,040
Supervisor/Director		138,666
Paraprofessionals		82,926
Foremen		369,540
Mechanic(s)		262,078
Equipment Operators		1,080,709
Equipment Operators - Heavy		669,971
Truck Drivers		483,057
Dispatchers/Radio Operators		37,441
Laborers		199,342
Social Security		203,312
State Retirement		528,380
Life Insurance		7,332
Medical Insurance		1,175,339
Dental Insurance		31,142
Unemployment Compensation		8,835
Employer Medicare		47,549
Other Fringe Benefits		1,598
Dues and Memberships		720
Evaluation and Testing		1,027

(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.)

Licenses	\$	1,200	
Maintenance and Repair Services - Buildings		795	
Rentals		10,050	
Disposal Fees		241	
Other Contracted Services		11,708	
Concrete		1,839	
Crushed Stone		38,504	
Diesel Fuel		45,939	
Fertilizer, Lime, and Seed		3,025	
Gasoline		26,115	
General Construction Materials		10,862	
Office Supplies		1,036	
Other Road Supplies		2,798	
Pipe - Metal		35,497	
Salt		62,607	
Structural Steel		3,203	
T&I Construction Materials		185	
Uniforms		14,235	
Other Supplies and Materials		235	
Total Highway and Bridge Maintenance			\$ 5,713,078

Operation and Maintenance of Equipment

Data Processing Services	\$	175
Evaluation and Testing		163
Maintenance and Repair Services - Equipment		17,270
Maintenance and Repair Services - Vehicles		13,020
Disposal Fees		4,309
Concrete		4,568
Custodial Supplies		3,288
Diesel Fuel		228,986
Equipment Parts - Heavy		49,647
Equipment Parts - Light		6,338
Equipment and Machinery Parts		1,877
Fuel Oil		3,000
Garage Supplies		8,297
Gasoline		123,367
General Construction Materials		1,759
Lubricants		19,689
Office Supplies		347
Pipe		26

(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.)

Small Tools	\$	2,632	
Structural Steel		3,449	
Tires and Tubes		24,345	
Vehicle Parts		42,805	
Wood Products		644	
Other Supplies and Materials		5,135	
Total Operation and Maintenance of Equipment			\$ 565,136

Asphalt Plant Operations

Evaluation and Testing	\$	921	
Licenses		544	
Permits		150	
Asphalt		845,456	
Asphalt - Hot Mix		58,222	
Crushed Stone		326,544	
Electricity		19,426	
Equipment Parts - Heavy		1,935	
Lubricants		223	
Natural Gas		46,760	
Water and Sewer		929	
Chemicals		1,904	
Total Asphalt Plant Operations			1,303,014

Traffic Control

Other Road Supplies	\$	24,032	
Wood Products		171	
Total Traffic Control			24,203

Other Charges

Liability Insurance	\$	78,716	
Total Other Charges			78,716

Capital Outlay

Highway Equipment	\$	44,800	
Maintenance Equipment		2,736	
Motor Vehicles		133,446	
Total Capital Outlay			180,982

(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

Asphalt	\$ 278,368	
Total Highway and Street Capital Projects		\$ 278,368

Total Highway/Public Works Fund \$ 8,435,307

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 79,905	
Total Other Finance		\$ 79,905

Principal on Debt

General Government

Principal on Bonds	\$ 1,370,000	
Principal on Notes	280,000	
Total General Government		1,650,000

Education

Principal on Other Loans	\$ 1,229,717	
Total Education		1,229,717

Interest on Debt

General Government

Interest on Bonds	\$ 1,427,830	
Interest on Notes	99,122	
Total General Government		1,526,952

Education

Interest on Other Loans	\$ 470,913	
Total Education		470,913

Other Debt Service

General Government

Bank Charges	\$ 789	
Other Debt Service	500	
Total General Government		1,289

Education

Other Debt Service	\$ 19,539	
Total Education		19,539

Total General Debt Service Fund 4,978,315

(Continued)

Exhibit L-7

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

<u>General Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	<u>\$ 15,637,944</u>	
Total Capital Projects Donated to School Department		<u>\$ 15,637,944</u>
Total General Capital Projects Fund		\$ 15,637,944
 <u>Community Development/Industrial Park Fund</u>		
<u>Capital Projects</u>		
<u>Other General Government Projects</u>		
Other Construction	<u>\$ 119,894</u>	
Total Other General Government Projects		<u>\$ 119,894</u>
Total Community Development/Industrial Park Fund		<u>119,894</u>
Total Governmental Funds - Primary Government		<u><u>\$ 80,790,439</u></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, 2012

Special Purpose Fund

Support Services

Board of Education

Trustee's Commission	\$ 24,996	
Total Board of Education		\$ 24,996

Capital Outlay

Regular Capital Outlay

Architects	\$ 8,200	
Maintenance and Repair Services - Buildings	3,076	
Building Improvements	353,371	
Heating and Air Conditioning Equipment	108,389	
Other Construction	14,258	
Other Capital Outlay	15,126	
Total Regular Capital Outlay		<u>502,420</u>

Total Special Purpose Fund \$ 527,416

General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$ 143,793
Teachers	26,393,905
Career Ladder Program	275,328
Career Ladder Extended Contracts	134,530
Homebound Teachers	75,349
Salary Supplements	630,320
Educational Assistants	997,407
Other Salaries and Wages	407,705
Certified Substitute Teachers	229,239
Non-certified Substitute Teachers	229,506
Social Security	1,722,859
Handling Charges and Administrative Costs	67,065
State Retirement	2,593,963
Life Insurance	47,139
Medical Insurance	4,884,743
Dental Insurance	90,703
Employer Medicare	407,506
Contracts with Government Agencies	708,368
Evaluation and Testing	39,609
Travel	786
Other Contracted Services	1,640

(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.)

