
ANNUAL FINANCIAL REPORT SULLIVAN COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

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

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Audit Highlights

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2011.

Results

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

Our audit resulted in seven 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

- ◆ Accounting deficiencies were noted in the operations of the Ambulance Service Department.
- ◆ Multiple employees operated from the same cash drawer at the Health Department.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Department had deficiencies in the use of Federal Special Education funds.

OFFICE OF TRUSTEE

- ◆ Multiple employees operated from the same cash drawer.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

- ◆ An employee was indicted by the Sullivan County Grand Jury.
-

OFFICE OF SHERIFF

- ◆ Receipts were not issued at the time of collection, and some collections were not deposited within three days at the Animal Shelter.
 - ◆ An employee improperly used a county fuel card for personal gain resulting in a cash shortage of \$72.17.
-

BEST PRACTICES

The Division of County 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.
- Sullivan County should establish an Audit Committee.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2011

Officials

Steve Godsey, County Mayor
Terry Shaffer, Highway Commissioner
Jubal Yennie, Director of Schools
Frances Harrell, Trustee
Kristinia Davis, Purchasing Agent
Larry Bailey, Director of Accounts and Budgets
Jeanie Gammon, County Clerk
Tommy Kerns, Circuit, General Sessions, and Law Courts Clerk
Sarah Housewright, Clerk and Master
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	

FINANCIAL SECTION



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

INDEPENDENT AUDITOR'S REPORT

January 25, 2012

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, 2011, 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 1.2 percent and one 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, 2011, and the respective changes in financial position and cash flows, where applicable, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with *Government Auditing Standards*, we have also issued our report dated January 25, 2012, on our consideration of Sullivan County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of our audit.

As described in Note V.B., Sullivan County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

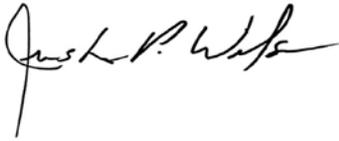
Management has omitted the management's discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required 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 80 through 88 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 long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Governmental Activities	Component Units	
		Sullivan County School Department	Emergency Communica- tions District
ASSETS			
Cash	\$ 16,162,934	\$ 24,882	\$ 462,110
Equity in Pooled Cash and Investments	11,349,558	5,264,488	0
Inventories	73,897	420,643	0
Accounts Receivable	2,184,762	250,976	81,242
Allowance for Uncollectibles	(708,895)	0	0
Due from Other Governments	3,494,742	3,542,635	0
Due from Primary Government	0	1,144,785	0
Due from Component Units	242,353	0	0
Property Taxes Receivable	28,542,956	27,329,186	0
Allowance for Uncollectible Property Taxes	(939,825)	(899,859)	0
Prepaid Items	126,134	0	5,975
Deferred Charges - Debt Issuance Cost	466,402	86,060	0
Capital Assets:			
Assets Not Depreciated:			
Land	2,059,381	1,124,248	0
Construction in Progress	0	5,252,445	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	22,575,083	48,448,223	0
Infrastructure	12,758,086	0	0
Other Capital Assets	5,785,672	2,543,065	618,752
Total Assets	<u>\$ 104,173,240</u>	<u>\$ 94,531,777</u>	<u>\$ 1,168,079</u>
LIABILITIES			
Accounts Payable	\$ 1,040,800	\$ 666,978	\$ 5,242
Accrued Payroll	252,892	0	67,840
Accrued Interest Payable	379,524	110,166	0
Payroll Deductions Payable	13,679	338,478	0
Contracts Payable	0	797,627	0
Retainage Payable	0	86,806	0
Claims and Judgments Payable	456,137	0	0
Due to Primary Government	0	242,353	0
Due to Component Units	1,144,785	0	0
Due to State of Tennessee	0	6	0
Other Current Liabilities	1,058,760	72,650	0
Deferred Revenue - Property Taxes	26,877,800	25,734,841	0
Noncurrent Liabilities:			
Due Within One Year	3,577,171	2,024,227	0
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	51,270,702	29,577,931	0
Total Liabilities	<u>\$ 86,072,250</u>	<u>\$ 59,652,063</u>	<u>\$ 73,082</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	\$ 37,651,972	\$ 43,378,772	\$ 618,752
Restricted for:			
General Government	994,843	0	0
Administration of Justice	48,957	0	0
Public Safety	127,841	0	0
Public Health and Welfare	14,945	0	0
Highways	1,147,594	0	0
Education	0	781,210	0
Capital Projects	15,585,623	0	0
Debt Service	270,539	55,960	0
Unrestricted	(37,741,324)	(9,336,228)	476,245
Total Net Assets	\$ 18,100,990	\$ 34,879,714	\$ 1,094,997

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, 2011

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets									
	Primary Government					Component Units				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Sullivan County School Department	Emergency Communications District			
Primary Government:										
Governmental Activities:										
General Government	\$ 4,815,478	\$ 1,396,560	\$ 155,003	\$ 248,192	\$ (3,015,723)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	5,412,469	3,715,948	0	0	(1,696,521)	0	0	0	0	0
Administration of Justice	5,085,621	3,052,248	117,605	13,000	(1,902,768)	0	0	0	0	0
Public Safety	20,847,210	3,064,583	310,784	174,103	(17,297,740)	0	0	0	0	0
Public Health and Welfare	14,678,698	7,386,316	2,979,835	151,465	(4,161,082)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,520,480	277,559	37,052	50,728	(1,155,141)	0	0	0	0	0
Agriculture and Natural Resources	175,849	0	0	0	(175,849)	0	0	0	0	0
Other Operations	592,788	0	0	0	(592,788)	0	0	0	0	0
Highways	8,898,258	75,813	2,814,294	250,032	(5,758,119)	0	0	0	0	0
Education	5,666,860	527,374	0	0	(5,139,486)	0	0	0	0	0
Debt Service:										
Interest	2,035,670	0	310,113	0	(1,725,557)	0	0	0	0	0
Other Debt Service	14,791	0	0	0	(14,791)	0	0	0	0	0
Total Primary Government	\$ 69,744,172	\$ 19,496,401	\$ 6,724,686	\$ 887,520	\$ (42,635,565)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Sullivan County School Department	\$ 102,422,016	\$ 2,184,899	\$ 11,766,819	\$ 5,229,090	\$ 0	\$ (83,241,208)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	1,084,838	1,008,321	30,000	0	0	0	0	0	(46,517)	(46,517)
Total Component Units	\$ 103,506,854	\$ 3,193,220	\$ 11,796,819	\$ 5,229,090	\$ 0	\$ (83,241,208)	\$ 0	\$ (46,517)	\$ (46,517)	\$ (46,517)

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					
	Program Revenues		Primary Government		Component Units	
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Sullivan County School Department	Emergency Communica- tions District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 23,824,587	\$ 26,257,007	\$ 0
Property Taxes Levied for Debt Service				3,582,714	0	0
Local Option Sales Taxes				3,364,062	11,830,754	0
Litigation Tax - General				465,937	0	0
Litigation Tax - Office of Public Defender				175,312	0	0
Litigation Tax - Jail, Workhouse, or Courthouse				340,913	0	0
Business Tax				1,928,974	0	0
Mineral Severance Tax				125,161	0	0
Wholesale Beer Tax				430,151	0	0
Interstate Telecommunications Tax				7,408	0	0
Other Local Taxes				0	4,202	0
Grants and Contributions Not Restricted to Specific Programs				1,480,713	44,685,372	0
Unrestricted Investment Income				109,000	128	14,196
Miscellaneous				125,039	603,121	0
Total General Revenues				\$ 35,959,971	\$ 83,380,584	\$ 14,196
Change in Net Assets				\$ (6,675,594)	\$ 139,376	\$ (32,321)
Net Assets, July 1, 2010				24,776,584	34,740,338	1,127,318
Net Assets, June 30, 2011				\$ 18,100,990	\$ 34,879,714	\$ 1,094,997

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

Sullivan County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway/ Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
ASSETS							
Cash	\$ 350	\$ 0	\$ 0	\$ 15,906,644	\$ 173,396	\$ 16,080,390	
Equity in Pooled Cash and Investments	4,916,383	837,403	1,488,119	0	2,440,184	9,682,089	
Inventories	73,897	0	0	0	0	73,897	
Accounts Receivable	247,121	110,651	0	0	1,010,413	1,368,185	
Due from Other Governments	2,640,179	793,300	0	0	61,263	3,494,742	
Due from Other Funds	247,256	0	0	0	9,525	256,781	
Due from Component Units	66,472	0	0	0	1,074	67,546	
Property Taxes Receivable	21,792,195	2,243,979	3,753,769	0	753,013	28,542,956	
Allowance for Uncollectible Property Taxes	(717,544)	(73,887)	(123,599)	0	(24,795)	(939,825)	
Prepaid Items	0	0	125,314	0	0	125,314	
Total Assets	\$ 29,266,309	\$ 3,911,446	\$ 5,243,603	\$ 15,906,644	\$ 4,424,073	\$ 58,752,075	

LIABILITIES AND FUND BALANCES

Liabilities							
Accounts Payable	\$ 899,009	\$ 1,700	\$ 0	\$ 0	\$ 61,145	\$ 961,854	
Accrued Payroll	150,885	52,075	0	0	49,932	252,892	
Payroll Deductions Payable	6,177	290	0	0	7,212	13,679	
Due to Other Funds	9,393	0	0	0	247,388	256,781	
Due to Component Units	305,177	0	0	839,608	0	1,144,785	
Other Current Liabilities	0	0	1,058,760	0	0	1,058,760	
Deferred Revenue - Current Property Taxes	20,520,869	2,113,068	3,534,780	0	709,083	26,877,800	
Deferred Revenue - Delinquent Property Taxes	503,002	51,795	86,643	0	17,380	658,820	
Other Deferred Revenues	542,845	241,053	0	0	579,239	1,363,137	
Total Liabilities	\$ 22,937,357	\$ 2,459,981	\$ 4,680,183	\$ 839,608	\$ 1,671,379	\$ 32,588,508	
Fund Balances							
Nonspendable:							
Inventory	\$ 73,897	\$ 0	\$ 0	\$ 0	\$ 0	\$ 73,897	
Prepaid Items	0	0	125,314	0	0	125,314	

(Continued)

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

	Major Funds			General Capital Projects	Nonmajor Funds		Total Govern- mental Funds
	Highway/ Public Works	General Debt Service	Other Govern- mental Funds				
LIABILITIES AND FUND BALANCES (Cont.)							
<u>Fund Balances (Cont.)</u>							
Restricted:							
Restricted for General Government	\$ 920,946	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	920,946
Restricted for Administration of Justice	29,113	0	0	0	19,844	0	48,957
Restricted for Public Safety	83,696	0	0	0	44,145	0	127,841
Restricted for Public Health and Welfare	14,945	0	0	0	0	0	14,945
Restricted for Highways/Public Works	0	1,042,143	0	0	0	0	1,042,143
Restricted for Debt Service	0	0	438,106	0	0	0	438,106
Restricted for Capital Projects	0	0	0	15,067,036	518,587	0	15,585,623
Committed:							
Committed for Finance	351,187	0	0	0	0	0	351,187
Committed for Public Health and Welfare	0	0	0	0	2,091,515	0	2,091,515
Committed for Social, Cultural, and Recreational Services	0	0	0	0	78,603	0	78,603
Committed for Other Operations	482,002	0	0	0	0	0	482,002
Committed for Highways/Public Works	0	409,322	0	0	0	0	409,322
Assigned:							
Assigned for General Government	1,845,729	0	0	0	0	0	1,845,729
Assigned for Finance	43,236	0	0	0	0	0	43,236
Assigned for Administration of Justice	27,625	0	0	0	0	0	27,625
Assigned for Public Safety	162,344	0	0	0	0	0	162,344
Assigned for Public Health and Welfare	47,725	0	0	0	0	0	47,725
Assigned for Social, Cultural, and Recreational Services	42,239	0	0	0	0	0	42,239
Assigned for Other Operations	21,520	0	0	0	0	0	21,520
Assigned for Capital Projects	544	0	0	0	0	0	544
Unassigned	2,182,204	0	0	0	0	0	2,182,204
Total Fund Balances	\$ 6,328,952	\$ 1,451,465	\$ 563,420	\$ 15,067,036	\$ 2,752,694	\$ 0	\$ 26,163,567
Total Liabilities and Fund Balances	\$ 29,266,309	\$ 3,911,446	\$ 5,243,603	\$ 15,906,644	\$ 4,424,073	\$ 0	\$ 58,752,075

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

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
June 30, 2011

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 26,163,567
(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	12,758,086	
Add: buildings and improvements net of accumulated depreciation	22,575,083	
Add: other capital assets net of accumulated depreciation	<u>5,785,672</u>	43,178,222
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,021,957
(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.		1,498,239
(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.		466,402
(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.		(379,524)
(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	\$ (1,950,000)	
Less: other loans payable	(19,748,060)	
Less: bonds payable	(29,330,000)	
Add: deferred amount on refunded bonds	287,510	
Less: compensated absences payable	(1,182,126)	
Less: other postemployment benefits liability	(1,968,940)	
Less: other deferred revenue - premium on bonds	<u>(956,257)</u>	<u>(54,847,873)</u>
Net assets of governmental activities (Exhibit A)		<u>\$ 18,100,990</u>

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

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
 and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway /	General Debt Service	General Capital Projects	Other Governmental Funds	Total Governmental Funds		
		Public Works						
<u>Revenues</u>								
Local Taxes	\$ 25,102,982	\$ 5,292,480	\$ 3,718,806	\$ 0	\$ 732,950	\$ 34,847,218		
Licenses and Permits	414,997	248,101	0	0	0	663,098		
Fines, Forfeitures, and Penalties	526,055	0	0	0	121,876	647,931		
Charges for Current Services	1,609,935	0	0	0	5,814,755	7,424,690		
Other Local Revenues	167,932	83,439	292,481	35,832	228,145	807,829		
Fees Received from County Officials	6,396,901	0	0	0	0	6,396,901		
State of Tennessee	4,696,348	3,066,018	0	0	22,513	7,784,879		
Federal Government	2,504,896	10,400	0	0	244,081	2,759,377		
Other Governments and Citizens Groups	1,141,082	70,247	310,113	0	122,517	1,643,959		
Total Revenues	\$ 42,561,128	\$ 8,770,685	\$ 4,321,400	\$ 35,832	\$ 7,286,837	\$ 62,975,882		
<u>Expenditures</u>								
Current:								
General Government	\$ 4,490,464	\$ 0	\$ 0	\$ 0	\$ 1,125	\$ 4,491,589		
Finance	5,159,788	0	72,678	0	0	5,232,466		
Administration of Justice	4,589,540	0	0	0	14,919	4,604,459		
Public Safety	19,903,036	0	0	0	60,778	19,963,814		
Public Health and Welfare	6,592,818	0	0	0	6,743,073	13,335,891		
Social, Cultural, and Recreational Services	1,167,509	0	0	0	269,743	1,437,252		
Agriculture and Natural Resources	176,570	0	0	0	0	176,570		
Other Operations	1,418,135	0	0	0	357,412	1,775,547		
Highways	0	8,250,290	0	0	0	8,250,290		
Instruction	187,698	0	0	0	0	187,698		
Debt Service:								
Principal on Debt	0	0	2,674,940	0	0	2,674,940		
Interest on Debt	0	0	2,043,221	0	0	2,043,221		
Other Debt Service	0	0	14,791	45,172	0	59,963		
Capital Projects	1,014,904	1,550	0	0	0	1,016,454		
Capital Projects - Donated	0	0	0	5,190,867	0	5,190,867		
Total Expenditures	\$ 44,700,462	\$ 8,251,840	\$ 4,805,630	\$ 5,236,039	\$ 7,447,050	\$ 70,441,021		
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,139,334)	\$ 518,845	\$ (484,230)	\$ (5,200,207)	\$ (160,213)	\$ (7,465,139)		

(Continued)

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	
<u>Other Financing Sources (Uses)</u>							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 5,073,000	\$ 0	\$ 0	\$ 5,073,000
Transfers In	185,184	0	107,940	0	0	0	293,124
Transfers Out	(107,940)	0	0	0	(185,184)	(185,184)	(293,124)
Total Other Financing Sources (Uses)	\$ 77,244	\$ 0	\$ 107,940	\$ 5,073,000	\$ (185,184)	\$ (185,184)	\$ 5,073,000
Net Change in Fund Balances	\$ (2,062,090)	\$ 518,845	\$ (376,290)	\$ (127,207)	\$ (345,397)	\$ (345,397)	\$ (2,392,139)
Fund Balance, July 1, 2010	8,391,042	932,620	939,710	15,194,243	3,098,091	3,098,091	28,555,706
Fund Balance, June 30, 2011	\$ 6,328,952	\$ 1,451,465	\$ 563,420	\$ 15,067,036	\$ 2,752,694	\$ 2,752,694	\$ 26,163,567

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, 2011

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ (2,392,139)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,273,351	
Less: current-year depreciation expense	<u>(2,206,952)</u>	(933,601)
(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		(52,942)
(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, 2010	\$ (2,503,758)	
Add: deferred delinquent property taxes and other deferred June 30, 2011	<u>2,021,957</u>	(481,801)
(4) The issuance of long-term debt (e.g., notes, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets. Also, governmental funds report the effect of issuance costs, premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt and related items:		
Less: other loan proceeds	\$ (5,073,000)	
Add: change in premium on debt issuances	74,708	
Add: change in deferred debt issuance costs	7,138	
Add: principal payments on bonds	670,000	
Add: principal payments on notes	1,200,000	
Add: principal payments on other loans	804,940	
Less: change in deferred amount on refunding debt	<u>(47,117)</u>	(2,363,331)
(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	\$ 17,994	
Change in compensated absences payable	474,782	
Change in other postemployment benefits liability	<u>(244,664)</u>	248,112

(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>\$ (699,892)</u>
Change in net assets of governmental activities (Exhibit B)	<u><u>\$ (6,675,594)</u></u>

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

Exhibit D-1

Sullivan County, Tennessee
Statement of Net Assets
Proprietary Funds
June 30, 2011

Governmental
 Activities -
 Internal
Service Funds

ASSETS

Current Assets:

Cash	\$	82,544
Equity in Pooled Cash and Investments		1,667,469
Accounts Receivable		107,682
Due from Component Units		174,807
Prepaid Items		820
Total Assets	\$	<u>2,033,322</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	78,946
Claims and Judgments Payable		456,137
Total Liabilities	\$	<u>535,083</u>

NET ASSETS

Unrestricted	\$	<u>1,498,239</u>
Total Net Assets	\$	<u><u>1,498,239</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, 2011

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 819,028
Cobra Insurance Payments	2,117
Total Operating Revenues	<u>\$ 821,145</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 81,477
Dental Insurance	304,872
Audit Services	3,000
Contracts with Private Agencies	1,927
Building and Contents Insurance	144,679
Boiler Insurance	1,357
Liability Insurance	19,665
Medical Claims	308,217
Trustee's Commission	283
Vehicle and Equipment Insurance	149,803
Workers' Compensation Insurance	550,763
Total Operating Expenses	<u>\$ 1,566,043</u>
Operating Income (Loss)	<u>\$ (744,898)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 5,145
Miscellaneous Refunds	39,861
Total Nonoperating Revenues (Expenses)	<u>\$ 45,006</u>
Change in Net Assets	\$ (699,892)
Net Assets, July 1, 2010	<u>2,198,131</u>
Net Assets, June 30, 2011	<u><u>\$ 1,498,239</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, 2011

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-insurance Premiums	\$ 719,375
Payments to Insurers and Claims Payments	(1,410,632)
Payments for Administrative Costs	(86,687)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (777,944)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 5,145
Net Cash Provided By (Used In) Investing Activities	<u>\$ 5,145</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Miscellaneous Refunds	\$ 39,861
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 39,861</u>
Increase (Decrease) in Cash	\$ (732,938)
Cash, July 1, 2010	<u>2,482,951</u>
Cash, June 30, 2011	<u><u>\$ 1,750,013</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (744,898)
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	(101,770)
(Increase) Decrease in Prepaid Expenses	(820)
Increase (Decrease) in Other Current Liabilities	69,544
Net Cash Provided By (Used In) Operating Activities	<u>\$ (777,944)</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, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,342,577
Equity in Pooled Cash and Investments	1,244,748
Accounts Receivable	11,053
Due from Other Governments	5,077,325
Taxes Receivable	24,342,561
Allowance for Uncollectible Taxes	<u>(801,521)</u>
Total Assets	<u>\$ 37,216,743</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 234
Due to Other Taxing Units	29,647,417
Due to Litigants, Heirs, and Others	7,344,010
Due to Joint Ventures	<u>225,082</u>
Total Liabilities	<u>\$ 37,216,743</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, 2011

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 \$5,190,867 were contributed by the county to the School Department during the year ended June 30, 2011.

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 fund:

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

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

Special Revenue Funds – These funds account for 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.

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

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

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

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

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.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

For purposes of the Statement of Cash Flows of the internal service funds, cash includes cash on hand, demand deposits, cash with paying agent, cash equivalents, and cash on deposit with the county trustee. Cash equivalents are short-term, highly liquid investments with original maturities of three months or less.

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sullivan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the Highway/Public Works Fund. Sullivan County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at

fair value. No investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

Activity between funds for unremitted current collections outstanding at the end of the fiscal year is referred to as due to/from other funds.

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.72 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 footnote V.C. for Contingent Liabilities.

Retainage payable in the discretely presented Sullivan County School Department's nonmajor governmental fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the nonmajor governmental funds.

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, 2011, Sullivan County had \$37,351,810 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 \$8,150,000 on June 30, 2011, related to capital purposes of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in footnote V.E.). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Therefore,

Sullivan County has incurred a liability significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

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.

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.

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 primarily includes encumbrances of \$396,799 and \$1,752,256 in fund balance appropriated for use in the 2011-2012 budget.

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, 2011, Sullivan County and the Sullivan County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Building Renovations	\$ 62,000
"	Vehicles	35,287
Highway/Public Works	"	44,482
"	State Aid Project	307,000
Nonmajor Fund:		
Ambulance Service	Capital Outlay	240,769
School Department:		
Nonmajor Fund:		
School Federal Projects	"	257,645
Education Capital Projects	Construction	3,015,012

B. Improprieties Involving County Official and Employees

1. Highway Department

As noted in the prior-year audit report, Highway Commissioner Allan Pope and section foreman David Campbell were indicted by the Sullivan County Grand Jury on August 24, 2010, related to violations of the Uniform Road Law. The indictments stemmed from the alleged use of highway equipment to benefit private individuals while performing a series of projects in Blountville, Bluff City, and Piney Flats from

November 2006 to March 2010. On November 5, 2010, Allan Pope was convicted of official misconduct, theft of services between \$10,000 and \$60,000, and private use of county equipment. Mr. Pope was removed from office upon conviction. On April 27, 2011, David Campbell pled guilty to one count of theft over \$10,000, two counts of official misconduct, and one count of private use of county equipment.

2. Office of Circuit, General Sessions, and Law Courts Clerk

On October 12, 2011, court employee Melissa D. Fields was indicted on four counts of official misconduct for modifying court-ordered interest rates on her personal civil judgments. On May 26, 2011, Ms. Field's employment with the office was terminated. As of the date of this report, Ms. Fields is awaiting a March 2012 court date.

3. Sheriff's Department

On February 4, 2011, the Sheriff's Department received information alleging an employee was using a county credit card to purchase fuel for her private vehicle. The allegation was investigated by the Tennessee Bureau of Investigation and resulted in Lori Delp's employment with the Sheriff's Department being terminated on February 7, 2011. On May 10, 2011, Ms. Delp pled guilty to one count of theft under \$500, received pretrial diversion, and was ordered to pay restitution of \$72.17.

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, 2011, 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.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
State Treasurer's Investment Pool	Daily	\$ 8,439,331

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, 2011, 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, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,939,721	\$ 119,660	\$ 0	\$ 2,059,381
Total Capital Assets Not Depreciated	<u>\$ 1,939,721</u>	<u>\$ 119,660</u>	<u>\$ 0</u>	<u>\$ 2,059,381</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,681,734	\$ 0	\$ 0	\$ 32,681,734
Infrastructure	20,474,009	273,600	0	20,747,609
Other Capital Assets	24,366,208	880,091	(379,525)	24,866,774
Total Capital Assets Depreciated	<u>\$ 77,521,951</u>	<u>\$ 1,153,691</u>	<u>\$ (379,525)</u>	<u>\$ 78,296,117</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 9,464,634	\$ 642,017	\$ 0	\$ 10,106,651
Infrastructure	7,470,833	518,690	0	7,989,523
Other Capital Assets	18,361,440	1,046,245	(326,583)	19,081,102
Total Accumulated Depreciation	<u>\$ 35,296,907</u>	<u>\$ 2,206,952</u>	<u>\$ (326,583)</u>	<u>\$ 37,177,276</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Total Capital Assets				
Depreciated, Net	\$ 42,225,044	\$ (1,053,261)	\$ (52,942)	\$ 41,118,841
Governmental Activities				
Capital Assets, Net	\$ 44,164,765	\$ (933,601)	\$ (52,942)	\$ 43,178,222

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

Governmental Activities:

General Government	\$ 81,429
Administration of Justice	168,108
Public Safety	657,241
Public Health and Welfare	385,602
Social, Cultural, and Recreational	56,774
Other Operations	31,287
Highways	<u>826,511</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,206,952</u>

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 1,051,748	\$ 72,500	\$ 0	\$ 1,124,248
Construction in Progress	134,078	5,118,367	0	<u>5,252,445</u>
Total Capital Assets Not Depreciated	<u>\$ 1,185,826</u>	<u>\$ 5,190,867</u>	<u>\$ 0</u>	<u>\$ 6,376,693</u>

Governmental Activities (Cont.):

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Depreciated:				
Buildings and Improvements	\$ 95,629,985	\$ 115,120	\$ 0	\$ 95,745,105
Other Capital Assets	7,953,678	444,514	(27,492)	8,370,700
Total Capital Assets Depreciated	\$ 103,583,663	\$ 559,634	\$ (27,492)	\$ 104,115,805
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 45,339,319	\$ 1,957,563	\$ 0	\$ 47,296,882
Other Capital Assets	5,262,669	592,458	(27,492)	5,827,635
Total Accumulated Depreciation	\$ 50,601,988	\$ 2,550,021	\$ (27,492)	\$ 53,124,517
Total Capital Assets Depreciated, Net	\$ 52,981,675	\$ (1,990,387)	\$ 0	\$ 50,991,288
Governmental Activities Capital Assets, Net	\$ 54,167,501	\$ 3,200,480	\$ 0	\$ 57,367,981

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

Governmental Activities:

Instruction	\$ 1,991,804
Support Services	405,149
Operation of Non-Instructional Services	<u>153,068</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 2,550,021</u>

C. Construction Commitments

At June 30, 2011, the discretely presented Sullivan County School Department had uncompleted construction contracts of \$3,015,012 in the Education Capital Projects Fund. Funding for these future expenditures is being provided through the issuance of other loans.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 247,256
Nonmajor governmental	General	9,393
"	Nonmajor governmental	132
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	168,648

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:		Component Unit -
General	School Department:	
Nonmajor governmental	General Purpose School	\$ 66,472
Internal Service	"	1,074
	"	174,807

Due to/from Primary Government and Component Unit (Cont.):

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Discretely Presented School Department:		
General Purpose School	Primary Government:	
Nonmajor governmental	General	\$ 305,177
	General Capital Projects	839,608

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Fund	General Debt Service Fund
General Fund	\$ 0	\$ 107,940
Nonmajor governmental funds	185,184	0
Total	\$ 185,184	\$ 107,940

Discretely Presented Sullivan County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 2,127,147
Nonmajor governmental funds	412,000	0
Total	\$ 412,000	\$ 2,127,147

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

E. Capital Lease

Discretely Presented Sullivan County School Department

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

The assets acquired through capital leases are as follows:

<u>Asset</u>	<u>Governmental Activities</u>
Machinery and Equipment	\$ 102,972
Less: Accumulated Depreciation	<u>75,912</u>
Total Book Value	<u><u>\$ 27,060</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2011, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2012	\$ 24,779
2013	<u>8,259</u>
Total Minimum Lease Payments	\$ 33,038
Less: Amount Representing Interest	<u>(2,033)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 31,005</u></u>

F. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

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

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to 12 years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2011, will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Obligation Bonds	2.5 to 6.25 %	\$ 16,965,000	\$ 13,010,000
General Obligation Bonds - Refunding	4.75 to 5	16,320,000	16,320,000
Capital Outlay Notes	4.5 to 5.54	2,500,000	1,950,000
Other Loans	0 to 1.515	20,553,000	19,748,060

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 totals \$2,580 per month through January 2013 and \$1,290 per month thereafter. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

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, and unspent proceeds earn interest monthly based upon the local government investment pool rate. Those interest earnings are netted against the required annual principal payments. The county pays an annual administrative fee of \$4,058.