Basic Skills Materials	\$	13,394	
Equipment and Machinery Parts		14,467	
Instructional Supplies and Materials		286,864	
Textbooks		228,108	
Other Supplies and Materials		137	
Medical Claims		293,072	
Other Charges		164,240	
Data Processing Equipment		79,207	
Regular Instruction Equipment		194,935	
Total Regular Instruction Program			\$ 41,355,887

Special Education Program

Teachers	\$	3,387,882	
Career Ladder Program		36,485	
Homebound Teachers		24,498	
Educational Assistants		485,715	
Other Salaries and Wages		60,727	
Certified Substitute Teachers		18,562	
Non-certified Substitute Teachers		46,101	
Social Security		236,707	
State Retirement		383,924	
Life Insurance		7,720	
Medical Insurance		753,760	
Dental Insurance		13,650	
Employer Medicare		55,716	
Evaluation and Testing		7,969	
Maintenance and Repair Services - Equipment		1,641	
Other Contracted Services		29,686	
Equipment and Machinery Parts		3,629	
Instructional Supplies and Materials		36,008	
Other Supplies and Materials		853	
Special Education Equipment		44,757	
Total Special Education Program			5,635,990

Vocational Education Program

Teachers	\$	1,889,503	
Career Ladder Program		12,000	
Other Salaries and Wages		1,000	
Certified Substitute Teachers		14,045	

(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.)

Non-certified Substitute Teachers	\$	12,408	
Social Security		112,671	
State Retirement		167,775	
Life Insurance		3,130	
Medical Insurance		349,074	
Dental Insurance		6,216	
Employer Medicare		26,409	
Maintenance Agreements		2,899	
Maintenance and Repair Services - Equipment		518	
Travel		4,666	
Other Contracted Services		1,295	
Equipment and Machinery Parts		4,000	
General Construction Materials		3,829	
Instructional Supplies and Materials		95,153	
Vocational Instruction Equipment		24,250	
Total Vocational Education Program			\$ 2,730,841

Support Services

Health Services

Secretary(ies)	\$	16,001	
Other Salaries and Wages		32,102	
Social Security		2,844	
State Retirement		5,468	
Life Insurance		113	
Medical Insurance		8,879	
Dental Insurance		224	
Employer Medicare		665	
Communication		360	
Dues and Memberships		50	
Printing, Stationery, and Forms		174	
Travel		6,050	
Other Contracted Services		1,000	
Other Supplies and Materials		36,629	
Total Health Services			110,559

Other Student Support

Career Ladder Program	\$	9,000	
Guidance Personnel		1,308,426	
Secretary(ies)		63,255	

(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.)

Educational Assistants	\$	18,208	
Social Security		82,707	
State Retirement		131,402	
Life Insurance		2,263	
Medical Insurance		201,724	
Dental Insurance		4,452	
Employer Medicare		19,458	
Total Other Student Support			\$ 1,840,895

Regular Instruction Program

Supervisor/Director	\$	154,481
Career Ladder Program		15,000
Librarians		1,157,546
Truck Drivers		21,302
Secretary(ies)		137,961
Other Salaries and Wages		160,520
Social Security		95,989
State Retirement		163,703
Life Insurance		2,752
Medical Insurance		303,298
Dental Insurance		5,040
Employer Medicare		22,939
Advertising		255
Communication		3,951
Consultants		7,040
Dues and Memberships		16,161
Licenses		35
Maintenance and Repair Services - Equipment		21,435
Printing, Stationery, and Forms		1,636
Rentals		5,539
Travel		28,470
Other Contracted Services		5,267
Instructional Supplies and Materials		114,455
Library Books/Media		120,000
Office Supplies		9,798
Periodicals		19,951
Propane Gas		226
Other Supplies and Materials		3,249
In Service/Staff Development		51,197

(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.)

Other Charges	\$	100	
Motor Vehicles		38,066	
Office Equipment		88,602	
Total Regular Instruction Program			\$ 2,775,964

Special Education Program

Supervisor/Director	\$	77,953	
Career Ladder Program		2,000	
Secretary(ies)		30,822	
Other Salaries and Wages		3,000	
Social Security		6,946	
State Retirement		12,474	
Life Insurance		140	
Medical Insurance		8,286	
Dental Insurance		336	
Employer Medicare		1,624	
Communication		735	
Dues and Memberships		244	
Maintenance and Repair Services - Equipment		948	
Printing, Stationery, and Forms		34	
Rentals		1,644	
Travel		36,041	
Office Supplies		617	
Other Supplies and Materials		27	
In Service/Staff Development		21,432	
Total Special Education Program			205,303

Vocational Education Program

Supervisor/Director	\$	57,885	
Secretary(ies)		30,800	
Social Security		5,418	
State Retirement		10,202	
Life Insurance		122	
Medical Insurance		16,398	
Dental Insurance		140	
Employer Medicare		1,267	
Dues and Memberships		15	
Printing, Stationery, and Forms		500	
Travel		8,285	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Office Supplies	\$	1,490	
Propane Gas		1,000	
Total Vocational Education Program			\$ 133,522