The annual requirements to amortize all general obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,370,000	\$ 1,427,830	\$ 2,797,830
2013	1,460,000	1,367,840	2,827,840
2014	1,585,000	1,303,100	2,888,100
2015	1,690,000	1,231,025	2,921,025
2016	1,360,000	1,161,775	2,521,775
2017-2021	10,370,000	4,609,250	14,979,250
2022-2026	10,220,000	1,674,478	11,894,478
2027-2028	1,275,000	118,387	1,393,387
Total	<u>\$ 29,330,000</u>	<u>\$ 12,893,685</u>	<u>\$ 42,223,685</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2012	\$ 280,000	\$ 99,123	\$ 379,123
2013	285,000	85,163	370,163
2014	315,000	70,814	385,814
2015	345,000	54,838	399,838
2016	350,000	37,210	387,210
2017	375,000	19,305	394,305
Total	<u>\$ 1,950,000</u>	<u>\$ 366,453</u>	<u>\$ 2,316,453</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2012	\$ 1,229,717	\$ 470,898	\$ 35,018	\$ 1,735,633
2013	1,282,475	480,461	28,569	1,791,505
2014	1,282,475	480,461	19,538	1,782,474
2015	1,282,475	480,461	19,539	1,782,475
2016	1,282,475	480,461	19,538	1,782,474
2017-2021	6,412,375	2,402,305	97,693	8,912,373
2022-2026	6,507,459	2,402,305	97,692	9,007,456
2027-2028	468,609	289,703	8,942	767,254
Total	<u>\$ 19,748,060</u>	<u>\$ 7,487,055</u>	<u>\$ 326,529</u>	<u>\$ 27,561,644</u>

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

In previous years, the county issued Industrial Park bonds totaling \$6,500,000 and an additional \$2,500,000 in capital outlay notes for the benefit of the Sullivan County Economic Development Partnership (NETWORKS - a joint venture described in footnote V.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 \$438,106 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$348, based on the 2010 federal census for residents living outside the Bristol and Kingsport school districts and \$187, for residents living inside these school districts. Debt per capita, including bonds, notes, and other loans totaled \$487, for residents living outside the Bristol and Kingsport districts and \$325, 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, 2011, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2010	\$ 30,000,000	\$ 3,150,000	\$ 15,480,000
Additions	0	0	5,073,000
Deductions	(670,000)	(1,200,000)	(804,940)
Balance, June 30, 2011	<u>\$ 29,330,000</u>	<u>\$ 1,950,000</u>	<u>\$ 19,748,060</u>
Balance Due Within One Year	<u>\$ 1,370,000</u>	<u>\$ 280,000</u>	<u>\$ 1,229,717</u>

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2010	\$ 1,724,276	\$ 1,656,908
Additions	1,127,584	1,533,135
Deductions	(882,920)	(2,007,917)
Balance, June 30, 2011	<u>\$ 1,968,940</u>	<u>\$ 1,182,126</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 697,454</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 54,179,126
Less: Balance Due Within One Year	(3,577,171)
Add: Unamortized Premium on Debt	956,257
Less: Deferred Amount on Refunding	<u>(287,510)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 51,270,702</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 lease outstanding as of June 30, 2011, for governmental activities, are as follows:

<u>Type</u>	<u>Interest Rate</u>	<u>Original Amount of Issue</u>	<u>Balance 6-30-11</u>
General Obligation Bonds - Refunding	5%	\$ 13,220,000	\$ 13,220,000
Capital Lease	9.086	99,273	31,005

The annual requirements to amortize all general obligation bonds outstanding as of June 30, 2011, including interest payments, are presented in the following table:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,395,000	\$ 661,000	\$ 2,056,000
2013	1,460,000	591,250	2,051,250
2014	1,530,000	518,250	2,048,250
2015	1,605,000	441,750	2,046,750
2016	1,680,000	361,500	2,041,500
2017-2019	5,550,000	565,000	6,115,000
Total	\$ 13,220,000	\$ 3,138,750	\$ 16,358,750

Long-term liability activity for the discretely presented School Department for the year ended June 30, 2011, was as follows:

Changes in Long-term Liabilities

	Bonds		Capital Lease
	Balance, July 1, 2010	\$ 14,595,000	\$
Deductions	(1,375,000)		(20,918)
Balance June 30, 2011	\$ 13,220,000	\$	31,005
Balance Due Within One Year	\$ 1,395,000	\$	22,900
	Other		Compensated Absences
	Postemployment Benefits		
Balance, July 1, 2010	\$ 11,151,629	\$	2,727,827
Additions	6,212,540		628,328
Deductions	(2,507,253)		(600,122)
Balance June 30, 2011	\$ 14,856,916	\$	2,756,033
Balance Due Within One Year	\$ 0	\$	606,327

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 30,863,954
Less: Balance Due Within One Year	(2,024,227)
Add: Unamortized Premium	<u>738,204</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 29,577,931</u>

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

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

The Sullivan County School Department pledged, as security for bonds issued by Sullivan County, a portion of its share of local option sales taxes. The bonds issued by Sullivan County in 2001 totaled \$24.2 million and were used to provide financing for school construction and renovations. Refunding bonds totaling \$13,220,000 were issued in 2004 to refund a portion of the outstanding bonds issued in 2001. The bonds are payable through 2019. The School Department pledged a portion of its annual local option sales tax revenues until the bonds are retired in 2019. Total principal and interest remaining on the debt is \$16,358,750 with annual requirements ranging from \$2,056,000 in the next fiscal year to \$2,047,500 in the final year.

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, 2011, were \$7,834. 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, 2011, were \$1,098,226 and \$3,447, 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 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes -				
General Purpose School Fund \$	0 \$	3,500,000 \$	(3,500,000) \$	0

V. OTHER INFORMATION

A. Risk Management

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

The discretely presented Sullivan County School Department participates in the Local Education Group Insurance Fund (LEGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local education agencies. In accordance with Section 8-27-301, *Tennessee Code Annotated (TCA)*, all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, *TCA*, provides for the LEGIF to be self-sustaining through member premiums.

Sullivan County established a self-insurance fund for risks associated with general liability, property, casualty losses, and workers’ compensation. Both the primary government and the discretely presented Sullivan County School Department participate in this self-insurance fund for the risks listed above. The Self-Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. Insurance premiums are paid out of the General, Highway/Public Works, and General Purpose School funds. The county retains the risk of loss to limits of \$50,000 to \$100,000 per individual claim for general liability, property, and casualty losses. The county is self-insured to a limit of \$300,000 for a single accident for workers’ compensation. Amounts exceeding these limits are covered by excess loss

policies, subject to various policy limits. A fee is paid from this fund to a third-party agent who investigates claims and determines recommended action to be taken.

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

Self-Insurance Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 423,614	\$ 1,036,392	\$ (1,046,562)	\$ 413,444
2010-2011	413,444	866,267	(744,739)	534,972

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2009-2010	\$ 0	\$ 615,171	\$ (615,171)	\$ 0
2010-2011	0	613,089	(612,978)	111

B. Accounting Change

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund

and the special revenue, capital projects, debt service, and permanent fund types. Sullivan County and the Sullivan County School Department have implemented provisions of this statement in the financial statements of this report for their governmental 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 footnote 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.

D. Changes in Administration

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

On November 5, 2010, Allan Pope was removed from the Office of Highway Commissioner and was succeeded by Terry Shaffer.

On April 17, 2011, Nelda Fleenor left the Office of Purchasing Agent and was succeeded by Kristinia Davis.

E. Joint Ventures

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

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

The Sullivan County Economic Development Partnership (NETWORKS) is a joint venture in which Sullivan County participates, along with the cities of Kingsport, Bristol, and Bluff City. The partnership is governed by a 24-member board of directors comprising the four mayors, one member each appointed by the member entities' legislative body, 12 members appointed collectively by the four mayors, and four members appointed by the other 20 members of the board. Funding for the NETWORKS is provided primarily by contributions from Sullivan County and the member cities, revenues generated from capital projects, and other business activities of the partnership. Complete financial statements for the NETWORKS can be requested at the following address:

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

The Second Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Second Judicial District, Sullivan County, and various cities within Sullivan County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, 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

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

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 2010-2011 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 to provide the First Tennessee-Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative was governed by a board of control, consisting of one board member and the directors of schools from each of the systems. Funding for the cooperative was provided through state grants and member schools' contributions. Upon dissolution, residual balances of the cooperative were remitted to the participating school districts.

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 of the members' 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. 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 has adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of covered payroll. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 16.26 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, 2011, the county’s annual pension cost of \$6,071,204 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 salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected 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, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$6,071,204	100%	\$0
6-30-10	5,393,084	100	0
6-30-09	5,518,174	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 84.34 percent funded. The actuarial accrued liability for benefits was \$139 million, and the actuarial value of assets was \$117 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$22 million. The covered payroll (annual payroll of active employees covered by the plan) was \$37 million, and the ratio of the UAAL to the covered payroll was 59.66 percent.

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

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not

identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

SCHOOL TEACHERS

Plan Description

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

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the 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.

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, 2011, 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, 2011, 2010, and 2009, were \$3,750,397, \$2,669,524, and \$2,668,130, 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	\$ 1,107,704
Interest on the NPO	77,592
Adjustment to the ARC	(57,712)
Annual OPEB cost	<hr/> \$ 1,127,584
Amount of contribution	(882,920)
Increase/decrease in NPO	<hr/> \$ 244,664
Net OPEB obligation, 7-1-10	<hr/> 1,724,276
	<hr/>
Net OPEB obligation, 6-30-11	<hr/> <hr/> \$ 1,968,940

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Sullivan County	\$ 1,903,200	41.2 %	\$ 1,119,100
6-30-10	"	1,085,585	70.9	1,724,276
6-30-11	"	1,127,584	78.3	1,968,940

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

Actuarial valuation date	7-1-10
Actuarial accrued liability (AAL)	\$ 18,060,739
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 18,060,739
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 26,928,012
UAAL as a % of covered payroll	67.1%

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, 2010, 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 2018. 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. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now 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, the School Department pays the full premium (\$85). The commercial plan is a Medicare Advantage Plan. During the year ended June 30, 2011, the discretely presented School Department contributed \$2,507,254 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
ARC	\$ 2,896,000	\$ 2,904,000	\$ 386,043
Interest on the NPO	142,847	372,652	(13,675)
Adjustment to the ARC	(135,304)	(352,975)	12,953
Annual OPEB cost	\$ 2,903,543	\$ 2,923,677	\$ 385,321
Amount of contribution	(2,111,200)	(118,063)	(277,991)
Increase/decrease in NPO	\$ 792,343	\$ 2,805,614	\$ 107,330
Net OPEB obligation, 7-1-10	3,174,367	8,281,152	(303,890)
Net OPEB obligation, 6-30-11	\$ 3,966,710	\$ 11,086,766	\$ (196,560)

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 3,079,346	60 %	\$ 2,355,538
6-30-10	"	2,866,597	74	3,174,367
6-30-11	"	2,903,543	73	3,966,710
6-30-10	State Medicare Supplement*	2,863,000	4	8,281,152
6-30-11	"	2,923,677	4	11,086,766
6-30-10	Commercial Medicare Supplement*	381,043	139	(303,890)
6-30-11	"	385,321	72	(196,560)

* Data only available for two years.

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	7-1-10	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 33,376,000	\$ 31,946,000	\$ 8,588,768
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 33,376,000	\$ 31,946,000	\$ 8,588,768
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 53,729,000	\$ N/A	\$ N/A
UAAL as a % of covered payroll	62%	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, 2010, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011, and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the state Medicare Supplement Plan was ten percent for fiscal year 2011, and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

In the July 1, 2010, actuarial valuation for the commercial plan, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of nine percent initially, reduced by decrements to an ultimate rate of five percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

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 Executive 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 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 also has the option of following private-sector guidance, subject to the same limitation. The district has elected not to follow subsequent private-sector guidance.

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. 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 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 1944, 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 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, 2011. All deposits in excess of Federal Deposit Insurance Corporation limits were fully collateralized by the Tennessee Bank Collateral Pool.

C. Capital Assets

Capital assets activity for the year was as follows:

	7-1-10	Increases	Decreases	6-30-11
Capital Assets, Not Being Depreciated:				
Land	\$ 123,393	\$ 0	\$ 0	\$ 123,393
Capital Assets, Being Depreciated:				
Automobiles	84,110	0	0	84,110
Office and Training Equipment	279,839	12,261	2,336	289,764
Machinery and Equipment	182,788	0	3,310	179,478
Other Equipment	8,357	0	0	8,357
Furniture and Fixtures	46,360	0	0	46,360
Buildings	607,344	55,524	0	662,868
Total Capital Assets, Being Depreciated	\$ 1,208,798	\$ 67,785	\$ 5,646	\$ 1,270,937
Less Accumulated Depreciation For:				
Automobiles	\$ (69,945)	\$ (7,486)	\$ 0	\$ (77,431)
Office and Training Equipment	(203,763)	(35,338)	(1,168)	(237,933)
Machinery and Equipment	(146,253)	(29,692)	(3,034)	(172,911)
Other Equipment	(7,990)	(157)	0	(8,147)
Furniture and Fixtures	(19,327)	(7,645)	0	(26,972)
Buildings	(212,420)	(39,764)	0	(252,184)
Total Accumulated Depreciation	\$ (659,698)	\$ (120,082)	\$ (4,202)	\$ (775,578)
Total Capital Assets, Depreciated, Net	\$ 549,100	\$ (52,297)	\$ 1,444	\$ 495,359
Total Capital Assets, Net	\$ 672,493	\$ (52,297)	\$ 1,444	\$ 618,752

Depreciation expense for the fiscal year ended June 30, 2011, was \$120,082.

D. Accrued Expenses

Accrued expenses consisted of the following:

Accrued salaries and related expenses	\$ 6,702
Accrued vacations	61,138
Totals	<u>\$ 67,840</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 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>.

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.

Sullivan County Enhanced 9-1-1 Emergency Communications District is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 13.76 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Sullivan County

Enhanced 9-1-1 Emergency Communications District is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ended June 30, 2011, Sullivan County Enhanced 9-1-1 Emergency Communications District’s annual pension cost of \$29,446 to TCRS was equal to Sullivan County Enhanced 9-1-1 Emergency Communications 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 post retirement 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. Sullivan County Enhanced 9-1-1 Emergency Communications 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, 2007, was nine years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$ 29,446	100%	\$ 0
6-30-10	38,572	100	0
6-30-09	36,433	100	0

4. Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 87.56 percent funded. The actuarial accrued liability for benefits was \$.04 million, and the actuarial value of assets was \$.04 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 \$.1 million, and the ratio of the UAAL to the covered payroll was 39.94 percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial

statements, present multi-year trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

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

F. Leases

Capital Lease

The district entered into a lease agreement on April 30, 2009, to purchase a building located at 1586 Highway 394, Blountville, Tennessee, that is classified as a capital lease agreement. The cost of the land and the building are included as property, plant, and equipment totaling \$325,000 at June 30, 2011. Accumulated depreciation of the building at June 30, 2011, was \$34,002. The final lease obligation payment totaling \$130,000 was made during the current year.

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 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 current 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 \$56,777.

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 2011 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, 2010, and ending on June 30, 2011. 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, 2011, there were no amounts owed to the Sheriff's Department.

I. Subsequent Events

Management evaluated all activity of the district through November 7, 2011, (the issue date of the Financial Statements) and concluded that no subsequent events have occurred that would require recognition in the financial statements or disclosure in the notes to the financial statements.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sullivan County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 General Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 25,102,982	\$ 0	\$ 0	\$ 25,102,982	\$ 24,976,566	\$ 24,976,566	\$ 126,416
Licenses and Permits	414,997	0	0	414,997	435,646	435,646	(20,649)
Fines, Forfeitures, and Penalties	526,055	0	0	526,055	568,133	568,133	(42,078)
Charges for Current Services	1,609,935	0	0	1,609,935	1,624,234	1,624,234	(14,299)
Other Local Revenues	167,932	0	0	167,932	215,897	215,897	(47,965)
Fees Received from County Officials	6,396,901	0	0	6,396,901	6,701,300	6,701,300	(304,399)
State of Tennessee	4,696,348	0	0	4,696,348	4,486,655	4,553,257	143,091
Federal Government	2,504,896	0	0	2,504,896	3,306,254	3,939,027	(1,434,131)
Other Governments and Citizens Groups	1,141,082	0	0	1,141,082	1,421,811	1,462,950	(321,868)
Total Revenues	\$ 42,561,128	\$ 0	\$ 0	\$ 42,561,128	\$ 43,736,496	\$ 44,477,010	\$ (1,915,882)
Expenditures							
General Government							
County Commission	\$ 305,931	\$ 0	\$ 0	\$ 305,931	\$ 306,063	\$ 306,063	\$ 132
County Mayor/Executive	187,516	(24)	14	187,506	195,045	195,045	7,539
County Attorney	204,605	0	40	204,645	210,987	210,987	6,342
Election Commission	552,114	(1,983)	475	550,606	617,895	623,895	73,289
Register of Deeds	583,128	(18,829)	24,576	588,875	745,408	745,408	156,533
Planning	322,823	(2,337)	839	321,325	341,185	341,185	19,860
Geographical Information Systems	28,807	(1,915)	4,087	30,979	31,015	31,015	36
County Buildings	1,341,739	(154,145)	51,940	1,239,534	1,399,457	1,399,457	159,923
Other Facilities	187,672	0	0	187,672	187,672	187,672	0
Preservation of Records	106,081	(170)	6,762	112,673	117,888	117,888	5,215
Risk Management	670,048	(1,440)	827	669,435	671,445	671,445	2,010

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
					Original	Final	
Expenditures (Cont.)							
Finance							
Accounting and Budgeting	\$ 586,738	\$ (2,546)	\$ 7,668	\$ 591,860	\$ 621,961	\$ 621,961	\$ 30,101
Purchasing	612,103	(5,836)	9,178	615,445	627,836	627,836	12,391
Property Assessor's Office	1,446,574	(4,863)	19,173	1,460,884	1,576,174	1,576,174	115,290
County Trustee's Office	558,364	(876)	824	558,312	654,637	654,637	96,325
County Clerk's Office	1,327,479	(600)	644	1,327,523	1,390,761	1,390,761	63,238
Data Processing	131,251	(26,897)	5,749	110,103	114,000	114,000	3,897
Other Finance	497,279	0	0	497,279	550,000	550,000	52,721
Administration of Justice							
Circuit Court Judge	11,042	0	133	11,175	13,000	13,000	1,825
Circuit Court Clerk	1,395,451	(179)	3,951	1,399,223	1,412,694	1,412,694	13,471
General Sessions Court	482,469	0	63	482,532	486,067	484,036	1,504
General Sessions Judge	520,461	0	0	520,461	522,976	521,639	1,178
Drug Court	84,052	0	0	84,052	0	85,000	948
Chancery Court	488,055	(4,592)	5,900	489,363	496,493	496,493	7,130
Juvenile Court	621,922	(4,571)	2,082	619,433	694,634	698,001	78,568
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	274,167	0	0	274,167	280,690	280,690	6,523
Office of Public Defender	238,645	0	0	238,645	229,985	238,837	192
Other Administration of Justice	120,696	0	10,242	130,938	161,250	181,730	50,792
Courtroom Security	349,580	0	5,610	355,190	321,778	376,778	21,588
Public Safety							
Sheriff's Department	8,499,425	(18,676)	79,774	8,560,523	8,626,192	8,795,988	235,465
Administration of the Sexual Offender Registry	4,840	(1,100)	880	4,620	12,000	12,000	7,380
Jail	7,716,049	(170,986)	104,972	7,650,035	7,739,681	7,739,681	89,646

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Safety (Cont.)</u>							
Workhouse	\$ 85,705	\$ 0	\$ 0	\$ 85,705	\$ 89,915	\$ 4,210	
Juvenile Services	636,950	0	0	636,950	638,552	1,602	
Fire Prevention and Control	1,536,471	0	0	1,536,471	1,536,471	0	
Civil Defense	516,993	(1,187)	1,892	517,698	526,030	8,332	
Rescue Squad	422,822	(168,000)	0	254,822	254,823	1	
Disaster Relief	94,962	0	35,287	130,249	583,498	621,512	
County Coroner/Medical Examiner	234,820	(1,164)	146	233,802	236,600	2,798	
Other Public Safety	153,999	0	0	153,999	175,200	22,401	
<u>Public Health and Welfare</u>							
Local Health Center	6,087,070	(250,065)	43,765	5,880,770	6,728,917	1,082,402	
Rabies and Animal Control	283,216	(3,025)	18,905	299,096	314,517	23,421	
Other Local Health Services	30,000	0	0	30,000	30,000	0	
Regional Mental Health Center	104,359	0	0	104,359	104,359	0	
Aid to Dependent Children	27,250	0	0	27,250	27,250	0	
Other Local Welfare Services	40,923	0	0	40,923	49,960	9,037	
Other Public Health and Welfare	20,000	0	0	20,000	20,000	0	
<u>Social, Cultural, and Recreational Services</u>							
Senior Citizens Assistance	11,000	0	0	11,000	11,000	0	
Libraries	791,509	0	5,974	797,483	827,526	65,470	
Parks and Fair Boards	365,000	0	0	365,000	365,000	0	
<u>Agriculture and Natural Resources</u>							
Agriculture Extension Service	126,642	0	0	126,642	127,792	1,150	
Forest Service	1,000	0	0	1,000	1,000	0	
Soil Conservation	48,928	0	0	48,928	49,868	940	

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Operations</u>							
Tourism	\$ 5,000	\$ 0	\$ 0	\$ 5,000	\$ 5,000	\$ 0	
Industrial Development	360,307	(36,989)	5,500	328,818	483,027	154,209	
Housing and Urban Development	20,000	0	0	20,000	20,000	0	
Other Economic and Community Development	213,000	0	0	213,000	213,000	0	
Veterans' Services	8,000	0	0	8,000	11,900	3,900	
Other Charges	7,834	0	0	7,834	7,834	0	
Employee Benefits	621,033	(17,804)	16,020	619,249	640,168	20,919	
ARRA Grant # 1	85,050	(85,050)	0	0	1,961	1,961	
ARRA Grant # 3	38,382	0	0	38,382	39,200	818	
Miscellaneous	59,529	0	0	59,529	82,615	23,086	
<u>Instruction</u>							
Vocational Education Program	10,239	0	0	10,239	10,239	0	
Other	177,459	0	0	177,459	200,000	22,541	
<u>Capital Projects</u>							
Public Utility Projects	998,347	0	0	998,347	1,000,000	1,653	
Highway and Street Capital Projects	16,557	(4,400)	544	12,701	73,000	60,299	
Total Expenditures	\$ 44,700,462	\$ (990,249)	\$ 474,436	\$ 44,184,649	\$ 46,818,257	\$ 3,453,714	
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,139,334)	\$ 990,249	\$ (474,436)	\$ (1,623,521)	\$ (3,081,761)	\$ 1,537,832	
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 185,184	\$ 0	\$ 0	\$ 185,184	\$ 534,000	\$ (348,816)	
Transfers Out	(107,940)	0	0	(107,940)	0	0	
Total Other Financing Sources (Uses)	\$ 77,244	\$ 0	\$ 0	\$ 77,244	\$ 534,000	\$ (348,816)	
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (2,062,090)	\$ 990,249	\$ (474,436)	\$ (1,546,277)	\$ (2,547,761)	\$ 1,189,016	
Fund Balance, June 30, 2011	8,391,042	(990,249)	0	7,400,793	7,197,325	203,468	
Fund Balance, June 30, 2011	\$ 6,328,952	\$ 0	\$ (474,436)	\$ 5,854,516	\$ 4,649,564	\$ 1,392,484	

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 5,292,480	\$ 0	\$ 0	\$ 5,292,480	\$ 5,212,841	\$ 5,333,841	\$ (41,361)
Licenses and Permits	248,101	0	0	248,101	222,000	281,653	(33,552)
Other Local Revenues	83,439	0	0	83,439	97,860	97,860	(14,421)
State of Tennessee	3,066,018	0	0	3,066,018	2,747,918	3,083,118	(17,100)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Other Governments and Citizens Groups	70,247	0	0	70,247	13,738	13,738	56,509
Total Revenues	\$ 8,770,685	\$ 0	\$ 0	\$ 8,770,685	\$ 8,304,757	\$ 8,820,610	\$ (49,925)
Expenditures							
Highways							
Administration	\$ 296,350	\$ 0	\$ 220	\$ 296,570	\$ 318,112	\$ 318,112	\$ 21,542
Highway and Bridge Maintenance	6,227,151	(2,298)	6,032	6,230,885	6,682,431	6,569,931	339,046
Operation and Maintenance of Equipment	586,033	(2,621)	3,394	586,806	730,000	730,000	143,194
Asphalt Plant Operations	855,640	0	0	855,640	704,000	859,406	3,766
Traffic Control	12,805	(2,616)	0	9,889	10,000	10,000	111
Other Charges	88,671	0	0	88,671	110,000	88,671	0
Capital Outlay	183,940	0	44,482	228,422	250,000	228,422	0
Capital Projects							
Highway and Street Capital Projects	1,550	0	307,680	309,230	0	335,200	25,970
Total Expenditures	\$ 8,251,840	\$ (7,535)	\$ 361,808	\$ 8,606,113	\$ 8,804,543	\$ 9,139,742	\$ 533,629
Excess (Deficiency) of Revenues Over Expenditures	\$ 518,845	\$ 7,535	\$ (361,808)	\$ 164,572	\$ (499,786)	\$ (319,132)	\$ 483,704
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 518,845	\$ 7,535	\$ (361,808)	\$ 164,572	\$ (499,786)	\$ (319,132)	\$ 483,704
	932,620	(7,535)	0	925,085	957,209	957,209	(32,124)
Fund Balance, June 30, 2011	\$ 1,451,465	\$ 0	\$ (361,808)	\$ 1,089,657	\$ 457,423	\$ 638,077	\$ 451,580

Exhibit F-3

Sullivan County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2011

(Dollar amounts in thousands)

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

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

Exhibit F-4

Sullivan County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Sullivan County Emergency Communications District
June 30, 2011

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
7-1-09	\$ 379	\$ 433	\$ 54	87.56	% \$ 135	39.94 %
7-1-07	312	401	89	77.81	117	76.07

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

Exhibit F-5

Sullivan County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Sullivan County	7-1-08	\$ 0	\$ 29,157	\$ 29,157	0 %	\$ 26,708	109 %
Sullivan County*	7-1-09	0	17,574	17,574	0	25,646	68
Sullivan County	7-1-10	0	18,061	18,061	0	26,928	67
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	36,919	36,919	0	42,851	86
"	7-1-09	0	33,354	33,354	0	52,977	63
"	7-1-10	0	33,376	33,376	0	53,729	62
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
Medicare Supplement - Commercial	7-1-07	0	7,662	7,662	0	N/A	N/A
"	7-1-09	0	7,525	7,525	0	N/A	N/A
"	7-1-10	0	8,589	8,589	0	N/A	N/A

* Change in cost method for reporting from the entry age normal to projected unit cost.