Other Programs

On-Behalf Payments to OPEB	\$	1,066,426	
Total Other Programs			1,066,426

Board of Education

Board and Committee Members Fees	\$	30,000	
Social Security		1,570	
Medical Insurance		6,674	
Dental Insurance		672	
Unemployment Compensation		45,675	
Employer Medicare		428	
Advertising		1,270	
Audit Services		66,000	
Dues and Memberships		13,971	
Legal Services		69,373	
Travel		11,844	
Other Contracted Services		17,500	
Periodicals		521	
Other Supplies and Materials		1,594	
Building and Contents Insurance		68,664	
Liability Insurance		138,859	
Trustee's Commission		661,443	
Workers' Compensation Insurance		275,304	
Criminal Investigation of Applicants - TBI		520	
Other Charges		25,000	
Data Processing Equipment		49,930	
Total Board of Education			1,486,812

Director of Schools

County Official/Administrative Officer	\$	136,600	
Assistant(s)		177,697	
Career Ladder Program		3,000	
Secretary(ies)		50,634	
Social Security		19,215	
State Retirement		34,696	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Life Insurance	\$	209	
Medical Insurance		43,681	
Dental Insurance		252	
Employer Medicare		4,972	
Communication		159,876	
Dues and Memberships		5,796	
Freight Expenses		185	
Maintenance and Repair Services - Equipment		22,659	
Postal Charges		16,767	
Printing, Stationery, and Forms		23	
Travel		8,403	
Other Contracted Services		5,075	
Equipment and Machinery Parts		35	
Office Supplies		6,505	
Other Supplies and Materials		203	
Total Director of Schools			\$ 696,483

Office of the Principal

Principals	\$	1,655,661	
Career Ladder Program		50,400	
Accountants/Bookkeepers		397,334	
Assistant Principals		1,197,345	
Secretary(ies)		748,129	
Other Salaries and Wages		75,000	
Social Security		239,507	
State Retirement		449,161	
Life Insurance		6,515	
Medical Insurance		718,485	
Dental Insurance		12,432	
Employer Medicare		56,604	
Travel		4,733	
Other Contracted Services		194,154	
Office Supplies		9,622	
Other Charges		5,940	
Data Processing Equipment		20,786	
Total Office of the Principal			5,841,808

Fiscal Services

Supervisor/Director	\$	68,500	
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(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Accountants/Bookkeepers	\$	176,624	
Other Salaries and Wages		1,460	
Social Security		14,369	
State Retirement		34,651	
Life Insurance		466	
Medical Insurance		49,273	
Dental Insurance		756	
Employer Medicare		3,386	
Bank Charges		3,390	
Maintenance and Repair Services - Equipment		796	
Printing, Stationery, and Forms		3,128	
Travel		646	
Other Contracted Services		6,471	
Data Processing Supplies		7,143	
Office Supplies		5,558	
Indirect Cost		67	
In Service/Staff Development		208	
Other Charges		1,860	
Total Fiscal Services			\$ 378,752

Human Services/Personnel

Supervisor/Director	\$	77,027	
Secretary(ies)		30,938	
Clerical Personnel		95,435	
Social Security		12,018	
State Retirement		27,298	
Life Insurance		349	
Medical Insurance		31,623	
Dental Insurance		672	
Employer Medicare		2,814	
Advertising		433	
Travel		1,935	
Other Contracted Services		24,764	
Office Supplies		2,487	
Data Processing Equipment		753	
Total Human Services/Personnel			308,546

Operation of Plant

Custodial Personnel	\$	1,815,763	
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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.)

Operation of Plant (Cont.)

Social Security	\$	104,565	
State Retirement		277,042	
Life Insurance		5,975	
Medical Insurance		622,912	
Dental Insurance		11,018	
Employer Medicare		24,466	
Licenses		5,200	
Maintenance Agreements		5,334	
Maintenance and Repair Services - Buildings		32,352	
Maintenance and Repair Services - Equipment		1,394	
Travel		275	
Other Contracted Services		1,255	
Coal		3,150	
Custodial Supplies		98,920	
Electricity		2,355,474	
Equipment Parts - Light		68	
Fuel Oil		90,753	
Garage Supplies		105	
Natural Gas		191,282	
Propane Gas		94,598	
Small Tools		84	
Uniforms		3,820	
Water and Sewer		344,982	
Other Supplies and Materials		1,246	
Plant Operation Equipment		19,135	
Total Operation of Plant			\$ 6,111,168

Maintenance of Plant

Supervisor/Director	\$	70,320
Foremen		216,152
Secretary(ies)		49,548
Maintenance Personnel		1,642,759
Social Security		112,836
State Retirement		315,249
Life Insurance		3,916
Medical Insurance		459,551
Dental Insurance		7,540
Employer Medicare		26,697
Communication		6,993

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Dues and Memberships	\$	60	
Licenses		257	
Maintenance Agreements		8,274	
Maintenance and Repair Services - Buildings		20,249	
Maintenance and Repair Services - Equipment		19,042	
Maintenance and Repair Services - Vehicles		1,408	
Rentals		1,778	
Tow-in Services		275	
Travel		3,837	
Disposal Fees		73,168	
Other Contracted Services		13,556	
Asphalt		3,065	
Concrete		174	
Crushed Stone		4,941	
Diesel Fuel		8,185	
Equipment Parts - Light		5,811	
Equipment and Machinery Parts		86,667	
Garage Supplies		25,343	
Gasoline		151,958	
General Construction Materials		155,853	
Office Supplies		1,953	
Pipe		70	
Salt		517	
Small Tools		6,786	
Uniforms		24,600	
Vehicle Parts		13,637	
Wood Products		5,950	
Chemicals		7,700	
Other Supplies and Materials		62,905	
In Service/Staff Development		897	
Administration Equipment		3,303	
Motor Vehicles		49,504	
Total Maintenance of Plant			\$ 3,673,284

Transportation

Bus Drivers	\$	7,418
Social Security		460
Employer Medicare		108
Contracts with Parents		4,216

(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.)