Significant changes in plan benefits were also made during 2009-10.

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

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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, 2011, Sullivan County reported the following significant encumbrances in the General and Highway/Public Works funds:

Fund	Description	Amount
General	Building Renovations	\$ 62,000
"	Vehicles	35,287
Highway/Public Works	Vehicles	44,482
"	State Aid Project	307,000

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

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

Capital Projects Funds

Capital Projects Funds are used to account for 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.

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

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

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

Sullivan County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	Special Revenue Funds				
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
\$	250	0	0	200	0
	1,147,088	631,858	42,385	80,760	19,844
	74,449	887,987	4,465	0	0
	61,124	139	0	0	0
	9,525	0	0	0	0
	1,074	0	0	0	0
	753,013	0	0	0	0
	(24,795)	0	0	0	0
\$	2,021,728	1,519,984	46,850	80,960	19,844

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

Liabilities					
Accounts Payable	29,007	29,159	2,705	274	0
Accrued Payroll	8,873	38,976	0	2,083	0
Payroll Deductions Payable	404	6,808	0	0	0
Due to Other Funds	0	31,268	0	0	0
Deferred Revenue - Current Property Taxes	709,083	0	0	0	0
Deferred Revenue - Delinquent Property Taxes	17,380	0	0	0	0
Other Deferred Revenues	0	579,239	0	0	0
Total Liabilities	764,747	685,450	2,705	2,357	0
Fund Balances					
Restricted:					
Restricted for Administration of Justice	0	0	0	0	19,844
Restricted for Public Safety	0	0	44,145	0	0
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	1,256,981	834,534	0	0	0
Committed for Social, Cultural, and Recreational Services	0	0	0	78,603	0
Total Fund Balances	1,256,981	834,534	44,145	78,603	19,844
Total Liabilities and Fund Balances	2,021,728	1,519,984	46,850	80,960	19,844

(Continued)

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						
\$ 172,946	\$ 173,396	\$ 0	\$ 0	\$ 0	\$ 0	\$ 173,396
Equity in Pooled Cash and Investments	0	1,921,935	226,224	292,025	518,249	2,440,184
Accounts Receivable	43,174	1,010,075	0	338	338	1,010,413
Due from Other Governments	0	61,263	0	0	0	61,263
Due from Other Funds	0	9,525	0	0	0	9,525
Due from Component Units	0	1,074	0	0	0	1,074
Property Taxes Receivable	0	753,013	0	0	0	753,013
Allowance for Uncollectible Property Taxes	0	(24,795)	0	0	0	(24,795)
Total Assets	\$ 216,120	\$ 3,905,486	\$ 226,224	\$ 292,363	\$ 518,587	\$ 4,424,073

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	\$ 0	\$ 61,145	\$ 0	\$ 0	\$ 0	\$ 61,145
Accrued Payroll	0	49,932	0	0	0	49,932
Payroll Deductions Payable	0	7,212	0	0	0	7,212
Due to Other Funds	216,120	247,388	0	0	0	247,388
Deferred Revenue - Current Property Taxes	0	709,083	0	0	0	709,083
Deferred Revenue - Delinquent Property Taxes	0	17,380	0	0	0	17,380
Other Deferred Revenues	0	579,239	0	0	0	579,239
Total Liabilities	\$ 216,120	\$ 1,671,379	\$ 0	\$ 0	\$ 0	\$ 1,671,379
<u>Fund Balances</u>						
Restricted:						
Restricted for Administration of Justice	\$ 0	\$ 19,844	\$ 0	\$ 0	\$ 0	\$ 19,844
Restricted for Public Safety	0	44,145	0	0	0	44,145
Restricted for Capital Projects	0	0	226,224	292,363	518,587	518,587
Committed:						
Committed for Public Health and Welfare	0	2,091,515	0	0	0	2,091,515
Committed for Social, Cultural, and Recreational Services	0	78,603	0	0	0	78,603
Total Fund Balances	\$ 0	\$ 2,234,107	\$ 226,224	\$ 292,363	\$ 518,587	\$ 2,752,694
Total Liabilities and Fund Balances	\$ 216,120	\$ 3,905,486	\$ 226,224	\$ 292,363	\$ 518,587	\$ 4,424,073

Sullivan County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	Special Revenue Funds						Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	Constitu- tional Officers - Fees	
Revenues							
Local Taxes	\$ 732,950	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	732,950
Fines, Forfeitures, and Penalties	0	0	104,054	0	17,822	0	121,876
Charges for Current Services	1,009,499	4,541,208	0	262,923	0	1,125	5,814,755
Other Local Revenues	224,719	389	0	0	0	0	225,108
State of Tennessee	22,513	0	0	0	0	0	22,513
Federal Government	0	0	0	0	0	0	0
Other Governments and Citizens Groups	97,622	21,982	0	2,913	0	0	122,517
Total Revenues	\$ 2,087,303	\$ 4,563,579	\$ 104,054	\$ 265,836	\$ 17,822	\$ 1,125	\$ 7,039,719
Expenditures							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,125	\$ 1,125
Administration of Justice	0	0	0	0	14,919	0	14,919
Public Safety	0	0	60,778	0	0	0	60,778
Public Health and Welfare	2,027,251	4,715,822	0	0	0	0	6,743,073
Social, Cultural, and Recreational Services	0	0	0	269,743	0	0	269,743
Other Operations	0	0	0	0	0	0	0
Total Expenditures	\$ 2,027,251	\$ 4,715,822	\$ 60,778	\$ 269,743	\$ 14,919	\$ 1,125	\$ 7,089,638
Excess (Deficiency) of Revenues Over Expenditures	\$ 60,052	\$ (152,243)	\$ 43,276	\$ (3,907)	\$ 2,903	\$ 0	\$ (49,919)
Other Financing Sources (Uses)							
Transfers Out	\$ 0	\$ (34,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (34,000)
Total Other Financing Sources (Uses)	\$ 0	\$ (34,000)	\$ 0	\$ 0	\$ 0	\$ 0	\$ (34,000)
Net Change in Fund Balances Fund Balance, July 1, 2010	\$ 60,052	\$ (186,243)	\$ 43,276	\$ (3,907)	\$ 2,903	\$ 0	\$ (83,919)
Fund Balance, July 1, 2010	1,196,929	1,020,777	869	82,510	16,941	0	2,318,026
Fund Balance, June 30, 2011	\$ 1,256,981	\$ 834,534	\$ 44,145	\$ 78,603	\$ 19,844	\$ 0	\$ 2,234,107

(Continued)

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

	Capital Projects Funds				Total Nonmajor Governmental Funds
	Community Development/ Industrial Park	Sanitation Projects	Other Capital Projects	Total	
<u>Revenues</u>					
Local Taxes	0 \$	0 \$	0 \$	0 \$	732,950
Fines, Forfeitures, and Penalties	0	0	0	0	121,876
Charges for Current Services	0	0	0	0	5,814,755
Other Local Revenues	0	0	3,037	3,037	228,145
State of Tennessee	0	0	0	0	22,513
Federal Government	0	0	244,081	244,081	244,081
Other Governments and Citizens Groups	0	0	0	0	122,517
Total Revenues	0 \$	0 \$	247,118 \$	247,118 \$	7,286,837
<u>Expenditures</u>					
Current:					
General Government	0 \$	0 \$	0 \$	0 \$	1,125
Administration of Justice	0	0	0	0	14,919
Public Safety	0	0	0	0	60,778
Public Health and Welfare	0	0	0	0	6,743,073
Social, Cultural, and Recreational Services	0	0	0	0	269,743
Other Operations	0	0	357,412	357,412	357,412
Total Expenditures	0 \$	0 \$	357,412 \$	357,412 \$	7,447,050
Excess (Deficiency) of Revenues Over Expenditures	0 \$	0 \$	(110,294) \$	(110,294) \$	(160,213)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	0 \$	(151,184) \$	0 \$	(151,184) \$	(185,184)
Total Other Financing Sources (Uses)	0 \$	(151,184) \$	0 \$	(151,184) \$	(185,184)
Net Change in Fund Balances	0 \$	(151,184) \$	(110,294) \$	(261,478) \$	(345,397)
Fund Balance, July 1, 2010	226,224	151,184	402,657	780,065	3,098,091
Fund Balance, June 30, 2011	226,224 \$	0 \$	292,363 \$	518,587 \$	2,752,694

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 732,950	\$ 0	\$ 0	\$ 732,950	\$ 724,920	\$ 724,920	\$ 8,030
Charges for Current Services	1,009,499	0	0	1,009,499	1,026,668	1,026,668	(17,169)
Other Local Revenues	224,719	0	0	224,719	120,000	120,000	104,719
State of Tennessee	22,513	0	0	22,513	12,448	12,448	10,065
Other Governments and Citizens Groups	97,622	0	0	97,622	101,252	101,252	(3,630)
Total Revenues	\$ 2,087,303	\$ 0	\$ 0	\$ 2,087,303	\$ 1,985,288	\$ 1,985,288	\$ 102,015
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Education/Information	\$ 20,616	(5,025)	0	15,591	26,000	26,000	10,409
Transfer Stations	2,006,635	(110,565)	207,452	2,103,522	2,210,844	2,210,844	107,322
Total Expenditures	\$ 2,027,251	(115,590)	207,452	\$ 2,119,113	\$ 2,236,844	\$ 2,236,844	\$ 117,731
Excess (Deficiency) of Revenues Over Expenditures	\$ 60,052	115,590	(207,452)	(31,810)	(251,556)	(251,556)	219,746
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 60,052	115,590	(207,452)	(31,810)	(251,556)	(251,556)	219,746
Fund Balance, July 1, 2010	1,196,929	(115,590)	0	1,081,339	1,061,000	1,061,000	20,339
Fund Balance, June 30, 2011	\$ 1,256,981	0	(207,452)	1,049,529	809,444	809,444	240,085

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 4,541,208	\$ 0	\$ 0	\$ 4,541,208	\$ 4,747,415	\$ 4,747,415	\$ (206,207)
Other Local Revenues	389	0	0	389	109	109	280
Other Governments and Citizens Groups	21,982	0	0	21,982	16,000	32,570	(10,588)
Total Revenues	\$ 4,563,579	\$ 0	\$ 0	\$ 4,563,579	\$ 4,763,524	\$ 4,780,094	\$ (216,515)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 4,715,822	\$ (213,082)	\$ 277,668	\$ 4,780,408	\$ 4,896,839	\$ 4,913,409	\$ 133,001
Total Expenditures	\$ 4,715,822	\$ (213,082)	\$ 277,668	\$ 4,780,408	\$ 4,896,839	\$ 4,913,409	\$ 133,001
<u>Excess (Deficiency) of Revenues Over Expenditures</u>	\$ (152,243)	\$ 213,082	\$ (277,668)	\$ (216,829)	\$ (133,315)	\$ (133,315)	\$ (83,514)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (34,000)	\$ 0	\$ 0	\$ (34,000)	\$ (34,000)	\$ (34,000)	\$ 0
Total Other Financing Sources (Uses)	\$ (34,000)	\$ 0	\$ 0	\$ (34,000)	\$ (34,000)	\$ (34,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (186,243)	\$ 213,082	\$ (277,668)	\$ (250,829)	\$ (167,315)	\$ (167,315)	\$ (83,514)
Fund Balance, July 1, 2010	1,020,777	(213,082)	0	807,695	815,000	815,000	(7,305)
Fund Balance, June 30, 2011	\$ 834,534	\$ 0	\$ (277,668)	\$ 556,866	\$ 647,685	\$ 647,685	\$ (90,819)

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 104,054	\$ 0	\$ 104,054	\$ 71,854	\$ 71,854	\$ 32,200
Other Local Revenues	0	0	0	350	350	(350)
Total Revenues	\$ 104,054	\$ 0	\$ 104,054	\$ 72,204	\$ 72,204	\$ 31,850
<u>Expenditures</u>						
Public Safety						
Sheriff's Department	\$ 60,778	\$ 1,946	\$ 62,724	\$ 72,204	\$ 72,204	\$ 9,480
Total Expenditures	\$ 60,778	\$ 1,946	\$ 62,724	\$ 72,204	\$ 72,204	\$ 9,480
Excess (Deficiency) of Revenues Over Expenditures	\$ 43,276	\$ (1,946)	\$ 41,330	\$ 0	\$ 0	\$ 41,330
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 43,276	\$ (1,946)	\$ 41,330	\$ 0	\$ 0	\$ 41,330
	869	0	869	0	0	869
Fund Balance, June 30, 2011	\$ 44,145	\$ (1,946)	\$ 42,199	\$ 0	\$ 0	\$ 42,199

Exhibit G-5

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 262,923	\$ 0	\$ 0	\$ 262,923	\$ 247,424	\$ 257,424	\$ 5,499
Other Local Revenues	0	0	0	0	338	338	(338)
Other Governments and Citizens Groups	2,913	0	0	2,913	0	0	2,913
Total Revenues	\$ 265,836	\$ 0	\$ 0	\$ 265,836	\$ 247,762	\$ 257,762	\$ 8,074
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 269,743	\$ (619)	\$ 139	\$ 269,263	\$ 247,762	\$ 272,762	\$ 3,499
Total Expenditures	\$ 269,743	\$ (619)	\$ 139	\$ 269,263	\$ 247,762	\$ 272,762	\$ 3,499
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,907)	\$ 619	\$ (139)	\$ (3,427)	\$ 0	\$ (15,000)	\$ 11,573
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (3,907)	\$ 619	\$ (139)	\$ (3,427)	\$ 0	\$ (15,000)	\$ 11,573
	82,510	(619)	0	81,891	75,000	75,000	6,891
Fund Balance, June 30, 2011	\$ 78,603	\$ 0	\$ (139)	\$ 78,464	\$ 75,000	\$ 60,000	\$ 18,464

Major Governmental Fund

General Debt Service Fund

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.

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,718,806	\$ 3,668,096	\$ 3,668,096	\$ 50,710
Other Local Revenues	292,481	647,441	577,976	(285,495)
Other Governments and Citizens Groups	310,113	1,047,831	310,104	9
Total Revenues	<u>\$ 4,321,400</u>	<u>\$ 5,363,368</u>	<u>\$ 4,556,176</u>	<u>\$ (234,776)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 72,678	\$ 53,000	\$ 74,500	\$ 1,822
<u>Principal on Debt</u>				
General Government	1,870,000	2,598,000	1,870,000	0
Education	804,940	804,940	804,940	0
<u>Interest on Debt</u>				
General Government	1,592,447	1,117,136	1,592,449	2
Education	450,774	1,035,260	473,133	22,359
<u>Other Debt Service</u>				
General Government	1,490	14,000	13,094	11,604
Education	13,301	27,800	14,829	1,528
Total Expenditures	<u>\$ 4,805,630</u>	<u>\$ 5,650,136</u>	<u>\$ 4,842,945</u>	<u>\$ 37,315</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (484,230)</u>	<u>\$ (286,768)</u>	<u>\$ (286,769)</u>	<u>\$ (197,461)</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 107,940	\$ 0	\$ 107,940	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 107,940</u>	<u>\$ 0</u>	<u>\$ 107,940</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (376,290)	\$ (286,768)	\$ (178,829)	\$ (197,461)
Fund Balance, July 1, 2010	<u>939,710</u>	<u>1,076,497</u>	<u>1,076,497</u>	<u>(136,787)</u>
Fund Balance, June 30, 2011	<u>\$ 563,420</u>	<u>\$ 789,729</u>	<u>\$ 897,668</u>	<u>\$ (334,248)</u>

Proprietary Funds

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

Self-Insurance Fund – The Self-Insurance Fund is used to account for the self-insured general liability, property, casualty, and workers’ compensation programs managed by the county for the primary government and the discretely presented School Department.

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

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Assets
All Proprietary Funds
June 30, 2011

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 82,544	\$ 0	\$ 82,544
Equity in Pooled Cash and Investments	1,185,469	482,000	1,667,469
Accounts Receivable	107,682	0	107,682
Due from Component Units	174,807	0	174,807
Prepaid Items	0	820	820
Total Assets	<u>\$ 1,550,502</u>	<u>\$ 482,820</u>	<u>\$ 2,033,322</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 78,946	\$ 0	\$ 78,946
Claims and Judgments Payable	456,026	111	456,137
Total Liabilities	<u>\$ 534,972</u>	<u>\$ 111</u>	<u>\$ 535,083</u>
<u>NET ASSETS</u>			
Unrestricted	<u>\$ 1,015,530</u>	<u>\$ 482,709</u>	<u>\$ 1,498,239</u>
Total Net Assets	<u>\$ 1,015,530</u>	<u>\$ 482,709</u>	<u>\$ 1,498,239</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, 2011

	<u>Internal Service Funds</u>		
	Self-	Employee	
	Insurance	Insurance - General	Total
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 536,925	\$ 282,103	\$ 819,028
Cobra Insurance Payments	0	2,117	2,117
Total Operating Revenues	<u>\$ 536,925</u>	<u>\$ 284,220</u>	<u>\$ 821,145</u>
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 55,750	\$ 25,727	\$ 81,477
Dental Insurance	0	304,872	304,872
Audit Services	3,000	0	3,000
Contracts with Private Agencies	1,927	0	1,927
Building and Contents Insurance	144,679	0	144,679
Boiler Insurance	1,357	0	1,357
Liability Insurance	19,665	0	19,665
Medical Claims	0	308,217	308,217
Trustee's Commission	51	232	283
Vehicle and Equipment Insurance	149,803	0	149,803
Workers' Compensation Insurance	550,763	0	550,763
Total Operating Expenses	<u>\$ 926,995</u>	<u>\$ 639,048</u>	<u>\$ 1,566,043</u>
Operating Income (Loss)	<u>\$ (390,070)</u>	<u>\$ (354,828)</u>	<u>\$ (744,898)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 5,145	\$ 0	\$ 5,145
Miscellaneous Refunds	39,861	0	39,861
Total Nonoperating Revenues (Expenses)	<u>\$ 45,006</u>	<u>\$ 0</u>	<u>\$ 45,006</u>
Change in Net Assets	\$ (345,064)	\$ (354,828)	\$ (699,892)
Net Assets, July 1, 2010	<u>1,360,594</u>	<u>837,537</u>	<u>2,198,131</u>
Net Assets, June 30, 2011	<u>\$ 1,015,530</u>	<u>\$ 482,709</u>	<u>\$ 1,498,239</u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2011

	<u>Internal Service Funds</u>		
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-insurance Premiums	\$ 289,243	\$ 430,132	\$ 719,375
Payments to Insurers and Claims Payments	(796,834)	(613,798)	(1,410,632)
Payments for Administrative Costs	(60,728)	(25,959)	(86,687)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (568,319)</u>	<u>\$ (209,625)</u>	<u>\$ (777,944)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	\$ 5,145	\$ 0	\$ 5,145
Net Cash Provided By (Used In) Investing Activities	<u>\$ 5,145</u>	<u>\$ 0</u>	<u>\$ 5,145</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Miscellaneous Refunds	\$ 39,861	\$ 0	\$ 39,861
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 39,861</u>	<u>\$ 0</u>	<u>\$ 39,861</u>
Increase (Decrease) in Cash	\$ (523,313)	\$ (209,625)	\$ (732,938)
Cash, July 1, 2010	1,791,326	691,625	2,482,951
Cash, June 30, 2011	<u>\$ 1,268,013</u>	<u>\$ 482,000</u>	<u>\$ 1,750,013</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (390,070)	\$ (354,828)	\$ (744,898)
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	(247,682)	145,912	(101,770)
(Increase) Decrease in Prepaid Expenses	0	(820)	(820)
Increase (Decrease) in Other Current Liabilities	69,433	111	69,544
Net Cash Provided By (Used In) Operating Activities	<u>\$ (568,319)</u>	<u>\$ (209,625)</u>	<u>\$ (777,944)</u>

Fiduciary Funds

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

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

City School ADA - Bristol Fund and City School ADA - Kingsport Fund – These two funds are used to account for the city school systems' shares of education revenues collected by the county 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, 2011

	Agency Funds								Total
	City		City		Airport		Constitu-		
	Cities - Sales Tax	School ADA - Bristol	School ADA - Kingsport	School ADA - Kingsport	Joint Venture	Officers - Agency	Judicial District Drug		
<u>ASSETS</u>									
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,342,577	\$ 0	\$ 7,342,577	
Equity in Pooled Cash and Investments	0	404,532	630,639	24,569	0	0	185,008	1,244,748	
Accounts Receivable	0	292	455	0	0	1,433	8,873	11,053	
Due from Other Governments	3,258,809	710,888	1,100,762	0	0	0	6,866	5,077,325	
Taxes Receivable	0	9,512,769	14,829,792	0	0	0	0	24,342,561	
Allowance for Uncollectible Taxes	0	(313,225)	(488,296)	0	0	0	0	(801,521)	
Total Assets	\$ 3,258,809	\$ 10,315,256	\$ 16,073,352	\$ 24,569	\$ 7,344,010	\$ 200,747	\$ 37,216,743		
<u>LIABILITIES</u>									
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 234	\$ 0	\$ 234	
Due to Other Taxing Units	3,258,809	10,315,256	16,073,352	0	0	0	0	29,647,417	
Due to Litigants, Heirs, and Others	0	0	0	0	0	7,344,010	0	7,344,010	
Due to Joint Ventures	0	0	0	24,569	0	200,513	0	225,082	
Total Liabilities	\$ 3,258,809	\$ 10,315,256	\$ 16,073,352	\$ 24,569	\$ 7,344,010	\$ 200,747	\$ 37,216,743		

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 18,844,265	\$ 18,844,265	\$ 0
Due from Other Governments	3,057,092	3,258,809	3,057,092	3,258,809
Total Assets	\$ 3,057,092	\$ 22,103,074	\$ 21,901,357	\$ 3,258,809
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,057,092	\$ 22,103,074	\$ 21,901,357	\$ 3,258,809
Total Liabilities	\$ 3,057,092	\$ 22,103,074	\$ 21,901,357	\$ 3,258,809
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 384,752	\$ 13,265,514	\$ 13,245,734	\$ 404,532
Accounts Receivable	256	292	256	292
Due from Other Governments	665,598	710,888	665,598	710,888
Taxes Receivable	9,626,988	9,512,769	9,626,988	9,512,769
Allowance for Uncollectible Taxes	(319,517)	(313,225)	(319,517)	(313,225)
Total Assets	\$ 10,358,077	\$ 23,176,238	\$ 23,219,059	\$ 10,315,256
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 10,358,077	\$ 23,176,238	\$ 23,219,059	\$ 10,315,256
Total Liabilities	\$ 10,358,077	\$ 23,176,238	\$ 23,219,059	\$ 10,315,256
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 591,540	\$ 20,681,719	\$ 20,642,620	\$ 630,639
Accounts Receivable	393	455	393	455
Due from Other Governments	1,016,316	1,100,762	1,016,316	1,100,762
Taxes Receivable	14,805,461	14,829,792	14,805,461	14,829,792
Allowance for Uncollectible Taxes	(491,391)	(488,296)	(491,391)	(488,296)
Total Assets	\$ 15,922,319	\$ 36,124,432	\$ 35,973,399	\$ 16,073,352
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 15,922,319	\$ 36,124,432	\$ 35,973,399	\$ 16,073,352
Total Liabilities	\$ 15,922,319	\$ 36,124,432	\$ 35,973,399	\$ 16,073,352
<u>Airport Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 90,563	\$ 3,958	\$ 69,952	\$ 24,569
Total Assets	\$ 90,563	\$ 3,958	\$ 69,952	\$ 24,569