Transportation (Cont.)

Contracts with Vehicle Owners	\$	4,211,733	
Licenses		148	
Maintenance and Repair Services - Vehicles		2,234	
Garage Supplies		21,414	
Gasoline		128,539	
Small Tools		385	
Vehicle Parts		8,316	
Total Transportation			\$ 4,384,971

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	65,651
Career Ladder Program		1,000
Accountants/Bookkeepers		30,820
Truck Drivers		27,195
Secretary(ies)		59,047
Cafeteria Personnel		1,796,404
Bonus Payments		113,054
Other Salaries and Wages		4,167
Social Security		125,641
State Retirement		161,808
Life Insurance		3,840
Medical Insurance		455,205
Dental Insurance		5,446
Employer Medicare		29,498
Bank Charges		312
Consultants		3,990
Contracts with Other School Systems		43,170
Dues and Memberships		581
Operating Lease Payments		2,836
Licenses		50
Maintenance Agreements		28,560
Maintenance and Repair Services - Equipment		14,862
Printing, Stationery, and Forms		328
Rentals		296
Travel		20,628
Other Contracted Services		149,290
Data Processing Supplies		3,885
Equipment and Machinery Parts		40,012

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	228,332	
Food Supplies		1,649,837	
Gasoline		3,991	
Office Supplies		5,307	
Uniforms		269	
Vehicle Parts		2,261	
USDA - Commodities		271,506	
Other Supplies and Materials		17,075	
In Service/Staff Development		1,400	
Data Processing Equipment		8,585	
Food Service Equipment		91,144	
Total Food Service			\$ 5,467,283

Community Services

Other Salaries and Wages	\$	16,281	
Social Security		999	
State Retirement		1,757	
Employer Medicare		234	
Other Supplies and Materials		3,784	
Total Community Services			23,055

Early Childhood Education

Teachers	\$	229,524	
Educational Assistants		84,985	
Other Salaries and Wages		25,237	
Social Security		17,485	
State Retirement		34,478	
Life Insurance		826	
Medical Insurance		78,138	
Dental Insurance		1,764	
Employer Medicare		4,455	
Travel		1,681	
Instructional Supplies and Materials		12,189	
In Service/Staff Development		4,976	
Regular Instruction Equipment		1,498	
Total Early Childhood Education			497,236

(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.)

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	39,604	
Heating and Air Conditioning Equipment		15,091	
Total Regular Capital Outlay			\$ 54,695

Principal on Debt

Education

Principal on Capital Leases	\$	13,565	
Total Education			13,565

Interest on Debt

Education

Interest on Notes	\$	9,709	
Interest on Capital Leases		6,855	
Total Education			16,564

Total General Purpose School Fund \$ 84,809,609

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	452,905	
Educational Assistants		668,893	
Other Salaries and Wages		345,707	
Social Security		69,914	
State Retirement		116,279	
Life Insurance		3,053	
Medical Insurance		217,302	
Dental Insurance		4,102	
Employer Medicare		20,240	
Instructional Supplies and Materials		218,736	
Regular Instruction Equipment		330,117	
Total Regular Instruction Program			\$ 2,447,248

Special Education Program

Teachers	\$	454,512
Educational Assistants		952,424
Other Salaries and Wages		280,030
Certified Substitute Teachers		165
Social Security		90,465

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	186,014	
Life Insurance		4,530	
Medical Insurance		385,210	
Dental Insurance		7,226	
Employer Medicare		22,792	
Instructional Supplies and Materials		126,903	
Special Education Equipment		199,096	
Total Special Education Program			\$ 2,709,367

Vocational Education Program

Instructional Supplies and Materials	\$	49,070	
Data Processing Equipment		118,528	
Vocational Instruction Equipment		33,412	
Total Vocational Education Program			201,010

Support Services

Attendance

Other Contracted Services	\$	19,694	
Total Attendance			19,694

Other Student Support

Social Workers	\$	85,878	
Social Security		5,262	
State Retirement		7,772	
Life Insurance		140	
Medical Insurance		10,691	
Dental Insurance		336	
Employer Medicare		1,231	
Communication		543	
Travel		38,641	
Other Supplies and Materials		29,229	
In Service/Staff Development		1,495	
Total Other Student Support			181,218

Regular Instruction Program

Supervisor/Director	\$	55,396	
Clerical Personnel		15,165	
Other Salaries and Wages		350,259	
Social Security		25,416	

(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.)

Regular Instruction Program (Cont.)

State Retirement	\$	39,201	
Life Insurance		569	
Medical Insurance		45,730	
Dental Insurance		1,310	
Unemployment Compensation		125	
Employer Medicare		6,072	
Consultants		17,090	
Maintenance and Repair Services - Equipment		2,954	
Travel		11,520	
Other Supplies and Materials		233,571	
In Service/Staff Development		195,061	
Other Equipment		21,047	
Total Regular Instruction Program			\$ 1,020,486

Special Education Program

Psychological Personnel	\$	71,916	
Social Security		3,119	
State Retirement		3,959	
Life Insurance		70	
Medical Insurance		10,241	
Dental Insurance		168	
Employer Medicare		965	
In Service/Staff Development		45	
Total Special Education Program			90,483

Vocational Education Program

Travel	\$	2,346	
Total Vocational Education Program			2,346

Transportation

Mechanic(s)	\$	32,750	
Bus Drivers		305,094	
Clerical Personnel		7,294	
Social Security		20,148	
State Retirement		21,943	
Life Insurance		640	
Medical Insurance		43,994	
Dental Insurance		1,176	
Employer Medicare		4,818	

(Continued)

Exhibit L-8

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

<u>School Federal Projects Fund (Cont.)</u>			
<u>Support Services (Cont.)</u>			
<u>Transportation (Cont.)</u>			
Transportation Equipment	\$	257,645	
Total Transportation			\$ 695,502
Total School Federal Projects Fund			\$ 7,367,354
<u>Other Education Special Revenue Fund</u>			
<u>Support Services</u>			
<u>Director of Schools</u>			
Other Salaries and Wages	\$	900	
Social Security		56	
State Retirement		82	
Employer Medicare		13	
Consultants		40,115	
In Service/Staff Development		1,401	
Total Director of Schools			\$ 42,567
<u>Office of the Principal</u>			
Principals	\$	2,584	
Social Security		160	
State Retirement		234	
Employer Medicare		37	
Travel		106	
Total Office of the Principal			3,121
Total Other Education Special Revenue Fund			45,688
<u>Education Debt Service Fund</u>			
<u>Finance</u>			
<u>Other Finance</u>			
Trustee's Commission	\$	17,003	
Total Other Finance			\$ 17,003
<u>Principal on Debt</u>			
<u>Education</u>			
Principal on Bonds	\$	1,395,000	
Total Education			1,395,000

(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	\$	661,000	
Total Education			\$ 661,000
<u>Other Debt Service</u>			
<u>Education</u>			
Other Debt Service	\$	249	
Total Education			<u>249</u>
Total Education Debt Service Fund			\$ 2,073,252
<u>Education Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Education Capital Projects</u>			
Architects	\$	117,318	
Building Improvements		15,897,293	
Regular Instruction Equipment		196,500	
Total Education Capital Projects		<u>16,211,111</u>	\$ <u>16,211,111</u>
Total Education Capital Projects Fund			<u>16,211,111</u>
Total Governmental Funds - Sullivan County School Department			<u>\$ 111,034,430</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, 2012

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 8,664,569	\$ 13,982,950	\$ 22,647,519
Trustee's Collections - Prior Years	0	229,763	368,311	598,074
Circuit/Clerk and Master Collections - Prior Years	0	127,213	205,861	333,074
Interest and Penalty	0	78,884	126,982	205,866
Pick-up Taxes	0	67,310	108,617	175,927
Local Option Sales Tax	20,142,898	4,373,009	7,057,197	31,573,104
Bank Excise Tax	0	10,354	16,139	26,493
Interstate Telecommunication Tax	0	1,278	2,062	3,340
Marriage Licenses	0	2,163	3,490	5,653
Other Local Revenues	0	207	334	541
<b>Total Cash Receipts</b>	<b>\$ 20,142,898</b>	<b>\$ 13,554,750</b>	<b>\$ 21,871,943</b>	<b>\$ 55,569,591</b>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 19,941,469	\$ 13,345,051	\$ 21,511,158	\$ 54,797,678
Trustee's Commission	201,429	221,504	357,639	780,572
<b>Total Cash Disbursements</b>	<b>\$ 20,142,898</b>	<b>\$ 13,566,555</b>	<b>\$ 21,868,797</b>	<b>\$ 55,578,250</b>
<u>Excess of Cash Receipts</u>				
Over (Under) Cash Disbursements	\$ 0	\$ (11,805)	\$ 3,146	\$ (8,659)
Cash Balance, July 1, 2011	0	404,532	630,639	1,035,171
<b>Cash Balance, June 30, 2012</b>	<b>\$ 0</b>	<b>\$ 392,727</b>	<b>\$ 633,785</b>	<b>\$ 1,026,512</b>

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## **SINGLE AUDIT SECTION**

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STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT 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*

February 22, 2013

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, 2012, which collectively comprise Sullivan County's basic financial statements and have issued our report thereon dated February 22, 2013. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Sullivan County Emergency Communications District as described in our report on Sullivan County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

The management of Sullivan County is responsible for establishing and maintaining effective 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.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified a certain deficiency in internal control over financial reporting that we consider to be a material weakness and other deficiencies that we consider to be significant deficiencies.

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. We consider the following deficiency described in the accompanying Schedule of Findings and Questioned Costs to be a material weakness: 12.01.

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. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 12.03, 12.05, and 12.06.

### 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 12.02 and 12.04.

We 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, highway commissioner, director of schools, 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 large initial "J" and "W".

Justin P. Wilson  
Comptroller of the Treasury

JPW/sb



STATE OF TENNESSEE  
**COMPTROLLER OF THE TREASURY**  
DEPARTMENT OF AUDIT  
DIVISION OF LOCAL GOVERNMENT AUDIT  
SUITE 1500  
JAMES K. POLK STATE OFFICE BUILDING  
NASHVILLE, TENNESSEE 37243-1402  
PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS  
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON  
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER  
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

Independent Auditor's Report

February 22, 2013

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited Sullivan County's compliance with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. 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 of Sullivan County's compliance with those requirements.

In our opinion, Sullivan County complied, in all material respects, with the requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2012. However, the results of our auditing procedures disclosed instances of noncompliance with those requirements, which are required to be reported in accordance with OMB Circular A-133 and are described in the accompanying Schedule of Findings and Questioned Costs as items 12.04 and 12.07.

### Internal Control Over Compliance

The management of Sullivan County is responsible for establishing and maintaining effective internal control over compliance with the 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 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

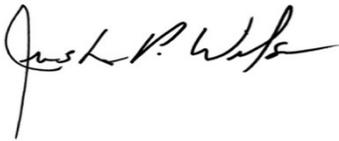
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County as of and for the year ended June 30, 2012, and have issued our report thereon dated February 22, 2013. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such

information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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, highway commissioner, director of schools, 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 stroke at the end.