(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	\$ 90,563	\$ 3,958	\$ 69,952	\$ 24,569
Total Liabilities	\$ 90,563	\$ 3,958	\$ 69,952	\$ 24,569
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 7,834,793	\$ 23,935,304	\$ 24,427,520	\$ 7,342,577
Accounts Receivable	2,861	1,433	2,861	1,433
Total Assets	\$ 7,837,654	\$ 23,936,737	\$ 24,430,381	\$ 7,344,010
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 7,837,654	\$ 23,936,737	\$ 24,430,381	\$ 7,344,010
Total Liabilities	\$ 7,837,654	\$ 23,936,737	\$ 24,430,381	\$ 7,344,010
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 112,792	\$ 226,073	\$ 153,857	\$ 185,008
Accounts Receivable	0	8,873	0	8,873
Due from Other Governments	9,549	6,866	9,549	6,866
Total Assets	\$ 122,341	\$ 241,812	\$ 163,406	\$ 200,747
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 234	\$ 0	\$ 234
Due to Joint Ventures	122,341	241,578	163,406	200,513
Total Liabilities	\$ 122,341	\$ 241,812	\$ 163,406	\$ 200,747
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 7,834,793	\$ 23,935,304	\$ 24,427,520	\$ 7,342,577
Equity in Pooled Cash and Investments	1,179,647	53,021,529	52,956,428	1,244,748
Accounts Receivable	3,510	11,053	3,510	11,053
Due from Other Governments	4,748,555	5,077,325	4,748,555	5,077,325
Taxes Receivable	24,432,449	24,342,561	24,432,449	24,342,561
Allowance for Uncollectible Taxes	(810,908)	(801,521)	(810,908)	(801,521)
Total Assets	\$ 37,388,046	\$ 105,586,251	\$ 105,757,554	\$ 37,216,743
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 234	\$ 0	\$ 234
Due to Joint Ventures	212,904	245,536	233,358	225,082
Due to Other Taxing Units	29,337,488	81,403,744	81,093,815	29,647,417
Due to Litigants, Heirs, and Others	7,837,654	23,936,737	24,430,381	7,344,010
Total Liabilities	\$ 37,388,046	\$ 105,586,251	\$ 105,757,554	\$ 37,216,743

Sullivan County School Department

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

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

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

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, 2011

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	\$ 63,628,871	\$ 7,004,733	\$ 5,200,631	\$ 0	\$	\$ (51,423,507)
Support Services	31,782,199	1,171,022	28,459	360,793		(30,221,925)
Operation of Non-Instructional Services	6,099,669	3,591,064	0	1,824,106	0	(684,499)
Interest on Long-term Debt	911,277	0	0	0	0	(911,277)
Total Governmental Activities	\$ 102,422,016	\$ 11,766,819	\$ 5,229,090	\$ 2,184,899	\$	\$ (83,241,208)
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$	\$ 26,257,007
Local Option Sales Tax						11,830,754
Other Local Taxes						4,202
Grants and Contributions Not Restricted for Specific Programs						44,685,372
Unrestricted Investment Income						128
Other						603,121
Total General Revenues					\$	\$ 83,380,584
Change in Net Assets					\$	\$ 139,376
Net Assets, July 1, 2010						34,740,338
Net Assets, June 30, 2011					\$	\$ 34,879,714

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2011

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	<u>Total</u>
	General	Other	Govern-
	Purpose	Govern-	mental
	School	Funds	Funds
<u>ASSETS</u>			
Cash	\$ 24,882	\$ 0	\$ 24,882
Equity in Pooled Cash and Investments	4,551,157	713,331	5,264,488
Inventories	420,643	0	420,643
Accounts Receivable	249,775	1,201	250,976
Due from Other Governments	3,360,526	182,109	3,542,635
Due from Other Funds	168,648	0	168,648
Due from Primary Government	305,177	839,608	1,144,785
Property Taxes Receivable	25,987,021	1,342,165	27,329,186
Allowance for Uncollectible Property Taxes	(855,666)	(44,193)	(899,859)
Total Assets	<u>\$ 34,212,163</u>	<u>\$ 3,034,221</u>	<u>\$ 37,246,384</u>

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>			
Accounts Payable	\$ 588,971	\$ 78,007	\$ 666,978
Payroll Deductions Payable	338,478	0	338,478
Contracts Payable	0	797,627	797,627
Retainage Payable	0	86,806	86,806
Due to Other Funds	0	168,648	168,648
Due to Primary Government	242,353	0	242,353
Due to State of Tennessee	6	0	6
Other Current Liabilities	72,650	0	72,650
Deferred Revenue - Current Property Taxes	24,470,976	1,263,865	25,734,841
Deferred Revenue - Delinquent Property Taxes	599,825	30,979	630,804
Other Deferred Revenues	1,481,957	0	1,481,957
Total Liabilities	<u>\$ 27,795,216</u>	<u>\$ 2,425,932</u>	<u>\$ 30,221,148</u>

<u>Fund Balances</u>			
Nonspendable:			
Inventory	\$ 420,643	\$ 0	\$ 420,643
Restricted:			
Restricted for Education	197,902	552,329	750,231
Restricted for Debt Service	0	55,960	55,960
Committed:			
Committed for Education	2,473,033	0	2,473,033
Assigned:			
Assigned for Education	69,314	0	69,314
Unassigned	3,256,055	0	3,256,055
Total Fund Balances	<u>\$ 6,416,947</u>	<u>\$ 608,289</u>	<u>\$ 7,025,236</u>

Total Liabilities and Fund Balances	<u>\$ 34,212,163</u>	<u>\$ 3,034,221</u>	<u>\$ 37,246,384</u>
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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, 2011

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)		\$	7,025,236
(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		5,252,445	
Add: buildings and improvements net of accumulated depreciation		48,448,223	
Add: other capital assets net of accumulated depreciation		<u>2,543,065</u>	57,367,981
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			2,112,761
(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.			86,060
(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.			(110,166)
(5) Long-term liabilities, including capital leases payable and bonds payable, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: capital lease payable	\$	(31,005)	
Less: bonds payable		(13,220,000)	
Less: compensated absences payable		(2,756,033)	
Less: other postemployment benefits liability		(14,856,916)	
Less: unamortized premiums on bonds		<u>(738,204)</u>	<u>(31,602,158)</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 34,879,714</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, 2011

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General	Other	Total
	Purpose	Govern-	Governmental
	School	mental	Funds
		Funds	Funds
<u>Revenues</u>			
Local Taxes	\$ 36,879,870	\$ 1,294,677	\$ 38,174,547
Licenses and Permits	6,586	0	6,586
Charges for Current Services	1,872,072	0	1,872,072
Other Local Revenues	615,938	0	615,938
State of Tennessee	44,357,900	0	44,357,900
Federal Government	4,595,060	7,353,090	11,948,150
Other Governments and Citizens Groups	5,000	5,190,867	5,195,867
Total Revenues	<u>\$ 88,332,426</u>	<u>\$ 13,838,634</u>	<u>\$ 102,171,060</u>
<u>Expenditures</u>			
Current:			
Finance	\$ 0	\$ 21,271	\$ 21,271
Instruction	51,503,738	5,839,453	57,343,191
Support Services	29,799,186	1,547,705	31,346,891
Operation of Non-Instructional Services	6,131,106	0	6,131,106
Capital Outlay	27,003	1,050,622	1,077,625
Debt Service:			
Principal on Debt	20,918	1,375,000	1,395,918
Interest on Debt	23,461	722,875	746,336
Other Debt Service	240,649	501	241,150
Capital Projects	0	5,190,867	5,190,867
Total Expenditures	<u>\$ 87,746,061</u>	<u>\$ 15,748,294</u>	<u>\$ 103,494,355</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 586,365</u>	<u>\$ (1,909,660)</u>	<u>\$ (1,323,295)</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 133,225	\$ 0	\$ 133,225
Transfers In	412,000	2,127,147	2,539,147
Transfers Out	(2,127,147)	(412,000)	(2,539,147)
Total Other Financing Sources (Uses)	<u>\$ (1,581,922)</u>	<u>\$ 1,715,147</u>	<u>\$ 133,225</u>
Net Change in Fund Balances	\$ (995,557)	\$ (194,513)	\$ (1,190,070)
Fund Balance, July 1, 2010	7,412,504	802,802	8,215,306
Fund Balance, June 30, 2011	<u>\$ 6,416,947</u>	<u>\$ 608,289</u>	<u>\$ 7,025,236</u>

Exhibit K-5

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and Changes
in Fund Balances of Governmental Funds to the Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2011

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)		\$	(1,190,070)
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	5,750,501	
Less: current-year depreciation expense		<u>(2,550,021)</u>	3,200,480
(2) 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, 2010	\$	(1,722,429)	
Add: deferred delinquent property taxes/other deferred June 30, 2011		<u>2,112,761</u>	390,332
(3) The issuance of long-term debt (e.g., notes, leases, bonds) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net assets.			
Less: change in deferred amount on refunding	\$	(30,007)	
Add: principal payments on bonds		1,375,000	
Add: principal payments on capital lease		20,918	
Add: change in premium on debt issuances		108,559	
Less: change in deferred debt issuance costs		<u>(12,656)</u>	1,461,814
(4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.			
Change in accrued interest payable	\$	10,313	
Change in compensated absences payable		(28,206)	
Change in other postemployment benefits liability		<u>(3,705,287)</u>	<u>(3,723,180)</u>
Change in net assets of governmental activities (Exhibit B)			<u>\$ 139,376</u>

Exhibit K-6

Sullivan County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Sullivan County School Department
 June 30, 2011

	Special Revenue Funds			Total	Debt Service		Capital Projects		Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects			Education Debt Service	Education Capital Projects	Education Capital Projects		
\$ 566,068 \$	91,303 \$	657,371 \$	55,960 \$	0 \$	0 \$	713,331			
0	1,201	1,201	0	0	0	1,201			
0	182,109	182,109	0	0	0	182,109			
0	0	0	0	839,608	0	839,608			
1,342,165	0	1,342,165	0	0	0	1,342,165			
(44,193)	0	(44,193)	0	0	0	(44,193)			
\$ 1,864,040 \$	274,613 \$	2,138,653 \$	55,960 \$	839,608 \$	0 \$	3,034,221			

ASSETS

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

Total Assets

LIABILITIES AND FUND BALANCES

Liabilities

Accounts Payable
 Contracts Payable
 Retainage Payable
 Due to Other Funds
 Deferred Revenue - Current Property Taxes
 Deferred Revenue - Delinquent Property Taxes
 Total Liabilities

Fund Balances

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

Total Liabilities and Fund Balances

\$ 1,300 \$	76,707 \$	78,007 \$	0 \$	0 \$	78,007
0	0	0	0	797,627	797,627
44,825	0	44,825	0	41,981	86,806
0	168,648	168,648	0	0	168,648
1,263,865	0	1,263,865	0	0	1,263,865
30,979	0	30,979	0	0	30,979
\$ 1,340,969 \$	245,355 \$	1,586,324 \$	0 \$	839,608 \$	2,425,932
\$ 523,071 \$	29,258 \$	552,329 \$	0 \$	0 \$	552,329
0	0	0	55,960	0	55,960
\$ 523,071 \$	29,258 \$	552,329 \$	55,960 \$	0 \$	608,289
\$ 1,864,040 \$	274,613 \$	2,138,653 \$	55,960 \$	839,608 \$	3,034,221

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, 2011

	Special Revenue Funds			Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Total			
<u>Revenues</u>						
Local Taxes	\$ 1,294,677	\$ 0	\$ 1,294,677	\$ 0	\$ 0	\$ 1,294,677
Federal Government	0	7,353,090	7,353,090	0	0	7,353,090
Other Governments and Citizens Groups	0	0	0	0	5,190,867	5,190,867
Total Revenues	\$ 1,294,677	\$ 7,353,090	\$ 8,647,767	\$ 0	\$ 5,190,867	\$ 13,838,634
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 21,271	\$ 0	\$ 21,271
Instruction	0	5,839,453	5,839,453	0	0	5,839,453
Support Services	25,626	1,522,079	1,547,705	0	0	1,547,705
Capital Outlay	1,050,622	0	1,050,622	0	0	1,050,622
Debt Service:						
Principal on Debt	0	0	0	1,375,000	0	1,375,000
Interest on Debt	0	0	0	722,875	0	722,875
Other Debt Service	0	0	0	501	0	501
Capital Projects	0	0	0	0	5,190,867	5,190,867
Total Expenditures	\$ 1,076,248	\$ 7,361,532	\$ 8,437,780	\$ 2,119,647	\$ 5,190,867	\$ 15,748,294
Excess (Deficiency) of Revenues Over Expenditures	\$ 218,429	\$ (8,442)	\$ 209,987	\$ (2,119,647)	\$ 0	\$ (1,909,660)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 0	\$ 0	\$ 2,127,147	\$ 0	\$ 2,127,147
Transfers Out	(412,000)	0	(412,000)	0	0	(412,000)
Total Other Financing Sources (Uses)	\$ (412,000)	\$ 0	\$ (412,000)	\$ 2,127,147	\$ 0	\$ 1,715,147
Net Change in Fund Balances Fund Balance, July 1, 2010	\$ (193,571)	\$ (8,442)	\$ (202,013)	\$ 7,500	\$ 0	\$ (194,513)
	716,642	37,700	754,342	48,460	0	802,802
Fund Balance, June 30, 2011	\$ 523,071	\$ 29,258	\$ 552,329	\$ 55,960	\$ 0	\$ 608,289

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 36,879,870	\$ 0	\$ 0	\$ 36,879,870	\$ 37,613,219	\$ 37,613,219	\$ (733,349)
Licenses and Permits	6,586	0	0	6,586	6,000	6,000	586
Charges for Current Services	1,872,072	0	0	1,872,072	2,644,500	2,644,500	(772,428)
Other Local Revenues	615,938	0	0	615,938	458,700	458,700	157,238
State of Tennessee	44,357,900	0	0	44,357,900	43,528,014	44,696,146	(338,246)
Federal Government	4,595,060	0	0	4,595,060	3,008,127	4,569,344	25,716
Other Governments and Citizens Groups	5,000	0	0	5,000	0	5,000	0
Total Revenues	\$ 88,332,426	\$ 0	\$ 0	\$ 88,332,426	\$ 87,258,560	\$ 89,992,909	\$ (1,660,483)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 42,980,295	\$ (37,590)	\$ 0	\$ 42,942,705	\$ 44,254,173	\$ 44,693,283	\$ 1,750,578
Special Education Program	5,579,377	(1,394)	0	5,577,983	5,682,381	5,801,995	224,012
Vocational Education Program	2,944,066	0	0	2,944,066	3,021,995	3,048,522	104,456
<u>Support Services</u>							
Health Services	98,309	0	504	98,813	129,385	131,300	32,487
Other Student Support	1,897,547	0	0	1,897,547	1,873,832	1,915,565	18,018
Regular Instruction Program	3,243,345	(20,171)	2,056	3,225,230	3,401,287	3,411,101	185,871
Special Education Program	193,069	0	0	193,069	240,755	241,338	48,269
Vocational Education Program	106,694	0	0	106,694	160,242	160,242	53,548
Other Programs	1,101,673	0	0	1,101,673	0	1,101,673	0
Board of Education	1,673,261	0	57,580	1,730,841	1,693,849	1,793,849	63,008
Director of Schools	634,071	0	0	634,071	702,137	693,877	59,806
Office of the Principal	5,905,873	0	0	5,905,873	5,990,424	6,050,137	144,264

(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 7/1/2010	Add: Encumbrances 6/30/2011	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	\$ 364,004	\$ 0	\$ 0	\$ 364,004	\$ 403,652	\$ 403,652	\$ 39,648
Operation of Plant	6,413,525	0	0	6,413,525	6,488,244	6,569,715	156,190
Maintenance of Plant	3,788,014	(4,036)	2,830	3,786,808	3,778,663	3,814,663	27,855
Transportation	4,068,954	0	0	4,068,954	4,121,880	4,085,729	16,775
Central and Other	310,847	0	0	310,847	344,839	347,839	36,992
<u>Operation of Non-Instructional Services</u>							
Food Service	6,103,857	(33,197)	46,772	6,117,432	6,188,402	6,921,227	803,795
Community Services	27,249	0	0	27,249	56,383	56,383	29,134
<u>Capital Outlay</u>							
Regular Capital Outlay	27,003	(9,601)	0	17,402	107,500	107,500	90,098
Principal on Debt	20,918	0	0	20,918	0	20,918	0
Education	23,461	0	0	23,461	60,000	63,859	40,398
Other Debt Service							
Education	240,649	0	0	240,649	0	240,649	0
Total Expenditures	\$ 87,746,061	\$ (105,989)	\$ 109,742	\$ 87,749,814	\$ 88,700,023	\$ 91,675,016	\$ 3,925,202
<u>Excess (Deficiency) of Revenues</u>							
Over Expenditures	\$ 586,365	\$ 105,989	\$ (109,742)	\$ 582,612	\$ (1,441,463)	\$ (1,682,107)	\$ 2,264,719
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 133,225	\$ 0	\$ 0	\$ 133,225	\$ 0	\$ 0	\$ 133,225

(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 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Other Financing Sources (Uses) (Cont.)</u>							
Transfers In	\$ 412,000	0	0	412,000	\$ 412,000	\$ 412,000	\$ 0
Transfers Out	(2,127,147)	0	0	(2,127,147)	(2,127,146)	(2,127,148)	1
Total Other Financing Sources (Uses)	\$ (1,581,922)	0	0	(1,581,922)	(1,715,146)	(1,715,148)	133,226
Net Change in Fund Balance	\$ (995,557)	105,989	(109,742)	(999,310)	(3,156,609)	(3,397,255)	2,397,945
Fund Balance, July 1, 2010	7,412,504	(105,989)	0	7,306,515	7,610,439	7,610,439	(303,924)
Fund Balance, June 30, 2011	\$ 6,416,947	0	(109,742)	6,307,205	4,453,830	4,213,184	2,094,021

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,294,677	\$ 0	\$ 0	\$ 1,294,677	\$ 1,310,949	\$ 1,310,949	\$ (16,272)
Total Revenues	\$ 1,294,677	\$ 0	\$ 0	\$ 1,294,677	\$ 1,310,949	\$ 1,310,949	\$ (16,272)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 25,626	\$ 0	\$ 0	\$ 25,626	\$ 26,000	\$ 26,000	\$ 374
<u>Capital Outlay</u>							
Regular Capital Outlay	1,050,622	(965,152)	15,125	100,595	872,949	872,949	772,354
Total Expenditures	\$ 1,076,248	\$ (965,152)	\$ 15,125	\$ 126,221	\$ 898,949	\$ 898,949	\$ 772,728
Excess (Deficiency) of Revenues Over Expenditures	\$ 218,429	\$ 965,152	\$ (15,125)	\$ 1,168,456	\$ 412,000	\$ 412,000	\$ 756,456
<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, 2010	\$ (193,571)	\$ 965,152	\$ (15,125)	\$ 756,456	\$ 0	\$ 0	\$ 756,456
Fund Balance, June 30, 2011	\$ 716,642	\$ (965,152)	\$ 0	\$ (248,510)	\$ 229,681	\$ 229,681	\$ (478,191)
	\$ 523,071	\$ 0	\$ (15,125)	\$ 507,946	\$ 229,681	\$ 229,681	\$ 278,265

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, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,353,090	\$ 0	\$ 0	\$ 7,353,090	\$ 9,401,104	\$ 9,490,818	\$ (2,137,728)
Total Revenues	\$ 7,353,090	\$ 0	\$ 0	\$ 7,353,090	\$ 9,401,104	\$ 9,490,818	\$ (2,137,728)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,626,998	(372)	9,388	\$ 2,636,014	\$ 2,904,171	\$ 3,021,036	\$ 385,022
Special Education Program	2,998,924	0	120	2,999,044	3,715,357	3,728,886	729,842
Vocational Education Program	213,531	0	494	214,025	202,234	214,029	4
<u>Support Services</u>							
Attendance	22,444	0	0	22,444	21,700	22,444	0
Other Student Support	186,557	0	0	186,557	214,234	207,538	20,981
Regular Instruction Program	775,277	0	107,608	882,885	1,362,876	1,321,451	438,566
Special Education Program	76,270	0	0	76,270	209,802	199,802	123,532
Vocational Education Program	1,901	0	0	1,901	7,000	1,901	0
Transportation	459,630	0	257,645	717,275	801,430	811,431	94,156
Total Expenditures	\$ 7,361,532	(372)	\$ 375,255	\$ 7,736,415	\$ 9,438,804	\$ 9,528,518	\$ 1,792,103
Excess (Deficiency) of Revenues Over Expenditures	\$ (8,442)	\$ 372	\$ (375,255)	\$ (383,325)	\$ (37,700)	\$ (37,700)	\$ (345,625)
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 278,406	\$ 278,406	\$ (278,406)
Transfers Out	0	0	0	0	(278,406)	(278,406)	278,406
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (8,442)	\$ 372	\$ (375,255)	\$ (383,325)	\$ (37,700)	\$ (37,700)	\$ (345,625)
Fund Balance, July 1, 2010	37,700	(372)	0	37,328	37,700	37,700	(372)
Fund Balance, June 30, 2011	\$ 29,258	\$ 0	\$ (375,255)	\$ (345,997)	\$ 0	\$ 0	\$ (345,997)

Exhibit K-11

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sullivan County School Department
Education Debt Service Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 2,127,146	\$ 0	\$ 0
Total Revenues	\$ 0	\$ 2,127,146	\$ 0	\$ 0
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 21,271	\$ 21,271	\$ 21,271	\$ 0
<u>Principal on Debt</u>				
Education	1,375,000	1,375,000	1,375,000	0
<u>Interest on Debt</u>				
Education	722,875	722,875	722,875	0
<u>Other Debt Service</u>				
Education	501	8,000	8,000	7,499
Total Expenditures	\$ 2,119,647	\$ 2,127,146	\$ 2,127,146	\$ 7,499
Excess (Deficiency) of Revenues Over Expenditures	\$ (2,119,647)	\$ 0	\$ (2,127,146)	\$ 7,499
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 2,127,147	\$ 0	\$ 2,127,146	\$ 1
Total Other Financing Sources (Uses)	\$ 2,127,147	\$ 0	\$ 2,127,146	\$ 1
Net Change in Fund Balance	\$ 7,500	\$ 0	\$ 0	\$ 7,500
Fund Balance, July 1, 2010	48,460	7,496	7,496	40,964
Fund Balance, June 30, 2011	\$ 55,960	\$ 7,496	\$ 7,496	\$ 48,464

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Sullivan County School Department
 For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT								
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding, Series 2003	\$ 3,330,000	3.2 %	12-1-03	4-1-11	\$ 1,075,000	0	\$ 1,075,000	0
Industrial Park	1,995,000	4.5 to 5.05	6-1-05	4-1-17	1,650,000	0	100,000	1,550,000
Industrial Park	505,000	5.54	2-1-06	2-1-17	425,000	0	25,000	400,000
Total Payable through General Debt Service Fund					\$ 3,150,000	0	\$ 1,200,000	\$ 1,950,000
Total Notes Payable					\$ 3,150,000	0	\$ 1,200,000	\$ 1,950,000
OTHER LOANS PAYABLE								
<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	\$ 15,480,000	0	\$ 804,940	\$ 14,675,060
Qualified School Construction Bonds, Series 2010	5,073,000	0	10-7-10	8-1-27	0	5,073,000	0	5,073,000
Total Other Loans Payable					\$ 15,480,000	5,073,000	\$ 804,940	\$ 19,748,060
BONDS PAYABLE								
<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	\$ 2,060,000	0	\$ 385,000	\$ 1,675,000
General Obligation Public Improvement Bonds, Series 2005	6,000,000	3.25 to 4.1	6-1-05	5-1-25	5,320,000	0	185,000	5,135,000
Schools Refunding	16,320,000	4.75 to 5	9-1-05	4-1-24	16,320,000	0	0	16,320,000
Industrial Park Series 2007	6,500,000	5.9 to 6.25	6-21-07	4-1-28	6,300,000	0	100,000	6,200,000
Total Bonds Payable					\$ 30,000,000	0	\$ 670,000	\$ 29,330,000

(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 7-1-10	Issued During Period	Matured During Period	Outstanding 6-30-11
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>								
<u>CAPITAL LEASE PAYABLE</u>								
Payable through General Purpose School Fund	\$ 99,273	9.086 %	11-1-07	10-1-12	\$ 51,923	\$ 0	\$ 20,918	\$ 31,005
Copiers								
Total Capital Lease Payable					\$ 51,923	\$ 0	\$ 20,918	\$ 31,005
<u>BONDS PAYABLE</u>								
Payable through Education Debt Service Fund								
Schools	24,200,000	4 to 5	5-1-01	5-1-11	\$ 1,375,000	\$ 0	\$ 1,375,000	\$ 0
Schools Refunding	13,220,000	5	11-1-04	5-1-19	13,220,000	0	0	13,220,000
Total Bonds Payable					\$ 14,595,000	\$ 0	\$ 1,375,000	\$ 13,220,000

Exhibit L-2

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

PRIMARY GOVERNMENT

Year Ending June 30	Notes		Total
	Principal	Interest	
2012	\$ 280,000	\$ 99,123	\$ 379,123
2013	285,000	85,163	370,163
2014	315,000	70,814	385,814
2015	345,000	54,838	399,838
2016	350,000	37,210	387,210
2017	375,000	19,305	394,305
Total	\$ 1,950,000	\$ 366,453	\$ 2,316,453

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2012	\$ 1,229,717	\$ 470,898	\$ 35,018	\$ 1,735,633
2013	1,282,475	480,461	28,569	1,791,505
2014	1,282,475	480,461	19,538	1,782,474
2015	1,282,475	480,461	19,539	1,782,475
2016	1,282,475	480,461	19,538	1,782,474
2017	1,282,475	480,461	19,539	1,782,475
2018	1,282,475	480,461	19,538	1,782,474
2019	1,282,475	480,461	19,539	1,782,475
2020	1,282,475	480,461	19,538	1,782,474
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	\$ 19,748,060	\$ 7,487,055	326,529	\$ 27,561,644

(Continued)

Exhibit L-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		Total
	Principal	Interest	
2012	\$ 1,370,000	\$ 1,427,830	\$ 2,797,830
2013	1,460,000	1,367,840	2,827,840
2014	1,585,000	1,303,100	2,888,100
2015	1,690,000	1,231,025	2,921,025
2016	1,360,000	1,161,775	2,521,775
2017	1,445,000	1,097,400	2,542,400
2018	2,030,000	1,029,063	3,059,063
2019	2,150,000	932,687	3,082,687
2020	2,290,000	830,213	3,120,213
2021	2,455,000	719,887	3,174,887
2022	2,655,000	597,738	3,252,738
2023	2,825,000	465,137	3,290,137
2024	3,025,000	323,987	3,348,987
2025	1,115,000	172,303	1,287,303
2026	600,000	115,313	715,313
2027	625,000	78,412	703,412
2028	650,000	39,975	689,975
Total	\$ 29,330,000	\$ 12,893,685	\$ 42,223,685

DISCRETELY PRESENTED SULLIVAN
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Capital Leases		Total
	Principal	Interest	
2012	\$ 22,900	\$ 1,879	\$ 24,779
2013	8,105	154	8,259
Total	\$ 31,005	\$ 2,033	\$ 33,038

(Continued)

Exhibit L-2

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

DISCRETELY PRESENTED SULLIVAN
COUNTY SCHOOL DEPARTMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 1,395,000	\$ 661,000	\$ 2,056,000
2013	1,460,000	591,250	2,051,250
2014	1,530,000	518,250	2,048,250
2015	1,605,000	441,750	2,046,750
2016	1,680,000	361,500	2,041,500
2017	1,750,000	277,500	2,027,500
2018	1,850,000	190,000	2,040,000
2019	1,950,000	97,500	2,047,500
Total	\$ 13,220,000	\$ 3,138,750	\$ 16,358,750

Exhibit L-3

Sullivan County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2011

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 107,940
Ambulance Service	General	Funds for salary for Health Dept/EMS director	34,000
Sanitation Projects	General	Funds for sewer capital projects	151,184
Total Transfers Primary Government			<u>\$ 293,124</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
Special Purpose	General Purpose School	Debt retirement	\$ 412,000
General Purpose School	Education Debt Service	Debt retirement	2,127,147
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 2,539,147</u>

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, 2011

Official	Authorization for Salary	\$	100,125	\$	Bond	Surety	Salary Paid During Period
County Mayor	Section 8-24-102, TCA				50,000	Cincinnati Insurance Company	
Highway Commissioner:							
Allan Pope (7-1-10 through 11-5-10)	Section 8-24-102, TCA		33,772		100,000	"	
Terry Shaffer (11-15-10 through 6-30-11)	Section 8-24-102, TCA		52,348		100,000	"	
Director of Schools	State Board of Education and County Board of Education		129,600		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	Section 5-13-101, et. seq., TCA		80,474	25,000		"	
Purchasing Agent:							
Nelda Fleenor (7-1-10 through 4-17-11)	Section 261, Private Acts of 1947, as amended		48,515	10,000		"	
Kristinia Davis (4-18-11 through 6-30-11)	Section 261, Private Acts of 1947, as amended		11,504	10,000		"	
County Clerk	Section 8-24-102, TCA		80,474	50,000		"	
Circuit, General Sessions, and Law Clerk	Section 8-24-102, TCA		80,474	100,000		"	
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge		80,474 (1)	80,000		"	
Register:							
Mary Lou Duncan (7-1-10 through 8-31-10)	Section 8-24-102, TCA		13,412	25,000		"	
Bart Long (9-1-10 through 6-30-11)	Section 8-24-102, TCA		67,062	25,000		"	
Sheriff	Section 8-24-102, TCA, and County Commission		95,957 (2)	26,000		"	
Employee Blanket Bonds - All County Employees:							
Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)				250,000		Lankmark American Insurance Company	

(1) Does not include special commissioner fees of \$1,125.
(2) Includes a \$6,835 supplement as workhouse superintendent and a \$600 law enforcement training supplement.

Sullivan County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2011

	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	\$ 19,831,885	\$ 692,166	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	563,367	19,005	0	0	0	0	0
Circuit/Clerk & Master Collections - Prior Years	279,316	9,426	0	0	0	0	0
Interest and Penalty	221,381	7,494	0	0	0	0	0
Pick-up Taxes	107,070	3,723	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	565,966	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Other	4,074	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	734,511	0	0	0	0	0	0
Litigation Tax - General	311,769	0	0	0	0	0	0
Litigation Tax - Office of Public Defender	175,312	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	340,913	0	0	0	0	0	0
Business Tax	1,928,974	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	32,539	1,136	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
Total Local Taxes	\$ 25,102,982	\$ 732,950	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Animal Registration	9,961	0	0	0	0	0	0
Cable TV Franchise	316,991	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	2,375	0	0	0	0	0	0
Building Permits	85,670	0	0	0	0	0	0
Total Licenses and Permits	\$ 414,997	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	\$ 152,504	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
District Attorney General Fees	0	0	0	0	0	17,822	17,822
<u>Criminal Court</u>							
DUI Treatment Fines	74,628	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	155,276	0	0	0	0	0	0
Fines for Littering	38	0	0	0	0	0	0
Officers Costs	64,652	0	0	0	0	0	0
Game and Fish Fines	927	0	0	0	0	0	0
Drug Control Fines	0	0	0	15,108	0	0	0
Drug Court Fees	29,347	0	0	0	0	0	0
Courtroom Security Fee	13,750	0	0	0	0	0	0
Victims Assistance Assessments	20,328	0	0	0	0	0	0
<u>Juvenile Court</u>							
Jail Fees	582	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	5,786	0	0	0	0	0	0
Data Entry Fee - Chancery Court	3,304	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	16,036	0	0	0
Courtroom Security Fee	76	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	1,227	0	0	72,910	0	0	0
Other Fines, Forfeitures, and Penalties	3,630	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 526,055	\$ 0	\$ 0	\$ 104,054	\$ 0	\$ 17,822	\$ 17,822
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 1,009,499	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	849,649	0	4,541,208	0	0	0	0

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
<u>Charges for Current Services (Cont.)</u>							
<u>General Service Charges (Cont.)</u>							
Zoning Studies	\$ 4,505	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Work Release Charges for Board	21,615	0	0	0	0	0	0
Health Department Collections	405,680	0	0	0	0	0	0
Backflow Charges	1,293	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	0	0	0	0	262,923	0	0
Copy Fees	6,956	0	0	0	0	0	0
Library Fees	7,680	0	0	0	0	0	0
Greenbelt Late Application Fee	100	0	0	0	0	0	0
Telephone Commissions	241,986	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	0
Data Processing Fee - Register	45,254	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	10,650	0	0	0	0	0	0
Data Processing Fee - County Clerk	13,460	0	0	0	0	0	0
<u>Other Charges for Services</u>							
Other Charges for Services	1,107	0	0	0	0	0	0
Total Charges for Current Services	\$ 1,609,935	\$ 1,009,499	\$ 4,541,208	\$ 0	\$ 262,923	\$ 0	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 155	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	45,625	0	0	0	0	0	0
Sale of Materials and Supplies	865	0	0	0	0	0	0
Commissary Sales	33,837	0	0	0	0	0	0
Sale of Maps	425	0	0	0	0	0	0
Sale of Recycled Materials	552	214,291	0	0	0	0	0
Miscellaneous Refunds	56,552	428	389	0	0	0	0
<u>Nonrecurring Items</u>							
Revenue from Joint Ventures	0	0	0	0	0	0	0
Sale of Equipment	3,400	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items (Cont.)</u>						
Sale of Property	\$ 17,259	\$ 10,000	\$ 0	\$ 0	\$ 0	\$ 0
Damages Recovered from Individuals	4,516	0	0	0	0	0
Contributions and Gifts	4,074	0	0	0	0	0
<u>Other Local Revenues</u>	672	0	0	0	0	0
<u>Total Other Local Revenues</u>	\$ 167,932	\$ 224,719	\$ 389	\$ 0	\$ 0	\$ 0
<u>Fees Received from County Officials</u>						
<u>Fees in-Lieu-of-Salary</u>						
County Clerk	\$ 1,473,856	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	456,456	0	0	0	0	0
General Sessions Court Clerk	1,021,407	0	0	0	0	0
Clerk and Master	609,012	0	0	0	0	0
Register	605,128	0	0	0	0	0
Sheriff	3,800	0	0	0	0	0
Trustee	2,227,242	0	0	0	0	0
<u>Total Fees Received from County Officials</u>	\$ 6,396,901	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 102,605	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
On-Behalf Contributions for OPEB	7,834	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	59,400	0	0	0	0	0
Health and Welfare Grants	553,021	0	0	0	0	0
<u>Health Department Programs</u>						
Public Works Grants	0	0	0	0	0	0
State Aid Program	42,727	8,927	0	0	0	0
Litter Program						

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues</u>						
Income Tax	\$ 380,345	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	18,724	0	0	0	0	0
Alcoholic Beverage Tax	179,338	0	0	0	0	0
Mixed Drink Tax	19,190	0	0	0	0	0
Prisoner Transportation	14,037	0	0	0	0	0
Contracted Prisoner Boarding	2,676,765	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	377,264	0	0	0	0	0
Other State Revenues	249,934	13,586	0	0	0	0
Total State of Tennessee	\$ 4,696,348	\$ 22,513	\$ 0	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 30,316	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	89,053	0	0	0	0	0
ARRA Grant # 1	85,050	0	0	0	0	0
Other Federal through State	1,926,987	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	15,031	0	0	0	0	0
Medicare	13,130	0	0	0	0	0
Tax Credit Bond Rebate	107,940	0	0	0	0	0
ARRA Grant # 7	0	0	0	0	0	0
Other Direct Federal Revenue	237,389	0	0	0	0	0
Total Federal Government	\$ 2,504,896	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Paving and Maintenance						

(Continued)

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	District Attorney General	
<u>Other Governments and Citizens Groups (Cont.)</u>							
<u>Other Governments (Cont.)</u>							
Contributions	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contracted Services	1,028,220	97,622	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	97,728	0	21,982	0	2,913	0	0
<u>Other</u>							
Other	134	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,141,082	\$ 97,622	\$ 21,982	\$ 0	\$ 2,913	\$ 0	0
Total	\$ 42,561,128	\$ 2,087,303	\$ 4,563,579	\$ 104,054	\$ 265,836	\$ 17,822	0

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			
Local Taxes									
County Property Taxes									
Current Property Tax	\$ 0	\$ 2,043,859	\$ 3,418,851	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,986,761	
Trustee's Collections - Prior Year	0	37,257	64,164	0	0	0	0	683,793	
Circuit/Clerk & Master Collections - Prior Years	0	18,467	31,817	0	0	0	0	339,026	
Interest and Penalty	0	15,409	26,438	0	0	0	0	270,722	
Pick-up Taxes	0	10,596	17,763	0	0	0	0	139,152	
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	565,966	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	0	0	4,074	
County Local Option Taxes									
Local Option Sales Tax	0	2,600,000	0	0	0	0	0	3,334,511	
Litigation Tax - General	0	0	154,168	0	0	0	0	465,937	
Litigation Tax - Office of Public Defender	0	0	0	0	0	0	0	175,312	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0	340,913	
Business Tax	0	0	0	0	0	0	0	1,928,974	
Mineral Severance Tax	0	125,161	0	0	0	0	0	125,161	
Statutory Local Taxes									
Bank Excise Tax	0	3,351	5,605	0	0	0	0	42,631	
Wholesale Beer Tax	0	430,151	0	0	0	0	0	430,151	
Interstate Telecommunications Tax	0	8,229	0	0	0	0	0	8,229	
Total Local Taxes	\$ 0	\$ 5,292,480	\$ 3,718,806	\$ 0	\$ 0	\$ 0	\$ 0	\$ 34,847,218	
Licenses and Permits									
Licenses									
Animal Registration	\$ 0	0	0	0	0	0	0	9,961	
Cable TV Franchise	0	248,101	0	0	0	0	0	565,092	
Permits									
Beer Permits	0	0	0	0	0	0	0	2,375	
Building Permits	0	0	0	0	0	0	0	85,670	
Total Licenses and Permits	\$ 0	\$ 248,101	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 663,098	

(Continued)

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				
Fines, Forfeitures, and Penalties									
<u>Circuit Court</u>									
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	152,504
District Attorney General Fees	0	0	0	0	0	0	0	0	17,822
<u>Criminal Court</u>									
DUI Treatment Fines	0	0	0	0	0	0	0	0	74,628
<u>General Sessions Court</u>									
Fines	0	0	0	0	0	0	0	0	155,276
Fines for Littering	0	0	0	0	0	0	0	0	38
Officers Costs	0	0	0	0	0	0	0	0	64,652
Game and Fish Fines	0	0	0	0	0	0	0	0	927
Drug Control Fines	0	0	0	0	0	0	0	0	15,108
Drug Court Fees	0	0	0	0	0	0	0	0	29,347
Courtroom Security Fee	0	0	0	0	0	0	0	0	13,750
Victims Assistance Assessments	0	0	0	0	0	0	0	0	20,328
<u>Juvenile Court</u>									
Jail Fees	0	0	0	0	0	0	0	0	582
<u>Chancery Court</u>									
Officers Costs	0	0	0	0	0	0	0	0	5,786
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0	0	3,304
<u>Judicial District Drug Program</u>									
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	0	0	16,036
Courtroom Security Fee	0	0	0	0	0	0	0	0	76
<u>Other Fines, Forfeitures, and Penalties</u>									
Proceeds from Confiscated Property	0	0	0	0	0	0	0	0	74,137
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	0	0	3,630
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 647,931
<u>Charges for Current Services</u>									
<u>General Service Charges</u>									
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,009,499
Patient Charges	0	0	0	0	0	0	0	0	5,390,857

(Continued)

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				
Charges for Current Services (Cont.)									
General Service Charges (Cont.)									
Zoning Studies	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,505	
Work Release Charges for Board	0	0	0	0	0	0	0	21,615	
Health Department Collections	0	0	0	0	0	0	0	405,680	
Backflow Charges	0	0	0	0	0	0	0	1,293	
Fees									
Recreation Fees	0	0	0	0	0	0	0	262,923	
Copy Fees	0	0	0	0	0	0	0	6,956	
Library Fees	0	0	0	0	0	0	0	7,680	
Greenbelt Late Application Fee	0	0	0	0	0	0	0	100	
Telephone Commissions	0	0	0	0	0	0	0	241,986	
Special Commissioner Fees/Special Master Fees	1,125	0	0	0	0	0	0	1,125	
Data Processing Fee - Register	0	0	0	0	0	0	0	45,254	
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	0	10,650	
Data Processing Fee - County Clerk	0	0	0	0	0	0	0	13,460	
Other Charges for Services	0	0	0	0	0	0	0	1,107	
Total Charges for Current Services	\$ 1,125	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,424,690	
Other Local Revenues									
Recurring Items									
Investment Income	0	55,252	12,616	0	35,832	0	0	103,855	
Lease/Rentals	0	0	0	0	0	0	0	45,625	
Sale of Materials and Supplies	0	5,566	0	0	0	0	0	6,431	
Commissary Sales	0	0	0	0	0	0	0	33,837	
Sale of Maps	0	0	0	0	0	0	0	425	
Sale of Recycled Materials	0	0	0	0	0	0	3,037	217,880	
Miscellaneous Refunds	0	22,045	0	0	0	0	0	79,414	
Nonrecurring Items									
Revenue from Joint Ventures	0	0	279,865	0	0	0	0	279,865	
Sale of Equipment	0	0	0	0	0	0	0	3,400	

(Continued)

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>								
<u>Nonrecurring Items (Cont.)</u>								
Sale of Property	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	27,259
Damages Recovered from Individuals	0	0	0	0	0	0	0	4,516
Contributions and Gifts	0	0	0	0	0	0	0	4,074
<u>Other Local Revenues</u>								
Other Local Revenues	0	576	0	0	0	0	0	1,248
Total Other Local Revenues	0 \$	83,439 \$	292,481 \$	35,832 \$	3,037 \$	0 \$	0 \$	807,829
<u>Fees Received from County Officials</u>								
<u>Fees in-Lieu-of Salary</u>								
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	1,473,856
Circuit Court Clerk	0	0	0	0	0	0	0	456,456
General Sessions Court Clerk	0	0	0	0	0	0	0	1,021,407
Clerk and Master	0	0	0	0	0	0	0	609,012
Register	0	0	0	0	0	0	0	605,128
Sheriff	0	0	0	0	0	0	0	3,800
Trustee	0	0	0	0	0	0	0	2,227,242
Total Fees Received from County Officials	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	6,396,901
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	102,605
On-Behalf Contributions for OPEB	0	0	0	0	0	0	0	7,834
Public Safety Grants								
Law Enforcement Training Programs	0	0	0	0	0	0	0	59,400
Health and Welfare Grants								
Health Department Programs	0	0	0	0	0	0	0	553,021
Public Works Grants								
State Aid Program	0	250,032	0	0	0	0	0	250,032
Litter Program	0	0	0	0	0	0	0	51,654

(Continued)

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>State of Tennessee (Cont.)</u>								
<u>Other State Revenues</u>								
Income Tax	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	380,345
Beer Tax	0	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	0	179,338
Mixed Drink Tax	0	0	0	0	0	0	0	19,190
Prisoner Transportation	0	0	0	0	0	0	0	14,037
Contracted Prisoner Boarding	0	0	0	0	0	0	0	2,676,765
Gasoline and Motor Fuel Tax	0	2,693,072	0	0	0	0	0	2,693,072
Petroleum Special Tax	0	122,914	0	0	0	0	0	122,914
Registrar's Salary Supplement	0	0	0	0	0	0	0	15,164
Other State Grants	0	0	0	0	0	0	0	377,264
Other State Revenues	0	0	0	0	0	0	0	263,520
Total State of Tennessee	0 \$	3,066,018 \$	0 \$	0 \$	0 \$	0 \$	0 \$	7,784,879
<u>Federal Government</u>								
<u>Federal Through State</u>								
Civil Defense Reimbursement	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	30,316
Homeland Security Grants	0	0	0	0	0	0	0	89,053
ARRA Grant # 1	0	0	0	0	0	0	0	85,050
Other Federal through State	0	0	0	0	0	1,889	0	1,928,876
<u>Direct Federal Revenue</u>								
Forest Service	0	10,400	0	0	0	0	0	25,431
Medicare	0	0	0	0	0	0	0	13,130
Tax Credit Bond Rebate	0	0	0	0	0	0	0	107,940
ARRA Grant # 7	0	0	0	0	0	0	0	242,192
Other Direct Federal Revenue	0	0	0	0	0	0	0	237,389
Total Federal Government	0 \$	10,400 \$	0 \$	0 \$	0 \$	0 \$	244,081 \$	2,759,377
<u>Other Governments and Citizens Groups</u>								
<u>Other Governments</u>								
Paving and Maintenance	0 \$	66,597 \$	0 \$	0 \$	0 \$	0 \$	0 \$	66,597

(Continued)

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 Governments (Cont.)									
Contributions	\$ 0	\$ 0	\$ 310,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 325,113	
Contracted Services	0	3,650	0	0	0	0	0	1,129,492	
Citizens Groups									
Donations	0	0	0	0	0	0	0	122,623	
Other	0	0	0	0	0	0	0	134	
Total Other Governments and Citizens Groups	\$ 0	\$ 70,247	\$ 310,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,643,959	
Total	\$ 1,125	\$ 8,770,685	\$ 4,321,400	\$ 35,832	\$ 247,118	\$ 62,975,882			

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, 2011

	Special Purpose	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 1,224,341	\$ 23,648,957	\$ 0	\$ 0	\$ 24,873,298
Trustee's Collections - Prior Year	31,455	664,277	0	0	695,732
Circuit/Clerk & Master Collections - Prior Years	16,854	328,981	0	0	345,835
Interest and Penalty	13,437	261,203	0	0	274,640
Pick-up Taxes	6,586	127,524	0	0	134,110
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	11,805,923	0	0	11,805,923
<u>Statutory Local Taxes</u>					
Bank Excise Tax	2,004	38,803	0	0	40,807
Interstate Telecommunications Tax	0	4,202	0	0	4,202
Total Local Taxes	\$ 1,294,677	\$ 36,879,870	\$ 0	\$ 0	\$ 38,174,547
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 0	\$ 6,586	\$ 0	\$ 0	\$ 6,586
Total Licenses and Permits	\$ 0	\$ 6,586	\$ 0	\$ 0	\$ 6,586
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 1,097,134	\$ 0	\$ 0	\$ 1,097,134
Lunch Payments - Adults	0	153,950	0	0	153,950
Income from Breakfast	0	92,286	0	0	92,286
A la carte Sales	0	480,736	0	0	480,736
Receipts from Individual Schools	0	39,607	0	0	39,607
TBI Criminal Background Fees	0	2,778	0	0	2,778
<u>Other Charges for Services</u>					
Other Charges for Services	0	5,581	0	0	5,581
Total Charges for Current Services	\$ 0	\$ 1,872,072	\$ 0	\$ 0	\$ 1,872,072
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 128	\$ 0	\$ 0	\$ 128
Sale of Materials and Supplies	0	12,827	0	0	12,827
Refund of Telecommunication & Internet Fees (E-Rate)	0	93,639	0	0	93,639
Retirees' Insurance Payments	0	324,259	0	0	324,259
Cobra Insurance Payments	0	1,814	0	0	1,814
Commodity Rebates	0	19,513	0	0	19,513
Miscellaneous Refunds	0	159,488	0	0	159,488
<u>Nonrecurring Items</u>					
Damages Recovered from Individuals	0	3,583	0	0	3,583
<u>Other Local Revenues</u>					
Other Local Revenues	0	687	0	0	687
Total Other Local Revenues	\$ 0	\$ 615,938	\$ 0	\$ 0	\$ 615,938
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 0	\$ 1,101,673	\$ 0	\$ 0	\$ 1,101,673

(Continued)

Exhibit L-6

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

	Special Purpose	General Purpose School	School Federal Projects	Education Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>State Education Funds</u>					
Basic Education Program	\$ 0	\$ 36,660,815	\$ 0	\$ 0	\$ 36,660,815
Basic Education Program - ARRA	0	3,677,238	0	0	3,677,238
Early Childhood Education	0	485,531	0	0	485,531
School Food Service	0	53,351	0	0	53,351
Energy Efficient School Initiative	0	9,764	0	0	9,764
Driver Education	0	21,868	0	0	21,868
Other State Education Funds	0	6,266	0	0	6,266
Coordinated School Health - ARRA	0	68,314	0	0	68,314
Internet Connectivity - ARRA	0	34,161	0	0	34,161
Statewide Student Management System (SSMS) - ARRA	0	28,459	0	0	28,459
Career Ladder Program	0	408,409	0	0	408,409
Career Ladder - Extended Contract - ARRA	0	15,456	0	0	15,456
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	0	1,753,034	0	0	1,753,034
Safe Schools - ARRA	0	33,561	0	0	33,561
Total State of Tennessee	\$ 0	\$ 44,357,900	\$ 0	\$ 0	\$ 44,357,900
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 2,012,572	\$ 0	\$ 0	\$ 2,012,572
USDA - Commodities	0	682,437	0	0	682,437
Breakfast	0	559,628	0	0	559,628
USDA - Other	0	54,982	0	0	54,982
Vocational Education - Basic Grants to States	0	0	256,736	0	256,736
Title I Grants to Local Education Agencies	0	0	2,546,892	0	2,546,892
Special Education - Grants to States	0	144,956	3,393,512	0	3,538,468
Special Education Preschool Grants	0	0	127,826	0	127,826
Eisenhower Professional Development State Grants	0	0	436,526	0	436,526
Race to the Top - ARRA	0	0	549,276	0	549,276
Other Federal through State	0	876,824	42,322	0	919,146
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	0	193,977	0	0	193,977
Forest Service	0	21,000	0	0	21,000
Other Direct Federal Revenue	0	48,684	0	0	48,684
Total Federal Government	\$ 0	\$ 4,595,060	\$ 7,353,090	\$ 0	\$ 11,948,150
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 5,190,867	\$ 5,190,867
<u>Citizens Groups</u>					
Donations	0	5,000	0	0	5,000
Total Other Governments and Citizens Groups	\$ 0	\$ 5,000	\$ 0	\$ 5,190,867	\$ 5,195,867
Total	\$ 1,294,677	\$ 88,332,426	\$ 7,353,090	\$ 5,190,867	\$ 102,171,060

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	168,100	
Social Security		10,428	
Employer Medicare		2,439	
Contracts with Government Agencies		109,895	
Freight Expenses		29	
Legal Notices, Recording, and Court Costs		1,358	
Maintenance and Repair Services - Office Equipment		1,984	
Postal Charges		546	
Printing, Stationery, and Forms		446	
Travel		6,446	
Tuition		2,940	
Data Processing Supplies		156	
Food Supplies		176	
Instructional Supplies and Materials		149	
Office Supplies		241	
Other Supplies and Materials		598	
Total County Commission			\$ 305,931

County Mayor/Executive

County Official/Administrative Officer	\$	100,125	
Secretary(ies)		30,400	
Social Security		7,927	
State Retirement		19,227	
Life Insurance		140	
Medical Insurance		16,484	
Dental Insurance		551	
Employer Medicare		1,854	
Communication		1,528	
Dues and Memberships		2,571	
Legal Notices, Recording, and Court Costs		47	
Maintenance and Repair Services - Office Equipment		236	
Postal Charges		358	
Travel		1,333	
Food Supplies		181	
Gasoline		1,787	
Instructional Supplies and Materials		1,601	
Office Supplies		342	
Periodicals		719	
Other Supplies and Materials		105	
Total County Mayor/Executive			187,516

(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)		38,125	
Social Security		8,716	
State Retirement		23,564	
Life Insurance		140	
Medical Insurance		12,363	
Dental Insurance		744	
Employer Medicare		2,038	
Communication		1,712	
Data Processing Services		178	
Dues and Memberships		1,307	
Legal Notices, Recording, and Court Costs		56	
Licenses		17	
Maintenance Agreements		448	
Maintenance and Repair Services - Office Equipment		522	
Postal Charges		816	
Printing, Stationery, and Forms		98	
Travel		428	
Tuition		261	
Other Contracted Services		100	
Data Processing Supplies		181	
Office Supplies		971	
Periodicals		6,689	
Total County Attorney			\$ 204,605

Election Commission

County Official/Administrative Officer	\$	72,427
Clerical Personnel		100,629
Temporary Personnel		90,930
Part-time Personnel		7,613
Election Commission		9,802
Election Workers		63,765
Social Security		17,188
State Retirement		28,701
Life Insurance		310
Medical Insurance		26,180
Dental Insurance		1,355
Employer Medicare		4,020
Communication		11,006
Data Processing Services		33,818

(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.)