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, 2012

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	\$ 42,641
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	271,506 (7)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	639,441
National School Lunch Program	10.555	N/A	2,153,536 (7)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(3)	871,828
Total U.S. Department of Agriculture			<u>\$ 3,978,952</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 45,975
American Battlefield Protection	15.926	GA-2255-08-021	7,350
Total U.S. Department of the Interior			<u>\$ 53,325</u>
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grant Program	16.592	(4)	\$ 31,428
Bulletproof Vest Partnership Program	16.607	(2)	10,680
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	61,115
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	(2)	68,307
Total U.S. Department of Justice			<u>\$ 171,530</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	PT-11-42	\$ 68,419
Total U.S. Department of Transportation			<u>\$ 68,419</u>
U.S. Institute of Museum and Library Services:			
Passed-through Tennessee Secretary of State, State Library and Archives:			
Grants to States	45.310	(2)	\$ 2,598
Total U.S. Institute of Museum and Library Services			<u>\$ 2,598</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	\$ 12,650
Total U.S. Department of Energy			\$ 12,650
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	\$ 2,433,911
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	61,494
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,879,451
Special Education - Preschool Grants	84.173	N/A	124,812
Special Education - Grants to States, Recovery Act	84.391	N/A	582,253
Special Education - Preschool Grants, Recovery Act	84.392	N/A	870
Career and Technical Education - Basic Grants to States	84.048	N/A	119,978
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	3,856
Education Technology State Grants, Recovery Act	84.386	(2)	18,687
Improving Teacher Quality State Grants	84.367	N/A	704,048
State Fiscal Stabilization Fund (SFSSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	479,030
State Fiscal Stabilization Fund (SFSSF) - Government Services, Recovery Act	84.397	N/A	39,061
Education Jobs Fund	84.410	N/A	1,366,929
Total U.S. Department of Education			\$ 8,814,380
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Public Health and Social Services Emergency Fund	93.003	GG-12-36851-00	\$ 324,042
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-1235683-00	67,075
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	33,281
Family Planning - Services	93.217	GU-12-34770-00	204,785
Immunization Grants	93.268	GG-11-34684-00	146,712
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-11-34836-00	25,033
Cancer Control	93.399	GG-11-32606-00	57,219

(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	(5)	\$ 90,846
Preventive Health and Health Services Block Grant	93.991	(6)	60,041
Maternal and Child Health Services Block Grant to the States	93.994	GG-12-36215-00	52,501
Total U.S. Department of Health and Human Services			<u>\$ 1,061,535</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grant - Public Assistance	97.036	(2)	\$ 92,375
Emergency Management Performance Grants	97.042	(2)	60,000
Homeland Security Grant Program	97.067	GG-10-30131-00	462,226
Buffer Zone Protection Program (BZPP)	97.078	2009-BF-T9-011	83,045
Total U.S. Department of Homeland Security			<u>\$ 697,646</u>
Total Expenditures of Federal Awards			<u>\$ 14,861,035</u>

State Grants		Contract Number	
Care and Coordination Services - State Department of Health	N/A	GG-12-36215-00	\$ 35,001
Adolescent Pregnancy - State Department of Health	N/A	GG-12-35030-00	57,624
TennCare Dental Prevention - State Department of Health	N/A	GG-12-35039-00	177,902
Home Visiting - State Department of Health	N/A	GG-12-35009-00	315,325
TenderCare Outreach - State Department of Health	N/A	GG-12-35433-00	171,046
Grant in Aid - State Department of Health	N/A	GG-12-34746-00	142,200
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	41,989
State Aid Program - State Department of Transportation	N/A	(2)	381,680
Litter Program - State Department of Transportation	N/A	(2)	87,794
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	7,800
Safe Schools Act Grant - State Department of Education	N/A	(2)	28,010
Connect TN - State Department of Education	N/A	(2)	39,143
Coordinated School Health - State Department of Education	N/A	(2)	77,888
Early Childhood Education Project - State Department of Education	N/A	(2)	479,223
Total State Grants			<u>\$ 2,042,625</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-11-33411-00: \$181,157; GG-12-37188-00: \$690,671.
- (4) - 2009-DJ-BX-1245: \$4,234; 2010-DJ-BX-O89: \$11,400; 2011-DJ-BX-2595: \$15,794
- (5) - GG-11-34685: \$42,565; GG-12-37609: \$48,281.
- (6) - GG-11-33630-00: \$4,855; GG-12-35329-00: \$32,204; GG-12-36850-00: \$22,982.
- (7) - Total for CFDA No. 10.555 is \$2,425,042.

Sullivan County, Tennessee  
Schedule of Audit Findings Not Corrected  
June 30, 2012

*Government Auditing Standards* require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2011, which has not been corrected.