Dues and Memberships	\$	225	
Legal Notices, Recording, and Court Costs		7,373	
Maintenance and Repair Services - Office Equipment		500	
Postal Charges		8,438	
Printing, Stationery, and Forms		88	
Rentals		2,676	
Travel		2,209	
Tuition		4,125	
Data Processing Supplies		8,563	
Food Preparation Supplies		103	
Gasoline		124	
General Construction Materials		266	
Office Supplies		3,724	
Vehicle Parts		203	
Other Charges		41,678	
Data Processing Equipment		4,075	
Total Election Commission			\$ 552,114

Register of Deeds

County Official/Administrative Officer	\$	80,474
Clerical Personnel		185,652
Part-time Personnel		8,276
Social Security		16,279
State Retirement		43,055
Life Insurance		427
Medical Insurance		62,736
Dental Insurance		1,504
Employer Medicare		3,807
Communication		4,412
Data Processing Services		110,989
Dues and Memberships		660
Maintenance and Repair Services - Buildings		1,754
Maintenance and Repair Services - Equipment		175
Maintenance and Repair Services - Office Equipment		2,810
Postal Charges		1,457
Printing, Stationery, and Forms		547
Travel		1,117
Tuition		128
Custodial Supplies		236
Food Supplies		271

(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.)

General Construction Materials	\$	25,488	
Office Supplies		3,274	
Other Supplies and Materials		170	
Building Improvements		16,332	
Furniture and Fixtures		11,098	
Total Register of Deeds			\$ 583,128

Planning

Supervisor/Director	\$	50,742
Clerical Personnel		25,164
Other Salaries and Wages		113,794
Board and Committee Members Fees		2,725
Social Security		11,545
State Retirement		28,300
Life Insurance		310
Medical Insurance		33,833
Dental Insurance		1,084
Employer Medicare		2,701
Communication		3,911
Data Processing Services		4,842
Dues and Memberships		987
Legal Services		75
Legal Notices, Recording, and Court Costs		1,127
Licenses		134
Maintenance and Repair Services - Buildings		65
Maintenance and Repair Services - Office Equipment		4,238
Postal Charges		870
Printing, Stationery, and Forms		481
Rentals		130
Travel		1,691
Tuition		1,415
Permits		3,460
Other Contracted Services		3,601
Asphalt		2,908
Data Processing Supplies		3,223
Food Supplies		157
Gasoline		5,429
General Construction Materials		2,224
Lubricants		81
Office Supplies		2,028

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Periodicals	\$	112	
Small Tools		3,142	
Tires and Tubes		277	
Uniforms		57	
Vehicle Parts		666	
Gravel and Chert		2,280	
Other Supplies and Materials		<u>3,014</u>	
Total Planning			\$ 322,823

Geographical Information Systems

Other Contracted Services	\$	28,343	
Data Processing Supplies		<u>464</u>	
Total Geographical Information Systems			28,807

County Buildings

Mechanic(s)	\$	70,965	
Guards		54,702	
Clerical Personnel		32,885	
Custodial Personnel		114,158	
Maintenance Personnel		215,023	
Temporary Personnel		726	
Social Security		30,084	
State Retirement		55,710	
Life Insurance		784	
Medical Insurance		95,864	
Dental Insurance		3,394	
Unemployment Compensation		241	
Employer Medicare		6,007	
Architects		500	
Communication		7,982	
Dues and Memberships		30	
Freight Expenses		11	
Janitorial Services		324	
Licenses		8	
Maintenance and Repair Services - Buildings		4,585	
Maintenance and Repair Services - Equipment		59,360	
Maintenance and Repair Services - Office Equipment		22	
Maintenance and Repair Services - Vehicles		456	
Pest Control		540	
Printing, Stationery, and Forms		65	

(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.)

Rentals	\$	7,956	
Travel		181	
Tuition		400	
Disposal Fees		9,393	
Permits		970	
Other Contracted Services		2,427	
Custodial Supplies		24,623	
Data Processing Supplies		2,337	
Electricity		297,336	
Equipment Parts - Light		688	
Equipment and Machinery Parts		10,647	
Garage Supplies		2,217	
Gasoline		16,902	
General Construction Materials		21,355	
Lubricants		520	
Natural Gas		14,771	
Office Supplies		2,604	
Small Tools		3,164	
Tires and Tubes		2,011	
Uniforms		1,201	
Vehicle Parts		4,465	
Water and Sewer		16,789	
Chemicals		986	
Other Supplies and Materials		8,364	
Other Charges		1,131	
Building Improvements		126,850	
Data Processing Equipment		5,075	
Other Equipment		1,950	
Total County Buildings			\$ 1,341,739

Other Facilities

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

Preservation of Records

Supervisor/Director	\$	37,395	
Part-time Personnel		7,570	
Social Security		2,787	
State Retirement		5,497	
Life Insurance		70	

(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 (Cont.)

Medical Insurance	\$	3,738	
Dental Insurance		372	
Employer Medicare		651	
Advertising		2,244	
Communication		3,744	
Dues and Memberships		1,020	
Legal Notices, Recording, and Court Costs		535	
Maintenance and Repair Services - Office Equipment		1,732	
Postal Charges		107	
Printing, Stationery, and Forms		412	
Rentals		244	
Travel		1,758	
Tuition		250	
Other Contracted Services		1,684	
Custodial Supplies		13	
Data Processing Supplies		2,930	
Food Preparation Supplies		438	
Food Supplies		462	
General Construction Materials		16,688	
Library Books/Media		8,265	
Office Supplies		5,345	
Periodicals		130	
Total Preservation of Records			\$ 106,081

Risk Management

Supervisor/Director	\$	47,055
Social Security		2,812
State Retirement		7,213
Life Insurance		70
Medical Insurance		8,654
Dental Insurance		372
Employer Medicare		658
Communication		1,614
Data Processing Services		52
Postal Charges		57
Travel		320
Tuition		75
Other Contracted Services		11,538
Office Supplies		3,180
Periodicals		378

(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.)

Boiler Insurance	\$	19,849	
Building and Contents Insurance		181,873	
Liability Insurance		252,496	
Vehicle and Equipment Insurance		41,081	
Workers' Compensation Insurance		90,701	
Total Risk Management			\$ 670,048

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	80,474	
Supervisor/Director		152,110	
Clerical Personnel		167,000	
Part-time Personnel		20,893	
Social Security		25,343	
State Retirement		46,960	
Life Insurance		632	
Medical Insurance		53,281	
Dental Insurance		2,189	
Employer Medicare		5,927	
Advertising		19	
Bank Charges		42	
Communication		7,755	
Data Processing Services		250	
Dues and Memberships		1,098	
Maintenance Agreements		294	
Maintenance and Repair Services - Office Equipment		2,313	
Postal Charges		7,907	
Printing, Stationery, and Forms		2,077	
Travel		115	
Tuition		826	
Disposal Fees		105	
Data Processing Supplies		3,667	
Food Supplies		166	
Gasoline		1,495	
General Construction Materials		86	
Instructional Supplies and Materials		395	
Office Supplies		3,127	
Periodicals		192	
Total Accounting and Budgeting			586,738

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Purchasing

County Official/Administrative Officer	\$	60,519
Assistant(s)		50,129
Supervisor/Director		37,238
Purchasing Personnel		123,521
Equipment Operators		72,396
Clerical Personnel		54,503
Other Salaries and Wages		6,299
Social Security		24,251
State Retirement		59,872
Life Insurance		731
Medical Insurance		69,645
Dental Insurance		2,350
Employer Medicare		5,672
Communication		6,278
Dues and Memberships		215
Legal Notices, Recording, and Court Costs		2,597
Licenses		67
Maintenance and Repair Services - Buildings		335
Maintenance and Repair Services - Equipment		44
Maintenance and Repair Services - Office Equipment		3,906
Postal Charges		821
Printing, Stationery, and Forms		1,938
Rentals		8,812
Disposal Fees		564
Other Contracted Services		500
Custodial Supplies		423
Data Processing Supplies		2,249
Drugs and Medical Supplies		45
Duplicating Supplies		1,975
Electricity		169
Equipment Parts - Light		703
Food Supplies		373
Gasoline		2,590
General Construction Materials		134
Lubricants		143
Office Supplies		6,948
Periodicals		298
Small Tools		18
Uniforms		267
Vehicle Parts		276

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Other Supplies and Materials	\$ 2,289	
Total Purchasing		\$ 612,103

Property Assessor's Office

County Official/Administrative Officer	\$ 80,474
Assistant(s)	57,614
Supervisor/Director	47,250
Deputy(ies)	250,678
Internal Audit Personnel	51,380
Clerical Personnel	451,693
Board and Committee Members Fees	1,390
Social Security	56,185
State Retirement	147,265
Life Insurance	1,825
Medical Insurance	175,415
Dental Insurance	6,698
Employer Medicare	13,140
Audit Services	20,879
Communication	11,610
Contracts with Government Agencies	2,227
Data Processing Services	5,450
Dues and Memberships	3,757
Legal Notices, Recording, and Court Costs	105
Licenses	34
Maintenance and Repair Services - Office Equipment	3,993
Maintenance and Repair Services - Vehicles	444
Postal Charges	6,793
Printing, Stationery, and Forms	246
Travel	562
Tuition	580
Custodial Supplies	84
Data Processing Supplies	3,599
Food Supplies	314
Gasoline	16,844
Lubricants	306
Office Supplies	2,066
Periodicals	314
Tires and Tubes	790
Vehicle Parts	939
Other Supplies and Materials	344

(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.)

Other Charges	\$	6,402	
Data Processing Equipment		11,357	
Office Equipment		5,528	
Total Property Assessor's Office			\$ 1,446,574

County Trustee's Office

County Official/Administrative Officer	\$	80,474	
Assistant(s)		45,145	
Deputy(ies)		196,969	
Part-time Personnel		6,690	
Social Security		19,538	
State Retirement		44,638	
Life Insurance		562	
Medical Insurance		75,775	
Dental Insurance		2,974	
Employer Medicare		4,569	
Communication		10,449	
Contracts with Government Agencies		2,000	
Data Processing Services		2,500	
Dues and Memberships		1,421	
Maintenance and Repair Services - Office Equipment		1,759	
Postal Charges		31,519	
Printing, Stationery, and Forms		21,274	
Rentals		76	
Travel		1,136	
Custodial Supplies		44	
Office Supplies		7,254	
Other Supplies and Materials		1,598	
Total County Trustee's Office			558,364

County Clerk's Office

County Official/Administrative Officer	\$	80,474	
Deputy(ies)		647,010	
Part-time Personnel		46,589	
Board and Committee Members Fees		480	
Social Security		45,476	
State Retirement		109,359	
Life Insurance		1,562	
Medical Insurance		173,851	
Dental Insurance		6,543	

(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.)

Unemployment Compensation	\$	108	
Employer Medicare		10,710	
Communication		9,597	
Contracts with Government Agencies		30,000	
Data Processing Services		33,433	
Dues and Memberships		2,017	
Legal Notices, Recording, and Court Costs		557	
Maintenance and Repair Services - Buildings		354	
Maintenance and Repair Services - Office Equipment		1,840	
Postal Charges		36,508	
Printing, Stationery, and Forms		2,578	
Travel		1,234	
Other Contracted Services		390	
Data Processing Supplies		1,801	
Equipment Parts - Light		277	
Food Supplies		162	
Office Supplies		5,728	
Other Capital Outlay		78,841	
Total County Clerk's Office			\$ 1,327,479

Data Processing

Communication	\$	1,223	
Data Processing Services		6,462	
Freight Expenses		6	
Licenses		364	
Maintenance Agreements		89,333	
Maintenance and Repair Services - Office Equipment		832	
Printing, Stationery, and Forms		1,255	
Disposal Fees		246	
Data Processing Supplies		6,857	
Office Supplies		3,027	
Data Processing Equipment		21,646	
Total Data Processing			131,251

Other Finance

Judgments	\$	16	
Premiums on Corporate Surety Bonds		15,750	
Trustee's Commission		481,513	
Total Other Finance			497,279

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice

Circuit Court Judge

Communication	\$	7,823	
Postal Charges		347	
Printing, Stationery, and Forms		355	
Office Supplies		2,517	
Total Circuit Court Judge			\$ 11,042

Circuit Court Clerk

County Official/Administrative Officer	\$	80,474	
Clerical Personnel		775,276	
Part-time Personnel		64,627	
Jury and Witness Expense		1,498	
Social Security		55,900	
State Retirement		129,722	
Life Insurance		1,831	
Medical Insurance		154,358	
Dental Insurance		6,177	
Unemployment Compensation		6,981	
Employer Medicare		13,074	
Communication		16,800	
Contracts with Other Public Agencies		161	
Data Processing Services		7,798	
Dues and Memberships		1,672	
Legal Notices, Recording, and Court Costs		15	
Maintenance Agreements		6,844	
Maintenance and Repair Services - Office Equipment		6,048	
Postal Charges		13,481	
Printing, Stationery, and Forms		3,376	
Rentals		29	
Travel		918	
Data Processing Supplies		4,364	
Equipment Parts - Light		228	
Food Preparation Supplies		566	
Food Supplies		158	
Office Supplies		26,508	
Periodicals		817	
Data Processing Equipment		13,750	
Other Capital Outlay		2,000	
Total Circuit Court Clerk			1,395,451

(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)	\$	292,555	
Secretary(ies)		67,211	
Social Security		17,294	
State Retirement		55,827	
Life Insurance		281	
Medical Insurance		25,250	
Dental Insurance		1,005	
Employer Medicare		5,141	
Bank Charges		37	
Communication		4,972	
Dues and Memberships		290	
Licenses		970	
Maintenance and Repair Services - Office Equipment		340	
Postal Charges		674	
Printing, Stationery, and Forms		486	
Rentals		24	
Travel		4,229	
Tuition		670	
Data Processing Supplies		490	
Food Supplies		106	
Office Supplies		952	
Periodicals		3,665	
Total General Sessions Court			\$ 482,469

General Sessions Judge

Judge(s)	\$	292,271
Assistant(s)		61,118
Secretary(ies)		32,407
Social Security		18,954
State Retirement		63,524
Life Insurance		333
Medical Insurance		27,835
Dental Insurance		1,201
Employer Medicare		5,501
Communication		4,200
Dues and Memberships		630
Licenses		970
Maintenance and Repair Services - Office Equipment		1,009
Postal Charges		515
Printing, Stationery, and Forms		969

(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.)

Travel	\$	3,745	
Tuition		405	
Data Processing Supplies		1,577	
Office Supplies		573	
Periodicals		2,535	
Uniforms		189	
Total General Sessions Judge			\$ 520,461

Drug Court

Contracts with Private Agencies	\$	83,403	
Travel		574	
Tuition		75	
Total Drug Court			84,052

Chancery Court

County Official/Administrative Officer	\$	80,474	
Clerical Personnel		222,663	
Part-time Personnel		15,079	
Social Security		19,069	
State Retirement		49,592	
Life Insurance		614	
Medical Insurance		58,285	
Dental Insurance		2,158	
Unemployment Compensation		11,407	
Employer Medicare		4,460	
Communication		6,340	
Dues and Memberships		1,061	
Maintenance and Repair Services - Office Equipment		6,709	
Postal Charges		2,915	
Printing, Stationery, and Forms		1,812	
Data Processing Supplies		47	
Office Supplies		2,316	
Periodicals		335	
Data Processing Equipment		2,719	
Total Chancery Court			488,055

Juvenile Court

Supervisor/Director	\$	49,726	
Probation Officer(s)		21,729	
Guidance Personnel		228,285	

(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.)

Secretary(ies)	\$	50,209	
Clerical Personnel		31,057	
Social Security		23,208	
State Retirement		53,449	
Life Insurance		635	
Medical Insurance		74,968	
Dental Insurance		2,835	
Employer Medicare		5,352	
Communication		2,612	
Dues and Memberships		465	
Legal Services		15,500	
Maintenance and Repair Services - Office Equipment		1,384	
Maintenance and Repair Services - Vehicles		339	
Postal Charges		70	
Printing, Stationery, and Forms		98	
Travel		6,325	
Tuition		2,240	
Other Contracted Services		41,663	
Data Processing Supplies		4,895	
Food Supplies		86	
Gasoline		760	
Office Supplies		3,375	
Periodicals		157	
Data Processing Equipment		500	
Total Juvenile Court			\$ 621,922

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	171,197	
Salary Supplements		4,305	
Secretary(ies)		25,567	
Part-time Personnel		7,932	
Social Security		11,802	
State Retirement		27,252	
Life Insurance		257	
Medical Insurance		19,631	
Dental Insurance		766	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Employer Medicare	\$	2,760	
Travel		2,698	
Total District Attorney General			\$ 274,167

Office of Public Defender

Paraprofessionals	\$	145,116	
Clerical Personnel		27,999	
Social Security		10,271	
State Retirement		25,154	
Life Insurance		281	
Medical Insurance		23,112	
Dental Insurance		1,101	
Employer Medicare		2,402	
Licenses		1,200	
Travel		1,754	
Tuition		255	
Total Office of Public Defender			238,645

Other Administration of Justice

Board and Committee Members Fees	\$	298	
Jury and Witness Expense		87,632	
Other Per Diem and Fees		20,684	
Legal Services		1,840	
Communication Equipment		10,242	
Total Other Administration of Justice			120,696

Courtroom Security

Deputy(ies)	\$	189,177	
Part-time Personnel		85,585	
Social Security		16,559	
State Retirement		26,723	
Life Insurance		421	
Medical Insurance		18,997	
Dental Insurance		1,427	
Employer Medicare		3,872	
Communication		56	
Data Processing Services		248	
Evaluation and Testing		2,465	
Medical and Dental Services		389	
Tuition		2,500	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Courtroom Security (Cont.)

Data Processing Supplies	\$	175	
Uniforms		986	
Total Courtroom Security			\$ 349,580

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	95,957
Assistant(s)		181,323
Deputy(ies)		1,786,075
Captain(s)		260,427
Lieutenant(s)		710,814
Sergeant(s)		1,082,696
Mechanic(s)		83,756
Dispatchers/Radio Operators		486,919
Secretary(ies)		363,121
School Resource Officer		105,867
Social Security		318,889
State Retirement		749,954
Life Insurance		8,968
Medical Insurance		938,463
Dental Insurance		35,871
Unemployment Compensation		11,700
Employer Medicare		74,581
Bank Charges		89
Communication		92,158
Data Processing Services		47,336
Dues and Memberships		5,104
Evaluation and Testing		142
Financial Advisory Services		70
Freight Expenses		372
Operating Lease Payments		459
Legal Services		214
Licenses		1,868
Maintenance and Repair Services - Buildings		4,974
Maintenance and Repair Services - Equipment		39,813
Maintenance and Repair Services - Office Equipment		14,412
Maintenance and Repair Services - Vehicles		795
Medical and Dental Services		2,133
Pest Control		480
Postal Charges		4,535

(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.)

Printing, Stationery, and Forms	\$	912	
Rentals		4,796	
Tow-in Services		2,796	
Transportation - Other than Students		19	
Travel		45,099	
Tuition		29,210	
Veterinary Services		1,006	
Disposal Fees		2,000	
Other Contracted Services		12,964	
Animal Food and Supplies		2,069	
Concrete		296	
Crushed Stone		1,682	
Custodial Supplies		489	
Data Processing Supplies		11,599	
Electricity		13,793	
Equipment Parts - Light		1,215	
Equipment and Machinery Parts		7,596	
Food Supplies		243	
Garage Supplies		963	
Gasoline		354,617	
General Construction Materials		9,573	
Instructional Supplies and Materials		1,880	
Law Enforcement Supplies		59,173	
Lubricants		5,286	
Natural Gas		3,663	
Office Supplies		15,084	
Periodicals		547	
Small Tools		847	
Tires and Tubes		6,812	
Vehicle Parts		42,901	
Water and Sewer		17,051	
Gravel and Chert		936	
Other Supplies and Materials		4,019	
Other Charges		76,036	
Building Improvements		6,250	
Heating and Air Conditioning Equipment		2,583	
Law Enforcement Equipment		882	
Motor Vehicles		205,400	
Other Equipment		437	
Other Capital Outlay		36,366	
Total Sheriff's Department			\$ 8,499,425

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Administration of the Sexual Offender Registry

Other Contracted Services	\$	4,620	
Office Supplies		220	
Total Administration of the Sexual Offender Registry			\$ 4,840

Jail

Assistant(s)	\$	99,966
Deputy(ies)		2,420,668
Captain(s)		94,564
Lieutenant(s)		311,341
Sergeant(s)		281,885
Medical Personnel		331,672
Secretary(ies)		28,364
Cafeteria Personnel		153,932
Board and Committee Members Fees		11,409
Social Security		225,335
State Retirement		551,428
Life Insurance		7,301
Medical Insurance		806,225
Dental Insurance		28,768
Unemployment Compensation		7,978
Employer Medicare		53,728
Advertising		1,070
Communication		34,822
Data Processing Services		23,244
Dues and Memberships		540
Financial Advisory Services		238
Freight Expenses		272
Licenses		3,435
Maintenance and Repair Services - Buildings		6,480
Maintenance and Repair Services - Equipment		50,115
Maintenance and Repair Services - Office Equipment		11,321
Maintenance and Repair Services - Vehicles		285
Medical and Dental Services		520,595
Pest Control		3,115
Postal Charges		220
Printing, Stationery, and Forms		1,614
Rentals		7,444
Tow-in Services		340
Transportation - Other than Students		53,528
Travel		11,119

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Tuition	\$	14,840	
Veterinary Services		392	
Disposal Fees		20,765	
Other Contracted Services		1,715	
Animal Food and Supplies		69	
Concrete		696	
Crushed Stone		1,682	
Custodial Supplies		71,285	
Data Processing Supplies		12,896	
Diesel Fuel		943	
Drugs and Medical Supplies		38,457	
Electricity		246,844	
Equipment Parts - Heavy		6,285	
Equipment Parts - Light		13,233	
Equipment and Machinery Parts		12,453	
Food Preparation Supplies		21,240	
Food Supplies		569,589	
Garage Supplies		200	
Gasoline		49,770	
General Construction Materials		27,452	
Instructional Supplies and Materials		2,059	
Law Enforcement Supplies		19,314	
Natural Gas		63,097	
Office Supplies		14,461	
Periodicals		1,031	
Prisoners Clothing		37,199	
Small Tools		3,155	
Tires and Tubes		15,122	
Uniforms		11,609	
Vehicle Parts		11,750	
Water and Sewer		175,640	
Gravel and Chert		936	
Liner Materials		12,083	
Other Supplies and Materials		9,498	
Heating and Air Conditioning Equipment		2,583	
Law Enforcement Equipment		29,955	
Motor Vehicles		46,090	
Other Capital Outlay		5,300	
Total Jail			\$ 7,716,049

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Deputy(ies)	\$	52,381	
Board and Committee Members Fees		2,472	
Social Security		3,107	
State Retirement		8,707	
Life Insurance		117	
Medical Insurance		16,681	
Dental Insurance		679	
Employer Medicare		727	
Communication		520	
Drugs and Medical Supplies		114	
Water and Sewer		192	
Other Supplies and Materials		8	
Total Workhouse			\$ 85,705

Juvenile Services

Contracts with Government Agencies	\$	293,448	
Contributions		292,552	
Other Contracted Services		50,950	
Total Juvenile Services			636,950

Fire Prevention and Control

Contributions	\$	1,536,471	
Total Fire Prevention and Control			1,536,471

Civil Defense

Supervisor/Director	\$	48,238	
Medical Personnel		220,471	
Secretary(ies)		28,061	
Part-time Personnel		58,051	
Social Security		21,692	
State Retirement		39,504	
Life Insurance		515	
Medical Insurance		64,320	
Dental Insurance		2,100	
Unemployment Compensation		3,984	
Employer Medicare		5,073	
Communication		5,547	
Data Processing Services		3,225	
Maintenance and Repair Services - Equipment		1,078	
Maintenance and Repair Services - Office Equipment		325	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Medical and Dental Services	\$	70	
Postal Charges		66	
Printing, Stationery, and Forms		214	
Travel		400	
Tuition		300	
Disposal Fees		10	
Data Processing Supplies		810	
Equipment Parts - Light		24	
Food Supplies		14	
Gasoline		3,953	
Lubricants		80	
Office Supplies		737	
Periodicals		316	
Small Tools		272	
Tires and Tubes		14	
Uniforms		4,474	
Vehicle Parts		591	
Other Supplies and Materials		2,464	
Total Civil Defense			\$ 516,993

Rescue Squad

Contributions	\$	254,822	
Motor Vehicles		168,000	
Total Rescue Squad			422,822

Disaster Relief

Contributions	\$	6,000	
Travel		8,452	
Tuition		27,500	
Other Contracted Services		4,445	
Communication Equipment		32,000	
Other Equipment		16,565	
Total Disaster Relief			94,962

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	33,862	
Communication		511	
Contributions		129,994	
Maintenance and Repair Services - Vehicles		725	
Other Contracted Services		49,000	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

County Coroner/Medical Examiner (Cont.)

Drugs and Medical Supplies	\$	11,053	
Gasoline		3,611	
Lubricants		91	
Tires and Tubes		953	
Vehicle Parts		1,420	
Other Charges		3,600	
Total County Coroner/Medical Examiner			\$ 234,820

Other Public Safety

Communication	\$	1,691	
Maintenance and Repair Services - Equipment		138,483	
Postal Charges		25	
Electricity		12,866	
Natural Gas		634	
Propane Gas		300	
Total Other Public Safety			153,999

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	72,271	
Assistant(s)		126,258	
Supervisor/Director		288,659	
Teachers		204,278	
Medical Personnel		2,288,215	
Education Media Personnel		29,932	
Clerical Personnel		575,492	
Custodial Personnel		29,419	
Part-time Personnel		48,713	
Other Salaries and Wages		51,372	
Social Security		217,892	
State Retirement		484,584	
Life Insurance		5,037	
Medical Insurance		499,331	
Dental Insurance		18,847	
Unemployment Compensation		5,473	
Employer Medicare		52,620	
Advertising		6,938	
Bank Charges		2,030	
Communication		66,401	
Contracts with Government Agencies		22,779	

(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.)

Contracts with Private Agencies	\$	3,695	
Data Processing Services		83	
Freight Expenses		294	
Janitorial Services		40	
Licenses		1,213	
Maintenance and Repair Services - Equipment		24,168	
Maintenance and Repair Services - Office Equipment		23,496	
Medical and Dental Services		19,874	
Pest Control		575	
Postal Charges		10,034	
Printing, Stationery, and Forms		6,909	
Rentals		1,210	
Travel		44,426	
Tuition		4,948	
Disposal Fees		6,863	
Other Contracted Services		9,384	
Custodial Supplies		4,854	
Data Processing Supplies		54,569	
Drugs and Medical Supplies		281,589	
Electricity		75,272	
Equipment Parts - Light		1,118	
Equipment and Machinery Parts		482	
Food Supplies		4,366	
Gasoline		5,286	
General Construction Materials		1,519	
Instructional Supplies and Materials		85,623	
Lubricants		140	
Natural Gas		4,920	
Office Supplies		44,190	
Periodicals		1,456	
Uniforms		2,609	
Vehicle Parts		1,488	
Water and Sewer		12,490	
Other Supplies and Materials		25,595	
Communication Equipment		131,040	
Furniture and Fixtures		672	
Other Capital Outlay		94,039	
Total Local Health Center			\$ 6,087,070

(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

Truck Drivers	\$	147,050	
Social Security		8,687	
State Retirement		19,270	
Life Insurance		240	
Medical Insurance		29,053	
Dental Insurance		1,077	
Unemployment Compensation		993	
Employer Medicare		2,032	
Communication		3,915	
Licenses		770	
Maintenance and Repair Services - Buildings		80	
Maintenance and Repair Services - Equipment		13	
Maintenance and Repair Services - Office Equipment		3,204	
Medical and Dental Services		51	
Pest Control		1,375	
Postal Charges		2	
Printing, Stationery, and Forms		91	
Tow-in Services		50	
Travel		698	
Tuition		525	
Veterinary Services		13,172	
Disposal Fees		882	
Other Contracted Services		192	
Animal Food and Supplies		3,568	
Custodial Supplies		3,342	
Drugs and Medical Supplies		13,706	
Electricity		5,798	
Gasoline		11,272	
General Construction Materials		1,102	
Natural Gas		3,341	
Office Supplies		186	
Tires and Tubes		536	
Uniforms		168	
Vehicle Parts		720	
Water and Sewer		1,574	
Other Supplies and Materials		730	
Other Charges		1,221	
Other Equipment		2,530	
Total Rabies and Animal Control			\$ 283,216

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Other Local Health Services

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

Regional Mental Health Center

Contracts with Government Agencies	\$ 5,400	
Contracts with Private Agencies	29,600	
Contributions	<u>69,359</u>	
Total Regional Mental Health Center		104,359

Aid to Dependent Children

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

Other Local Welfare Services

Contributions	\$ 5,760	
Pauper Burials	<u>35,163</u>	
Total Other Local Welfare Services		40,923

Other Public Health and Welfare

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

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Supervisor/Director	\$ 43,847
Clerical Personnel	286,839
Custodial Personnel	73,993
Part-time Personnel	15,778
Social Security	25,390
State Retirement	49,301
Life Insurance	702
Medical Insurance	56,333
Dental Insurance	2,175
Employer Medicare	5,938
Advertising	459
Communication	7,589

(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.)

Contributions	\$	30,000	
Data Processing Services		14,333	
Dues and Memberships		531	
Janitorial Services		105	
Licenses		67	
Maintenance and Repair Services - Buildings		1,654	
Maintenance and Repair Services - Equipment		59	
Maintenance and Repair Services - Office Equipment		1,134	
Matching Share		13,195	
Pest Control		1,100	
Postal Charges		3,576	
Travel		816	
Tuition		3,574	
Disposal Fees		535	
Custodial Supplies		782	
Data Processing Supplies		15,823	
Electricity		18,439	
Equipment Parts - Light		9	
General Construction Materials		622	
Instructional Supplies and Materials		45,836	
Library Books/Media		45,921	
Natural Gas		3,477	
Office Supplies		7,143	
Periodicals		2,637	
Water and Sewer		1,093	
Other Charges		7,865	
Data Processing Equipment		1,042	
Other Capital Outlay		1,797	
Total Libraries			\$ 791,509

Parks and Fair Boards

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

Agriculture and Natural Resources

Agriculture Extension Service

Communication	\$	2,698	
Contributions		7,000	
Maintenance and Repair Services - Equipment		800	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Agriculture and Natural Resources (Cont.)Agriculture Extension Service (Cont.)

Matching Share	\$ 115,925	
Printing, Stationery, and Forms	219	
Total Agriculture Extension Service		\$ 126,642

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 28,667	
Social Security	1,691	
State Retirement	4,351	
Life Insurance	70	
Medical Insurance	8,654	
Employer Medicare	395	
Contributions	5,100	
Total Soil Conservation		48,928

Other OperationsTourism

Contributions	\$ 5,000	
Total Tourism		5,000

Industrial Development

Contracts with Private Agencies	\$ 5,606	
Contributions	353,940	
Electricity	416	
Road Signs	345	
Total Industrial Development		360,307

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	13,000	
Total Other Economic and Community Development		213,000

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services

Rentals	\$ 8,000	
Total Veterans' Services		\$ 8,000

Other Charges

On-Behalf Payments to OPEB	\$ 7,834	
Total Other Charges		7,834

Employee Benefits

Social Security	\$ 30,175	
State Retirement	282,590	
Medical Insurance	226,574	
Employer Medicare	79	
Other Fringe Benefits	73,635	
Contracts with Private Agencies	7,980	
Total Employee Benefits		621,033

ARRA Grant # 1

Data Processing Equipment	\$ 85,050	
Total ARRA Grant # 1		85,050

ARRA Grant # 3

Medical Personnel	\$ 27,582	
Social Security	1,606	
State Retirement	3,977	
Life Insurance	70	
Medical Insurance	3,777	
Dental Insurance	179	
Employer Medicare	391	
Travel	800	
Total ARRA Grant # 3		38,382

Miscellaneous

Dues and Memberships	\$ 27,352	
Other Charges	32,177	
Total Miscellaneous		59,529

Instruction

Vocational Education Program

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Instruction (Cont.)

Other

Contracts with Other Public Agencies	\$ 177,459	
Total Other		\$ 177,459

Capital Projects

Public Utility Projects

Other Capital Outlay	\$ 998,347	
Total Public Utility Projects		998,347

Highway and Street Capital Projects

Other Road Supplies	\$ 6,669	
Road Signs	9,888	
Total Highway and Street Capital Projects		<u>16,557</u>

Total General Fund		\$ 44,700,462
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 1,421	
Dues and Memberships	300	
Printing, Stationery, and Forms	22	
Other Contracted Services	7,848	
Asphalt	6,000	
Instructional Supplies and Materials	5,025	
Total Sanitation Education/Information		\$ 20,616

Transfer Stations

Supervisor/Director	\$ 57,860
Mechanic(s)	31,375
Equipment Operators	32,013
Truck Drivers	244,298
Clerical Personnel	29,690
Maintenance Personnel	138,154
Part-time Personnel	34,714
Social Security	32,601
State Retirement	83,304
Life Insurance	1,000
Medical Insurance	125,535
Dental Insurance	4,430
Employer Medicare	7,884

(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.)

Other Fringe Benefits	\$	929
Bank Charges		25
Communication		6,941
Contracts with Government Agencies		1,067
Data Processing Services		262
Dues and Memberships		3,873
Evaluation and Testing		1,805
Freight Expenses		831
Licenses		70
Maintenance and Repair Services - Equipment		16,826
Maintenance and Repair Services - Office Equipment		6,440
Maintenance and Repair Services - Vehicles		19,540
Postal Charges		111
Printing, Stationery, and Forms		81
Rentals		5,029
Tow-in Services		810
Travel		2,342
Disposal Fees		567,644
Asphalt		3,442
Crushed Stone		962
Custodial Supplies		990
Data Processing Supplies		2,025
Diesel Fuel		135,127
Electricity		17,562
Equipment Parts - Heavy		19,911
Equipment Parts - Light		2,360
Equipment and Machinery Parts		7,678
Fuel Oil		1,784
Garage Supplies		10,950
Gasoline		11,508
General Construction Materials		8,115
Instructional Supplies and Materials		580
Lubricants		8,840
Office Supplies		2,355
Propane Gas		2,276
Small Tools		322
Structural Steel		5,544
Tires and Tubes		17,591
Vehicle Parts		39,746
Water and Sewer		1,797

(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.)

Wire	\$	1,882	
Fencing		3,473	
Other Supplies and Materials		11,982	
Trustee's Commission		25,331	
Maintenance Equipment		5,500	
Motor Vehicles		25,228	
Solid Waste Equipment		166,422	
Other Capital Outlay		7,868	
Total Transfer Stations			\$ 2,006,635
Total Solid Waste/Sanitation Fund			\$ 2,027,251

Ambulance Service Fund
Public Health and Welfare

<u>Ambulance/Emergency Medical Services</u>	
Supervisor/Director	\$ 17,882
Captain(s)	141,725
Lieutenant(s)	141,740
Medical Personnel	2,029,659
Clerical Personnel	127,509
Part-time Personnel	189,738
Social Security	155,779
State Retirement	410,011
Life Insurance	4,142
Medical Insurance	546,761
Dental Insurance	18,717
Unemployment Compensation	13,046
Employer Medicare	36,432
Other Fringe Benefits	9,876
Bank Charges	634
Communication	22,037
Data Processing Services	12,513
Debt Collection Services	46,062
Dues and Memberships	360
Evaluation and Testing	35
Legal Notices, Recording, and Court Costs	1,461
Licenses	8,205
Maintenance Agreements	245
Maintenance and Repair Services - Buildings	2,566
Maintenance and Repair Services - Equipment	4,693

(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.)

Maintenance and Repair Services - Office Equipment	\$	1,402	
Maintenance and Repair Services - Vehicles		3,048	
Medical and Dental Services		2,585	
Pest Control		1,615	
Postal Charges		17,408	
Printing, Stationery, and Forms		1,096	
Rentals		36,000	
Tow-in Services		850	
Tuition		3,803	
Disposal Fees		7,263	
Penalties		140	
Other Contracted Services		9,042	
Custodial Supplies		3,039	
Data Processing Supplies		4,692	
Diesel Fuel		134,830	
Drugs and Medical Supplies		138,474	
Electricity		29,663	
Equipment Parts - Light		5,915	
Food Supplies		225	
Gasoline		3,945	
General Construction Materials		2,517	
Instructional Supplies and Materials		1,430	
Lubricants		3,233	
Natural Gas		6,439	
Office Supplies		2,986	
Periodicals		44	
Tires and Tubes		17,222	
Uniforms		16,039	
Vehicle Parts		37,149	
Water and Sewer		1,857	
Other Supplies and Materials		5,929	
Trustee's Commission		45,661	
Data Processing Equipment		19,008	
Motor Vehicles		178,608	
Health Equipment		9,146	
Other Equipment		21,691	
Total Ambulance/Emergency Medical Services			\$ 4,715,822

Total Ambulance Service Fund

\$ 4,715,822

(Continued)

Exhibit L-7

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

Drug Control Fund

Public Safety

Sheriff's Department

Communication	\$	6,825	
Contributions		9,334	
Data Processing Services		2,010	
Confidential Drug Enforcement Payments		12,000	
Freight Expenses		5	
Licenses		109	
Matching Share		6,062	
Rentals		3,559	
Tow-in Services		830	
Travel		3,989	
Animal Food and Supplies		633	
Data Processing Supplies		738	
Gasoline		435	
Law Enforcement Supplies		4,017	
Office Supplies		429	
Periodicals		198	
Tires and Tubes		518	
Vehicle Parts		3,060	
Trustee's Commission		1,027	
Other Capital Outlay		5,000	
Total Sheriff's Department			\$ 60,778

Total Drug Control Fund \$ 60,778

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	31,966	
Laborers		26,619	
Temporary Personnel		35,760	
Social Security		5,646	
State Retirement		9,863	
Life Insurance		140	
Medical Insurance		16,484	
Dental Insurance		372	
Unemployment Compensation		3,840	
Employer Medicare		1,321	
Bank Charges		1,447	
Communication		861	
Contracts with Private Agencies		2,400	

(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.)

Engineering Services	\$	5,500	
Licenses		230	
Maintenance and Repair Services - Equipment		13,953	
Postal Charges		85	
Rentals		531	
Disposal Fees		1,758	
Other Contracted Services		210	
Custodial Supplies		1,795	
Data Processing Supplies		383	
Electricity		54,154	
Equipment Parts - Heavy		11	
Equipment Parts - Light		2,020	
Equipment and Machinery Parts		338	
Fertilizer, Lime, and Seed		314	
Garage Supplies		29	
Gasoline		7,294	
General Construction Materials		8,153	
Ice		2,515	
Lubricants		506	
Office Supplies		1,017	
Propane Gas		1,204	
Small Tools		694	
Tires and Tubes		414	
Vehicle Parts		518	
Water and Sewer		25,585	
Gravel and Chert		1,136	
Other Supplies and Materials		27	
Trustee's Commission		2,650	
Total Parks and Fair Boards			\$ 269,743

Total Sports and Recreation Fund \$ 269,743

District Attorney General Fund

Administration of Justice

District Attorney General

Data Processing Services	\$	21
Dues and Memberships		2,445
Janitorial Services		1,800
Legal Services		22
Legal Notices, Recording, and Court Costs		22

(Continued)

Exhibit L-7

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

District Attorney General Fund (Cont.)

Administration of Justice (Cont.)

District Attorney General (Cont.)

Licenses	\$	137	
Travel		2,413	
Tuition		5,339	
Other Contracted Services		6	
Library Books/Media		1,067	
Office Supplies		290	
Periodicals		1,162	
Other Supplies and Materials		15	
Trustee's Commission		180	
Total District Attorney General			\$ 14,919

Total District Attorney General Fund \$ 14,919

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	1,125	
Total Other General Administration			\$ 1,125

Total Constitutional Officers - Fees Fund 1,125

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	86,120	
Social Security		5,558	
State Retirement		14,007	
Life Insurance		85	
Medical Insurance		6,542	
Dental Insurance		478	
Employer Medicare		968	
Communication		13,945	
Contracts with Other Public Agencies		586	
Data Processing Services		1,500	
Dues and Memberships		4,860	
Evaluation and Testing		611	
Legal Notices, Recording, and Court Costs		34	
Licenses		1,650	
Maintenance Agreements		1,450	
Maintenance and Repair Services - Office Equipment		1,835	

(Continued)

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Medical and Dental Services	\$	212	
Pest Control		1,950	
Postal Charges		88	
Printing, Stationery, and Forms		179	
Rentals		1,276	
Travel		1,242	
Tuition		240	
Other Contracted Services		470	
Data Processing Supplies		229	
Electricity		31,316	
Equipment Parts - Light		130	
Food Supplies		325	
Garage Supplies		896	
Natural Gas		6,431	
Office Supplies		2,079	
Water and Sewer		3,310	
Other Supplies and Materials		747	
Trustee's Commission		105,001	
Total Administration			\$ 296,350

Highway and Bridge Maintenance

Assistant(s)	\$	142,820
Supervisor/Director		186,130
Paraprofessionals		103,009
Foremen		452,635
Mechanic(s)		346,052
Equipment Operators		1,093,846
Equipment Operators - Heavy		724,803
Truck Drivers		540,282
Dispatchers/Radio Operators		75,661
Laborers		186,785
Social Security		228,762
State Retirement		628,502
Life Insurance		8,309
Medical Insurance		1,058,788
Dental Insurance		34,140
Unemployment Compensation		2,442
Employer Medicare		53,834
Other Fringe Benefits		1,369
Communication		507

(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.)

Contracts with Government Agencies	\$	384	
Dues and Memberships		165	
Evaluation and Testing		1,228	
Licenses		988	
Maintenance and Repair Services - Buildings		417	
Maintenance and Repair Services - Equipment		545	
Maintenance and Repair Services - Vehicles		400	
Rentals		26,703	
Tuition		70	
Disposal Fees		1,157	
Other Contracted Services		13,542	
Concrete		1,567	
Crushed Stone		34,938	
Data Processing Supplies		305	
Equipment Parts - Light		420	
Fertilizer, Lime, and Seed		1,948	
General Construction Materials		21,742	
Lubricants		88	
Office Supplies		353	
Other Road Supplies		3,259	
Pipe - Concrete		217	
Pipe - Metal		37,531	
Salt		204,300	
Small Tools		793	
Structural Steel		3,518	
T&I Construction Materials		565	
Uniforms		547	
Water and Sewer		449	
Wood Products		294	
Chemicals		42	
Total Highway and Bridge Maintenance			\$ 6,227,151

Operation and Maintenance of Equipment

Data Processing Services	\$	175
Freight Expenses		10
Licenses		18
Maintenance and Repair Services - Buildings		220
Maintenance and Repair Services - Equipment		11,767
Maintenance and Repair Services - Vehicles		24,285
Disposal Fees		2,278

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Other Contracted Services	\$	1,610	
Concrete		4,014	
Custodial Supplies		4,637	
Diesel Fuel		160,857	
Drugs and Medical Supplies		168	
Equipment Parts - Heavy		53,744	
Equipment Parts - Light		6,393	
Equipment and Machinery Parts		4,551	
Explosives and Drilling Supplies		15	
Fuel Oil		2,322	
Garage Supplies		10,107	
Gasoline		155,901	
General Construction Materials		379	
Lubricants		27,858	
Office Supplies		328	
Other Road Supplies		311	
Pipe		54	
Road Signs		9	
Small Tools		4,775	
Structural Steel		1,242	
Tires and Tubes		21,232	
Uniforms		1,153	
Vehicle Parts		79,093	
Wood Products		125	
Other Supplies and Materials		6,402	
Total Operation and Maintenance of Equipment			\$ 586,033

Asphalt Plant Operations

Licenses	\$	362	
Asphalt		541,020	
Asphalt - Hot Mix		10,943	
Crushed Stone		232,895	
Electricity		23,345	
Equipment Parts - Heavy		499	
Equipment Parts - Light		320	
Equipment and Machinery Parts		9	
General Construction Materials		521	
Lubricants		420	
Natural Gas		44,759	
Water and Sewer		547	
Total Asphalt Plant Operations			855,640

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Traffic Control

Other Road Supplies	\$	7,564	
Road Signs		4,517	
Wood Products		424	
Total Traffic Control			\$ 12,505

Other Charges

Liability Insurance	\$	88,671	
Total Other Charges			88,671

Capital Outlay

Salt	\$	89,464	
Highway Equipment		8,140	
Maintenance Equipment		2,736	
Motor Vehicles		83,600	
Total Capital Outlay			183,940

Capital Projects

Highway and Street Capital Projects

Other Supplies and Materials	\$	1,550	
Total Highway and Street Capital Projects			1,550

Total Highway/Public Works Fund \$ 8,251,840

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$	72,678	
Total Other Finance			\$ 72,678

Principal on Debt

General Government

Principal on Bonds	\$	670,000	
Principal on Notes		1,200,000	
Total General Government			1,870,000

Education

Principal on Other Loans	\$	804,940	
Total Education			804,940

(Continued)

Exhibit L-7

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

<u>General Debt Service Fund (Cont.)</u>			
<u>Interest on Debt</u>			
<u>General Government</u>			
Interest on Bonds	\$	1,452,739	
Interest on Notes		<u>139,708</u>	
Total General Government			\$ 1,592,447
<u>Education</u>			
Interest on Other Loans	\$	<u>450,774</u>	
Total Education			450,774
<u>Other Debt Service</u>			
<u>General Government</u>			
Bank Charges	\$	990	
Other Debt Service		<u>500</u>	
Total General Government			1,490
<u>Education</u>			
Other Debt Service	\$	<u>13,301</u>	
Total Education			<u>13,301</u>
Total General Debt Service Fund			\$ 4,805,630
<u>General Capital Projects Fund</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Underwriter's Discount	\$	22,809	
Other Debt Issuance Charges		<u>22,363</u>	
Total Education			\$ 45,172
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to School Department</u>			
Contributions	\$	<u>5,190,867</u>	
Total Capital Projects Donated to School Department			<u>5,190,867</u>
Total General Capital Projects Fund			5,236,039
<u>Other Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>ARRA Grant # 2</u>			
Building Improvements	\$	<u>357,412</u>	
Total ARRA Grant # 2			<u>\$ 357,412</u>
Total Other Capital Projects Fund			<u>357,412</u>
Total Governmental Funds - Primary Government			<u>\$ 70,441,021</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, 2011

Special Purpose Fund

Support Services

Board of Education

Trustee's Commission	\$ 25,626	
Total Board of Education		\$ 25,626

Capital Outlay

Regular Capital Outlay

Engineering Services	\$ 7,975	
Other Contracted Services	1,230	
Building Improvements	46,434	
Heating and Air Conditioning Equipment	965,970	
Other Capital Outlay	29,013	
Total Regular Capital Outlay		<u>1,050,622</u>

Total Special Purpose Fund		\$ 1,076,248
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General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$ 139,744
Teachers	26,936,172
Career Ladder Program	307,305
Career Ladder Extended Contracts	127,345
Homebound Teachers	63,012
Salary Supplements	684,547
Educational Assistants	1,226,752
Other Salaries and Wages	445,835
Certified Substitute Teachers	181,470
Non-certified Substitute Teachers	258,970
Social Security	1,779,466
State Retirement	2,698,621
Life Insurance	50,006
Medical Insurance	5,297,985
Dental Insurance	94,697
Employer Medicare	420,848
Contracts with Government Agencies	697,560
Evaluation and Testing	24,483
Other Contracted Services	1,470
Basic Skills Materials	4,305
Equipment and Machinery Parts	2,618
Fertilizer, Lime, and Seed	552

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Instructional Supplies and Materials	\$	325,010	
Textbooks		764,300	
Other Supplies and Materials		450	
Medical Claims		253,158	
Other Charges		113,013	
Data Processing Equipment		46,706	
Regular Instruction Equipment		33,895	
Total Regular Instruction Program			\$ 42,980,295

Special Education Program

Teachers	\$	3,354,246	
Career Ladder Program		42,472	
Career Ladder Extended Contracts		22,560	
Homebound Teachers		16,556	
Medical Personnel		17,896	
Educational Assistants		442,919	
Other Salaries and Wages		49,760	
Certified Substitute Teachers		12,920	
Non-certified Substitute Teachers		42,105	
Social Security		235,222	
State Retirement		385,023	
Life Insurance		7,810	
Medical Insurance		742,941	
Dental Insurance		13,343	
Employer Medicare		55,335	
Contracts with Private Agencies		28,780	
Evaluation and Testing		4,976	
Maintenance and Repair Services - Equipment		1,455	
Other Contracted Services		57,626	
Instructional Supplies and Materials		31,424	
Other Supplies and Materials		2,644	
Special Education Equipment		9,970	
Other Capital Outlay		1,394	
Total Special Education Program			5,579,377

Vocational Education Program

Teachers	\$	2,058,214
Career Ladder Program		13,750
Other Salaries and Wages		2,000

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Vocational Education Program (Cont.)

Certified Substitute Teachers	\$	11,250	
Non-certified Substitute Teachers		14,332	
Social Security		122,659	
State Retirement		184,817	
Life Insurance		3,030	
Medical Insurance		363,459	
Dental Insurance		5,866	
Employer Medicare		28,827	
Maintenance and Repair Services - Equipment		995	
Other Contracted Services		11,194	
Equipment and Machinery Parts		3,968	
Instructional Supplies and Materials		96,877	
Vocational Instruction Equipment		22,828	
Total Vocational Education Program			\$ 2,944,066

Support Services

Health Services

Secretary(ies)	\$	10,681	
Other Salaries and Wages		39,106	
Social Security		3,028	
State Retirement		5,276	
Life Insurance		105	
Medical Insurance		7,626	
Dental Insurance		260	
Employer Medicare		718	
Communication		364	
Printing, Stationery, and Forms		18	
Travel		4,845	
Other Contracted Services		1,553	
Other Supplies and Materials		24,729	
Total Health Services			98,309

Other Student Support

Career Ladder Program	\$	10,000	
Guidance Personnel		1,356,777	
Social Workers		1,000	
Secretary(ies)		57,355	
Educational Assistants		15,878	
Social Security		84,675	

(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.)

Other Student Support (Cont.)

State Retirement	\$	133,857	
Life Insurance		2,322	
Medical Insurance		210,653	
Dental Insurance		4,844	
Employer Medicare		20,186	
Total Other Student Support			\$ 1,897,547

Regular Instruction Program

Supervisor/Director	\$	195,591	
Career Ladder Program		21,970	
Librarians		1,293,265	
Materials Supervisor		94,529	
Truck Drivers		43,382	
Secretary(ies)		148,136	
Educational Assistants		2,841	
Other Salaries and Wages		234,767	
Social Security		121,598	
State Retirement		204,276	
Life Insurance		3,328	
Medical Insurance		359,826	
Dental Insurance		6,180	
Employer Medicare		28,702	
Advertising		42	
Communication		3,459	
Dues and Memberships		8,539	
Maintenance and Repair Services - Equipment		25,385	
Printing, Stationery, and Forms		17,351	
Rentals		7,373	
Travel		25,720	
Other Contracted Services		8,051	
Instructional Supplies and Materials		137,604	
Library Books/Media		138,102	
Office Supplies		12,430	
Periodicals		28,497	
Propane Gas		160	
Other Supplies and Materials		5,826	
In Service/Staff Development		57,250	
Administration Equipment		3,809	
Data Processing Equipment		5,356	
Total Regular Instruction Program			3,243,345

(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.)