**SULLIVAN COUNTY**

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
11.01	216	Accounting deficiencies were noted in the operations of the Ambulance Service Department

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**SULLIVAN COUNTY, TENNESSEE**

**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**

**For the Year Ended June 30, 2012**

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**PART I, SUMMARY OF AUDITOR'S RESULTS**

1. Our report on the financial statements of Sullivan County is unqualified.
2. The audit of the financial statements of Sullivan County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Sullivan County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified 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 Program (CFDA No. 84.367); the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); the Education Jobs Fund Program (CFDA No. 84.410); and the Homeland Security Grant Program (CFDA No. 97.067) were determined to be major programs.
8. A \$445,831 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 regional health department director and the trustee provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

### OFFICE OF COUNTY MAYOR

#### FINDING 12.01      **THE AMBULANCE SERVICE DEPARTMENT HAD ACCOUNTING DEFICIENCIES**

(Internal Control – Material Weakness Under *Government Auditing Standards*)

For services performed prior to January 1, 2011, the Ambulance Service maintains all records related to patient accounts, which include an accounts receivable control record, billing and collection information, and write-off documentation. Effective January 1, 2011, the Ambulance Service contracted with an outside billing agency to maintain all records related to patient accounts for services rendered after January 1. The billing agency maintains an accounts receivable control record and posts all activity to individual patient accounts such as charges, insurance reimbursements, collections, and write-off information. Payments may be received by the Ambulance Service or the billing agency. For payments received by the Ambulance Service, spreadsheets with details of the payments are forwarded to the billing agency. The following accounting deficiencies were noted related to the operation of the Ambulance Service. These deficiencies are the result of a lack of management oversight.

- A. The accounts receivable control account maintained by Ambulance Service personnel for services performed prior to January 2011 was not reconciled with billings, collections, and write-off information. The failure to reconcile the accounts receivable control account with billings, collections, and write-off information is a significant deficiency in internal control, which could lead to a loss of county revenue.
- B. Ambulance Service personnel have the ability to access the billing agency's software to view patient accounts. However, contrary to sound business practice, management has not required Ambulance Service personnel to reconcile the billing agency's accounts receivable control record with patient account activity. The failure to reconcile billings, collections, and write-off information administered by the billing agency with the accounts receivable control account is a significant deficiency in internal control, which could lead to inaccurate billing and a loss of county revenue.
- C. While performing audit procedures in the Trustee's Office, we noted that beginning December 2011, numerous direct deposits from various insurance companies and Medicare were being made to the trustee's bank account; however, the related receivable information was not being created in a timely manner by Emergency Management Service (EMS) personnel. As many as

108 days elapsed from the date of the direct deposit to the date that the related receivable information was prepared. This delay was due to EMS personnel not processing the Explanation of Benefits from the insurance companies and Medicare in a timely manner to initiate the related receivable information. Since EMS personnel did not process these payments timely and provide the necessary information to the Finance Department, the trustee was unable to place these direct deposit amounts in a specific fund until the receivable information was provided. As of June 30, 2012, the trustee had \$38,504 in reconciling items that represented various direct deposits that had not been processed by EMS personnel. It should be noted that as of December 31, 2012, the direct deposit transactions and receivable information were current.

### RECOMMENDATION

The Ambulance Service should reconcile both the in-house and billing agency's accounts receivable control records with billings, collections, and write-off information. Adequate records should be maintained so reconciliations can be regularly performed to ensure that the contracted agency is properly billing trip tickets and that collections and write-offs are properly posted to individual patient accounts. In addition, EMS personnel should process the payments in a timely manner to allow the Finance Department time to generate the receivable information for direct deposit amounts.

### MANAGEMENT'S RESPONSE – SULLIVAN COUNTY REGIONAL HEALTH DEPARTMENT DIRECTOR

Management concurs with the audit finding. Beginning July 1, 2012, new leadership and staff have implemented reconciliation processes. Plans are in place to have a systematic audit for reconciliation and claims coding.

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### FINDING 12.02      **OBSERVATION KNOB PARK FUNDS WERE STOLEN** (Noncompliance Under *Government Auditing Standards*)

On July 26, 2011, a park employee discovered that \$58 had been stolen from the park office. As a result, on August 10, 2011, the park supervisor filed a Fraud Reporting Form with our office informing us of this cash shortage. Subsequently, our office conducted an investigation; however, due to a lack of internal controls, we were unable to determine who might have taken the funds.

An employee advised that during his day shift, he locked the cash in a cabinet in the park office, and placed the key in an adjacent desk drawer. The money was apparently taken between 3:00 p.m. and 4:00 p.m. when the employee left the office to perform other duties in the park. Other employees and a day-worker had access to the office during this period. A day-worker is someone fulfilling the requirement of court-ordered community service.

The following internal control deficiencies provided opportunity for these funds to be misappropriated:

- A. Employees and a day-worker had access to the key where the money was stored.
- B. Duties were not segregated adequately in the park office. Employees responsible for maintaining accounting records were also involved in receipting and depositing. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability of financial reporting and of the effectiveness and efficiency of operations. The lack of segregation of duties is the result of management's decision based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of misappropriations.

#### RECOMMENDATION

Management should liquidate the cash shortage. Management should review its internal control procedures related to cash and segregate duties to the extent possible using available resources. Funds should be placed in a secured location not accessible to all employees and day-workers.

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**FINDING 12.03      THE OBSERVATION KNOB PARK OFFICE HAD DEFICIENCIES IN ACCOUNTS RECEIVABLE**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Observation Knob Park collects rental fees for daily, weekly, and seasonal campsites. Our audit of receivables revealed the following deficiencies. These deficiencies resulted from a lack of management oversight.

- A. The computer software was not capable of generating an accounts receivable report.
- B. Detailed account listings were not reviewed or reconciled with account balances on a routine basis to determine collection status. Reconciliations ensure errors that are discovered can be corrected promptly, and collections are accounted for properly.

#### RECOMMENDATION

The office should take steps to ensure that computer software is capable of generating an accounts receivable report. Detailed account listings should be reconciled with accounts receivable controls to ensure payments have been properly recorded and that any errors discovered have been corrected timely.

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## **OFFICE OF DIRECTOR OF SCHOOLS**

### **FINDING 12.04      **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL CHILD NUTRITION PROGRAM FUNDS** (Noncompliance Under *Government Auditing Standards* and OMB Circular A-133)**

During the period under audit, the State of Tennessee, Department of Education, School Nutrition Program conducted a review of the School Nutrition Program (CFDA Nos. 10.553 and 10.555) in Sullivan County. The review disclosed the following deficiencies:

- A. There were multiple application errors. Also, the correct meal benefit application was not being used. These errors, together with the errors noted in Part B., resulted in a state claim for reimbursement of meals totaling \$4,965.84.
- B. Thirteen applications were approved for free or reduced price status; however, the applications should have been recognized as either reduced or denied. These applications for benefits issuance errors are included in the claim for reimbursement total listed above in part A.
- C. The process of issuing benefits to homeless students was not working. There were two students listed as free subject to verification that should have been listed as homeless.

It should be noted that in accordance with actions recommended by the State of Tennessee, School Nutrition Program, the Food Service Program has amended the February 2012 claim for reimbursement to reduce the amount of funds claimed by \$4,965.84 for the errors in applications noted in parts A and B. This monitoring report, along with management's responses and corrective action plans, may be obtained from the State Department of Education, School Nutrition Services, Administrative Building, 1240 Foster Avenue, Nashville, TN 37243.

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## **OFFICE OF TRUSTEE**

### **FINDING 12.05      **THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED EACH TRANSACTION** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

Although each employee had been assigned a unique username and password for accessing the office's accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction.

## RECOMMENDATION

Management should contact the software vendor concerning the addition of controls to the software that would identify the user who performed each transaction.

## MANAGEMENT'S RESPONSE – TRUSTEE

The finding has been discussed with my vendor, and as of February 4, 2013, this has been programmed for my office.

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## OFFICES OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK AND THE CLERK AND MASTER

**FINDING 12.06      THE ACCOUNTING SOFTWARE DID NOT IDENTIFY THE USER WHO PROCESSED EACH TRANSACTION**  
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Although each employee had been assigned a unique username and password for accessing the offices' accounting software, the software did not record the user who processed each transaction. Since the vendor did not design the system with these controls, the employee responsible for this activity would not be easily identified if inappropriate activity were to occur. Sound business practices dictate that each transaction be identified to the individual creating the transaction. In January 2012, the vendor implemented controls to identify the user who processed each transaction.

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## BEST PRACTICES

The Division of Local Government Audit strongly believes that the items noted below are best practices that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Sullivan County.

**ITEM 1.      SULLIVAN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING FOR ALL DEPARTMENTS**

Sullivan County operates a central purchasing department that makes purchases and enters into all contracts for all departments pursuant to Chapter 261, Private Acts of 1947, as amended.

For its accounting and budgeting, Sullivan County operates under provisions of Section 5-12-101, et seq., *Tennessee Code Annotated (TCA)*, and Section 5-13-101, et seq., *TCA*. These acts include provisions for centralized accounting and budgeting under the administration of the director of accounts and budgets for funds maintained by the mayor and road superintendent. However, accounting records for the School Department are

maintained by School Department personnel. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. The absence of a central system of accounting and budgeting has been a management decision by the governing body resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting for all county departments.

**ITEM 2. SULLIVAN COUNTY SHOULD ESTABLISH AN AUDIT COMMITTEE**

Sullivan County does not have an Audit Committee. An Audit Committee can assist the County Commission by providing independent and objective reviews of the financial reporting process, internal controls, the audit function, and being responsible for monitoring management's plans to address various risks. County officials should establish an Audit Committee as a best practice.

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

Federal Agency	Finding Number	Federal CFDA Number	Criteria	Explanation	Amount Questioned
U.S. Department of Education: Passed-through State Department of Education: Child Nutrition Cluster: School Breakfast Program National School Lunch Program	12.07	10.553 10.555	Circular A-133, Compliance Supplement, Part 3 E.	Noncompliance, see Finding 12.04: The School Department had deficiencies in the use of Federal Child Nutrition Program Funds.	\$ 4,966

**SULLIVAN COUNTY, TENNESSEE**  
**AUDITEE REPORTING RESPONSIBILITIES**  
**For the Year Ended June 30, 2012**

There were audit findings relative to federal awards presented in the prior- and current-years' Schedules of Findings and Questioned Costs.

**Director of Schools – Corrective Action Plan for Current-Year's Findings**

**FINDINGS 12.04 and 12.07**

Contact persons: Dr. Jubal Yennie, Director of Schools  
Lisa Holt, School Nutrition Program Supervisor

Corrective action taken: Management's responses and corrective action plans may be obtained from the State Department of Education, School Nutrition Program, 1240 Foster Avenue, Nashville, TN 37243.

Anticipated completion date: Completed June 20, 2012

**Director of Schools – Summary Schedule of Prior-Year's Findings**

**FINDINGS 11.03 and 11.08**

Contact persons: Dr. Jubal Yennie, Director of Schools  
Leslie Bonner, Business Manager

Corrective action taken: On May 19, 2011, the School Department transferred \$7,290.09 from the General Purpose School Fund to reimburse federal ARRA funds for salaries and benefits paid prior to receiving the required budget amendments from the Tennessee Department of Education.

On May 19, 2011, the School Department transferred \$6,240.00 from the General Purpose School Fund to reimburse federal ARRA funds for equipment purchased prior to receiving the required budget addendum from the Tennessee Department of Education.

The School Department submitted a more detailed equipment inventory list to the Tennessee Department of Education on June 13, 2011, which included all required information. The updated inventory list has been approved by the state.

Anticipated completion date: Completed June 13, 2011