Special Education Program

Supervisor/Director	\$	77,314	
Career Ladder Program		2,000	
Psychological Personnel		500	
Secretary(ies)		30,849	
Other Salaries and Wages		5,000	
Social Security		7,047	
State Retirement		12,692	
Life Insurance		140	
Medical Insurance		8,226	
Dental Insurance		336	
Employer Medicare		1,648	
Communication		689	
Maintenance and Repair Services - Equipment		1,757	
Rentals		1,644	
Travel		32,383	
Office Supplies		741	
In Service/Staff Development		10,103	
Total Special Education Program			\$ 193,069

Vocational Education Program

Supervisor/Director	\$	38,907	
Career Ladder Program		1,000	
Secretary(ies)		30,849	
Other Salaries and Wages		2,000	
Social Security		4,347	
State Retirement		8,809	
Life Insurance		105	
Medical Insurance		12,460	
Dental Insurance		84	
Employer Medicare		1,017	
Travel		7,019	
Propane Gas		97	
Total Vocational Education Program			106,694

Other Programs

On-Behalf Payments to OPEB	\$	1,101,673	
Total Other Programs			1,101,673

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education

Board and Committee Members Fees	\$	30,000	
Social Security		1,600	
Medical Insurance		7,481	
Dental Insurance		700	
Unemployment Compensation		42,316	
Employer Medicare		435	
Advertising		1,744	
Audit Services		63,800	
Dues and Memberships		15,715	
Legal Services		76,092	
Travel		10,173	
Other Contracted Services		1,472	
Periodicals		489	
Other Supplies and Materials		3,220	
Building and Contents Insurance		270,093	
Liability Insurance		161,183	
Trustee's Commission		686,251	
Workers' Compensation Insurance		266,033	
Criminal Investigation of Applicants - TBI		9,464	
Other Charges		25,000	
Total Board of Education			\$ 1,673,261

Director of Schools

County Official/Administrative Officer	\$	129,600
Assistant(s)		90,526
Career Ladder Program		3,000
Secretary(ies)		81,253
Other Salaries and Wages		4,000
Social Security		17,449
State Retirement		31,660
Life Insurance		140
Medical Insurance		37,854
Dental Insurance		336
Employer Medicare		4,269
Communication		160,543
Dues and Memberships		4,955
Freight Expenses		770
Maintenance and Repair Services - Equipment		23,532
Postal Charges		15,965

(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.)

Printing, Stationery, and Forms	\$	1,949	
Travel		4,845	
Other Contracted Services		15,457	
Equipment and Machinery Parts		1,192	
Office Supplies		4,366	
Other Supplies and Materials		49	
Other Charges		30	
Administration Equipment		331	
Total Director of Schools			\$ 634,071

Office of the Principal

Assistant(s)	\$	1,131,922	
Principals		1,860,550	
Career Ladder Program		58,000	
Accountants/Bookkeepers		394,031	
Secretary(ies)		734,117	
Other Salaries and Wages		12,000	
Social Security		248,826	
State Retirement		454,949	
Life Insurance		6,792	
Medical Insurance		732,284	
Dental Insurance		12,810	
Employer Medicare		58,254	
Travel		3,695	
Other Contracted Services		187,873	
Office Supplies		9,770	
Total Office of the Principal			5,905,873

Fiscal Services

Supervisor/Director	\$	41,100	
Accountants/Bookkeepers		197,109	
Social Security		14,035	
State Retirement		34,348	
Life Insurance		462	
Medical Insurance		43,205	
Dental Insurance		602	
Employer Medicare		3,285	
Bank Charges		3,120	
Dues and Memberships		95	

(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.)

Maintenance and Repair Services - Equipment	\$	195	
Printing, Stationery, and Forms		2,969	
Travel		1,003	
Other Contracted Services		8,944	
Office Supplies		7,916	
Administration Equipment		1,739	
Data Processing Equipment		3,877	
Total Fiscal Services			\$ 364,004

Operation of Plant

Custodial Personnel	\$	1,872,616	
Social Security		109,858	
State Retirement		292,078	
Life Insurance		6,113	
Medical Insurance		647,668	
Dental Insurance		11,130	
Employer Medicare		25,768	
Other Contracted Services		51,676	
Coal		4,725	
Custodial Supplies		94,657	
Electricity		2,447,847	
Fuel Oil		118,252	
Natural Gas		246,404	
Propane Gas		125,084	
Water and Sewer		338,071	
Other Supplies and Materials		6,259	
Plant Operation Equipment		15,319	
Total Operation of Plant			6,413,525

Maintenance of Plant

Supervisor/Director	\$	70,518	
Foremen		190,669	
Secretary(ies)		47,682	
Maintenance Personnel		1,729,881	
Other Salaries and Wages		667	
Social Security		118,046	
State Retirement		328,550	
Life Insurance		4,072	
Medical Insurance		495,478	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

Dental Insurance	\$	7,896	
Employer Medicare		27,805	
Communication		6,483	
Licenses		90	
Maintenance and Repair Services - Equipment		18,589	
Maintenance and Repair Services - Vehicles		3,038	
Rentals		998	
Travel		4,566	
Other Contracted Services		166,854	
Asphalt		395	
Concrete		297	
Crushed Stone		2,476	
Diesel Fuel		5,882	
Equipment and Machinery Parts		98,529	
Garage Supplies		47,272	
Gasoline		135,470	
General Construction Materials		163,092	
Office Supplies		1,717	
Uniforms		21,945	
Other Supplies and Materials		53,776	
In Service/Staff Development		898	
Administration Equipment		2,391	
Maintenance Equipment		31,992	
Total Maintenance of Plant			\$ 3,788,014

Transportation

Bus Drivers	\$	8,111	
Clerical Personnel		250	
Social Security		503	
State Retirement		406	
Employer Medicare		121	
Contracts with Parents		2,704	
Contracts with Vehicle Owners		3,913,638	
Maintenance and Repair Services - Vehicles		1,351	
Other Contracted Services		2,899	
Garage Supplies		30,768	
Gasoline		107,014	
Other Supplies and Materials		1,189	
Total Transportation			4,068,954

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Central and Other

Supervisor/Director	\$	77,314	
Secretary(ies)		30,849	
Other Salaries and Wages		105,672	
Social Security		12,598	
State Retirement		28,690	
Life Insurance		351	
Medical Insurance		34,364	
Dental Insurance		840	
Employer Medicare		2,946	
Maintenance and Repair Services - Equipment		821	
Travel		1,148	
Other Contracted Services		8,714	
Office Supplies		2,182	
Other Supplies and Materials		2,797	
Administration Equipment		1,561	
Total Central and Other			\$ 310,847

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	64,047
Career Ladder Program		1,000
Accountants/Bookkeepers		30,849
Truck Drivers		25,468
Secretary(ies)		58,710
Cafeteria Personnel		1,917,657
Other Salaries and Wages		72,000
Social Security		130,391
State Retirement		185,462
Life Insurance		4,464
Medical Insurance		510,739
Dental Insurance		6,398
Employer Medicare		30,538
Communication		307
Contracts with Other School Systems		15,937
Data Processing Services		23,351
Dues and Memberships		660
Operating Lease Payments		2,738
Maintenance and Repair Services - Equipment		50,497
Printing, Stationery, and Forms		680

(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.)

Travel	\$	19,942	
Other Contracted Services		276,041	
Equipment and Machinery Parts		34,981	
Food Preparation Supplies		220,269	
Food Supplies		1,498,395	
Gasoline		3,642	
Office Supplies		5,008	
Uniforms		6,131	
USDA - Commodities		682,437	
Other Supplies and Materials		14,278	
In Service/Staff Development		1,741	
Food Service Equipment		209,099	
Total Food Service			\$ 6,103,857

Community Services

Other Salaries and Wages	\$	22,961	
Social Security		1,418	
State Retirement		2,538	
Employer Medicare		332	
Total Community Services			27,249

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	20,935	
General Construction Materials		6,068	
Total Regular Capital Outlay			27,003

Principal on Debt

Education

Principal on Capital Leases	\$	20,918	
Total Education			20,918

Interest on Debt

Education

Interest on Notes	\$	19,600	
Interest on Capital Leases		3,861	
Total Education			23,461

(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.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 240,649	
Total Education		\$ 240,649

Total General Purpose School Fund \$ 87,746,061

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 793,346	
Educational Assistants	658,100	
Other Salaries and Wages	1,540	
Social Security	68,616	
State Retirement	121,194	
Life Insurance	3,557	
Medical Insurance	246,401	
Dental Insurance	4,704	
Employer Medicare	19,877	
Other Contracted Services	8,400	
Instructional Supplies and Materials	336,444	
Regular Instruction Equipment	364,819	
Total Regular Instruction Program		\$ 2,626,998

Special Education Program

Teachers	\$ 582,502	
Educational Assistants	989,539	
Other Salaries and Wages	339,706	
Certified Substitute Teachers	5,630	
Social Security	108,936	
State Retirement	203,922	
Life Insurance	4,549	
Medical Insurance	427,373	
Dental Insurance	7,980	
Employer Medicare	26,437	
Other Contracted Services	1,200	
Instructional Supplies and Materials	119,388	
Special Education Equipment	181,762	
Total Special Education Program		2,998,924

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Vocational Education Program

Instructional Supplies and Materials	\$	93,268	
Vocational Instruction Equipment		120,263	
Total Vocational Education Program			\$ 213,531

Support Services

Attendance

Other Contracted Services	\$	22,444	
Total Attendance			22,444

Other Student Support

Social Workers	\$	83,074	
Social Security		5,110	
State Retirement		7,518	
Life Insurance		140	
Medical Insurance		10,350	
Dental Insurance		336	
Employer Medicare		1,195	
Communication		846	
Travel		38,699	
Other Contracted Services		9,655	
Other Supplies and Materials		25,635	
In Service/Staff Development		3,999	
Total Other Student Support			186,557

Regular Instruction Program

Supervisor/Director	\$	40,426	
Secretary(ies)		15,189	
Other Salaries and Wages		295,898	
Social Security		22,088	
State Retirement		34,029	
Life Insurance		397	
Medical Insurance		32,517	
Dental Insurance		854	
Employer Medicare		5,237	
Travel		9,202	
Other Supplies and Materials		6,729	
In Service/Staff Development		281,021	
Other Equipment		31,690	
Total Regular Instruction Program			775,277

(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.)

Special Education Program

Psychological Personnel	\$	42,284	
Social Security		2,302	
State Retirement		3,827	
Life Insurance		70	
Medical Insurance		9,722	
Dental Insurance		168	
Employer Medicare		538	
Travel		1,796	
Other Contracted Services		234	
In Service/Staff Development		11,867	
Other Equipment		3,462	
Total Special Education Program			\$ 76,270

Vocational Education Program

Travel	\$	1,901	
Total Vocational Education Program			1,901

Transportation

Mechanic(s)	\$	32,629	
Bus Drivers		306,711	
Clerical Personnel		8,399	
Social Security		20,142	
State Retirement		25,300	
Life Insurance		772	
Medical Insurance		59,636	
Dental Insurance		1,176	
Employer Medicare		4,865	
Total Transportation			459,630

Total School Federal Projects Fund \$ 7,361,532

Education Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$	21,271	
Total Other Finance			\$ 21,271

(Continued)

Exhibit L-8

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

Education Debt Service Fund (Cont.)

Principal on Debt

Education

Principal on Bonds	\$ 1,375,000	
Total Education		\$ 1,375,000

Interest on Debt

Education

Interest on Bonds	\$ 722,875	
Total Education		722,875

Other Debt Service

Education

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

Total Education Debt Service Fund		\$ 2,119,647
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Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$ 708,463	
Engineering Services	5,746	
Building Improvements	4,404,158	
Land	<u>72,500</u>	
Total Education Capital Projects		<u>\$ 5,190,867</u>

Total Education Capital Projects Fund		<u>5,190,867</u>
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Total Governmental Funds - Sullivan County School Department		<u>\$ 103,494,355</u>
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Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2011

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 8,655,454	\$ 13,493,294	\$ 22,148,748
Trustee's Collections - Prior Years	0	243,164	379,077	622,241
Circuit/Clerk and Master Collections - Prior Years	0	120,129	188,415	308,544
Interest and Penalty	0	95,454	149,294	244,748
Pick-up Taxes	0	46,681	72,773	119,454
Local Option Sales Tax	18,844,265	4,086,180	6,370,090	29,300,535
Bank Excise Tax	0	14,204	22,143	36,347
Interstate Telecommunication Tax	0	1,750	2,729	4,479
Marriage Licenses	0	2,265	3,539	5,804
Other Local Revenues	0	233	365	598
Total Cash Receipts	\$ 18,844,265	\$ 13,265,514	\$ 20,681,719	\$ 52,791,498
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 18,655,822	\$ 13,023,195	\$ 20,295,673	\$ 51,974,690
Trustee's Commission	188,443	222,539	346,947	757,929
Total Cash Disbursements	\$ 18,844,265	\$ 13,245,734	\$ 20,642,620	\$ 52,732,619
<u>Excess of Cash Receipts</u>				
Over (Under) Cash Disbursements	\$ 0	\$ 19,780	\$ 39,099	\$ 58,879
Cash Balance, July 1, 2010	0	384,752	591,540	976,292
Cash Balance, June 30, 2011	\$ 0	\$ 404,532	\$ 630,639	\$ 1,035,171

SINGLE AUDIT SECTION



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

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

January 25, 2012

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, 2011, which collectively comprise Sullivan County's basic financial statements and have issued our report thereon dated January 25, 2012. 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

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: 11.01.

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: 11.02, 11.04, and 11.06(A).

Compliance and Other Matters

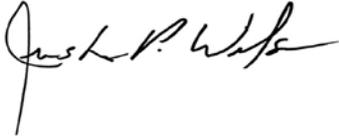
As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 11.03, 11.05, 11.06(B), and 11.07.

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

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

This report is intended solely for the information and use of management, the county mayor, 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 fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu



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

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

January 25, 2012

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Sullivan County with the types of compliance requirements described in the *U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement* that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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, 2011. 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 11.03 and 11.08.

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 in order to determine our auditing procedures for the purpose of expressing our opinion on compliance and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control over compliance.

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

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

Schedule of Expenditures of Federal Awards

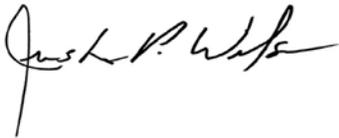
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County as of and for the year ended June 30, 2011, and have issued our report thereon dated January 25, 2012. 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 fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

Sullivan County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

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	\$ 46,431
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	682,437 (9)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	559,628
National School Lunch Program	10.555	N/A	2,067,554 (9)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(3)	963,413
Total U.S. Department of Agriculture			<u>\$ 4,319,463</u>
U.S. Department of Commerce:			
Passed-through State Department of Economic and Community Development:			
Broadband Technology Opportunities Program (BTOP)	11.557	(2)	\$ 18,568
Total U.S. Department of Commerce			<u>\$ 18,568</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-10-33947-00	\$ 151,465
Total U.S. Department of Housing and Urban Development			<u>\$ 151,465</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 40,423
American Battlefield Protection	15.926	GA-2255-08-021	9,000
Total U.S. Department of the Interior			<u>\$ 49,423</u>
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grant Program	16.592	(4)	\$ 32,368
Edward Byrne Memorial Justice Assistance Grant Program	16.738	(2)	13,000
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	2009-SB-B9-1573	85,050
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	60,109
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	(2)	76,165
Total U.S. Department of Justice			<u>\$ 266,692</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-EN-8200	\$ 1,889
State and Community Highway Safety	20.600	PT-11-42	26,066
Total U.S. Department of Transportation			<u>\$ 27,955</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)	\$ 2,288
Total U.S. Institute of Museum and Library Services			<u>\$ 2,288</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	\$ 242,192
Total U.S. Department of Energy			<u>\$ 242,192</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,938,643
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	607,353
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,598,138
Special Education - Preschool Grants	84.173	N/A	101,932
Special Education - Grants to States, Recovery Act	84.391	N/A	952,768
Special Education - Preschool Grants, Recovery Act	84.392	N/A	26,942
Career and Technical Education - Basic Grants to States	84.048	N/A	256,736
Safe and Drug-free Schools and Communities - State Grants	84.186	(2)	5,655
Education Technology State Grants Cluster:			
Education Technology State Grants	84.318	(2)	62,361
Education Technology State Grants, Recovery Act	84.386	(2)	17,717
Improving Teacher Quality State Grants	84.367	N/A	388,300
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	1,754
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	548,184
State Fiscal Stabilization Fund Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	3,677,238
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	311,922
Education Jobs Fund	84.410	N/A	806,165
Total U.S. Department of Education			<u>\$ 12,301,808</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 6,000
Total U.S. Election Assistance Commission			<u>\$ 6,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Public Health and Social Services Emergency Fund	93.003	GG-11-33307-00	\$ 374,219
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-11-32528-00	66,182
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	38,666
Family Planning - Services	93.217	GU-10-81360-00	194,408
Immunization Grants	93.268	(5)	135,739
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(6)	27,239
Cancer Control	93.399	GG-11-32606-00	56,392

(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.):			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(2)	\$ 67,659
HIV Prevention Activities - Health Department Based	93.940	(7)	95,003
Preventive Health and Health Services Block Grant	93.991	(8)	49,868
Maternal and Child Health Services Block Grant to the States	93.994	GG-11-33329-00	<u>43,432</u>
Total U.S. Department of Health and Human Services			<u>\$ 1,148,807</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
State Domestic Preparedness Equipment Support Program	97.004	GG-10-30131-00	\$ 89,053
Emergency Management Performance Grants	97.042	(2)	<u>30,316</u>
Total U.S. Department of Homeland Security			<u>\$ 119,369</u>
Total Expenditures of Federal Awards			<u>\$ 18,654,030</u>
<u>State Grants</u>		<u>Contract Number</u>	
Care and Coordination Services - State Department of Health	N/A	(2)	\$ 28,954
Adolescent Pregnancy - State Department of Health	N/A	GG-11-31074-00	58,662
TennCare Dental Prevention - State Department of Health	N/A	(2)	209,365
Home Visiting - State Department of Health	N/A	(2)	287,263
TenderCare Outreach - State Department of Health	N/A	GG-11-34019-00	170,626
Rural Library Grant - State Department of Library and Archives	N/A	(2)	18,983
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	42,496
State Aid Program - State Department of Transportation	N/A	(2)	250,032
Litter Program - State Department of Transportation	N/A	(2)	51,654
Health Department Program - State Department of Health	N/A	GG-11-32348-01	66,300
Connect TN - State Department of Education	N/A	(2)	6,266
Early Childhood Education Project - State Department of Education	N/A	(2)	<u>485,531</u>
Total State Grants			<u>\$ 1,676,132</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-10-29898-00: \$222,833; GG-11-33411-00: \$740,580.
- (4) - 2007-DJ-BX-1406: \$604; 2008-DJ-BX-088: \$5,415; 2009-DJ-BX-1245: \$4,836; 2010-DJ-BX-089: \$21,513.
- (5) - GG-10-31720-00: \$59,179; GG-11-34684-00: \$76,560.
- (6) - GG-10-30940-00: \$21,701; GG-11-34386-00: \$5,538.
- (7) - GG-10-30706-00: \$45,168; GG-11-34685: \$49,835.
- (8) - GG-10-29063-00: \$22,091; GG-11-33330-00: \$27,777.
- (9) - Total for CFDA No. 10.555 is \$2,749,991.

Sullivan County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. There are no findings from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

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 State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397); the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395); and the Education Jobs Fund Program (CFDA Nos. 84.410) were determined to be major programs.
8. A \$559,621 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 trustee and the director of the Health Department 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 11.01 **ACCOUNTING DEFICIENCIES WERE NOTED IN THE OPERATIONS OF THE AMBULANCE SERVICE DEPARTMENT (Internal Control – Material Weakness Under *Government Auditing Standards*)**

For services prior to January 1, 2011, the Ambulance Service maintained 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-offs. 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 in 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 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 billings 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.

RECOMMENDATION

The Ambulance Service should reconcile both the in-house and the billing agency's accounts receivable control records with billings, collections, and write-offs. Adequate records should be maintained so reconciliations can be regularly performed to ensure that the contracted

agency is properly billing trip tickets and payments and write-offs are properly posted to individual patients' accounts.

FINDING 11.02 MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER AT THE HEALTH DEPARTMENT

(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

All employees involved in collections operated from the same cash drawer at the Health Department. Good internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, officials would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by officials resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – DIRECTOR OF THE HEALTH DEPARTMENT

It is most important to understand our current practice for cash drawers has been in place for several years and has been audited many times both by internal and external processes. Cash balances each day are reconciled with receipts, and fortunately we have had no issues with discrepancy. We agree your most recent interpretation will improve the process. All employees that are involved with cash collections will have their own cash drawers.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.03 THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN THE USE OF FEDERAL SPECIAL EDUCATION FUNDS

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

On April 28, 2011, the State of Tennessee, Department of Education, Division of Special Education released a monitoring report on the Special Education – Grants to States, Recovery Act program (CFDA No. 84.391) in Sullivan County for the fiscal year 2011. The results of that monitoring disclosed the following deficiencies:

- A. Sullivan County employed more full-time equivalents (FTEs) in clerical personnel than were included in the initial 2009-2010 ARRA Part B budget.

Throughout the project budget year, amendments were approved to increase the number of FTEs to be hired; however, staff was in place and paid prior to the approval of these amendments to the budget.

- B. The purchase of a Braille note-taker was approved in ARRA Part B addendum #1 on April 14, 2010. The equipment was purchased on February 2, 2010, prior to the approval of the addendum.
- C. The program inventory did not properly include the source of the property, titleholder, and percentage of federal participation.

The deficiencies noted in A. and B. resulted in questioned costs of \$13,530.09 in the Special Education – Grants to States, Recovery Act program. It should be noted that in accordance with actions recommended by the State of Tennessee, Department of Education, Division of Special Education, the Sullivan County School Department transferred \$13,530.09 on May 19, 2011, from the General Purpose School Fund to the School Federal Projects Fund to reimburse the Special Education – Grants to States, Recovery Act program for the questioned costs noted above.

This monitoring report along with management’s responses and corrective action plans may be obtained from the state Department of Education, Division of Special Education, 7th floor, Andrew Johnson Tower, 710 James Robertson Parkway, Nashville, TN 37243.

OFFICE OF TRUSTEE

FINDING 11.04 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER** (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Multiple employees operated from the same cash drawer in the trustee’s Blountville office. Sound internal controls dictate that each employee should have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee’s receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the trustee would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the trustee, resulting in a loss of control over assets. Since management was not aware of its importance, the trustee did not obtain separate cash drawers until we brought it to her attention several months into the fiscal year. The official has now obtained separate cash drawers for each employee accepting cash.

MANAGEMENT’S RESPONSE – TRUSTEE

Once the need for separate cash drawers was brought to my attention, a plan was implemented whereby all employees of the Trustee’s Office that are involved in collecting

funds now have their own cash drawer. In addition, other procedures have been implemented to act as additional safeguards over the receipting function of the office. Our software vendor has also been contacted and is willing to make necessary changes to the system to help better implement control procedures relating to the receipting of funds.

OFFICE OF CIRCUIT AND GENERAL SESSIONS COURTS CLERK

FINDING 11.05 **AN EMPLOYEE WAS INDICTED BY THE SULLIVAN COUNTY GRAND JURY**

(Noncompliance Under Government Auditing Standards)

On May 26, 2011, court employee Melissa Field's employment with the Office of Circuit and General Sessions Courts Clerk was terminated for modifying court ordered interest rates on civil cases in which she was personally involved. On October 12, 2011, Ms. Fields was indicted on four counts of official misconduct for modifying the court orders. As of November 4, 2011, a court date had not been set.

RECOMMENDATION

The general sessions court clerk should reinstate the interest rates that were inappropriately reduced from each case.

OFFICE OF SHERIFF

FINDING 11.06 **RECEIPTS WERE NOT ISSUED AT THE TIME OF COLLECTION, AND SOME COLLECTIONS WERE NOT DEPOSITED WITHIN THREE DAYS AT THE ANIMAL SHELTER**

(A. – Internal Control – Significant Deficiency Under Government Auditing Standards; B. – Noncompliance Under Government Auditing Standards)

While reviewing controls related to the operation of the Animal Shelter, we noted the following deficiencies:

- A. Receipts for donations were not always written at the time of collections. We noted that some receipts were written over one month after the actual date of collection. The practice of issuing receipts subsequent to the actual collection increases the risk that collections will not be accounted for properly.
- B. Collections for the Animal Shelter were not always deposited to the official bank account within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*.

These deficiencies exist due to a lack of management oversight and could result in a loss of county funds and property.

RECOMMENDATION

Receipts should be written at the time of collection. All collections for the Animal Shelter should be deposited to the official bank account within three days of collection as required by state statute.

FINDING 11.07 **AN EMPLOYEE IMPROPERLY USED A COUNTY FUEL CARD FOR PERSONAL GAIN RESULTING IN A CASH SHORTAGE OF \$72.17**

(Noncompliance Under *Government Auditing Standards*)

On February 4, 2011, the Sheriff's Department received information alleging an employee was using a county credit card to purchase fuel for her private vehicle. The allegation was investigated by the Tennessee Bureau of Investigation and resulted in Lori Delp's employment with the Sheriff's Department being terminated on February 7, 2011. On May 10, 2011, Ms. Delp pled guilty to one count of theft under \$500, received pretrial diversion, and was ordered to pay restitution of \$72.17. The restitution was paid in August and September 2011.

The sheriff did not file a Fraud Reporting Form with the state Comptroller's Office until after the May 10 guilty plea. Section 8-4-501, *Tennessee Code Annotated (TCA)*, requires that a fraud reporting form be filed within five working days of the time the sheriff has knowledge that suspected unlawful conduct has occurred. This failure to file the Fraud Reporting Form was the result of a lack of management oversight.

RECOMMENDATION

The sheriff should file a Fraud Reporting Form in accordance with state statute for any suspected fraud.

BEST PRACTICES

The Division of County 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**

<u>Federal Agency</u>	<u>Finding Number</u>	<u>Federal CFDA Number</u>	<u>Criteria</u>	<u>Explanation</u>	<u>Amount Questioned</u>
U.S. Department of Education: Passed-through State Department of Education: Special Education - Grants to States, Recovery Act	11.08	84.391	Circular A-133, Compliance Supplement, Part 3 (B), (F)	Noncompliance, see Finding 11.03: Improper expenditures and lack of inventory records	\$ 13,530

**SULLIVAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011**

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 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 from General Purpose School funds 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 from General Purpose School funds 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, that included all required information. The updated inventory list has been approved by the state.

Anticipated completion date: Completed.

Sullivan County Health Department – Summary Schedule of Prior-Year's Findings

FINDINGS 10.02 and 10.07

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