

**ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2014



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SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
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This financial report is available at www.comptroller.tn.gov

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Summary of Audit Findings

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2014.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The county failed to properly fund the Employee Insurance – Health Fund.
- ◆ The Self-Insurance Fund had a deficit in unrestricted net position at June 30, 2014.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The School Federal Projects Fund had a deficit in unassigned fund balance at June 30, 2014.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2014

Officials

Steve Godsey, County Mayor
Bobbie Manning, Highway Commissioner
Jubal Yennie, Director of Schools
Frances Harrell, Trustee
Kristinia Davis, Purchasing Agent
William Anderson, Director of Accounts and Budgets
Jeanie Gammon, County Clerk
Tommy Kerns, Circuit, General Sessions, and Law Courts Clerk
Katherine Priester, Clerk and Master
Bart Long, Register of Deeds
Ronald Hillman, 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 Kilgore
Mark Bowery	Bill Kilgore
Bryan Boyd	Ed Marsh
Linda Brittenham	Kit McGlothlin
James Brotherton	Randy Morrell
Darlene Calton	Bob Neal
Roger Cox	Patrick Shull
John Crawford	Michael Surgenor
O.W. Ferguson	Robert White
John Gardner	Eddie Williams
Terry Harkleroad	

Board of Education

Dan Wells, Chairman	Jack Bales
Todd Broughton	Betty Combs
Jerry Greene	Randall Jones
Robyn Ivester	

Audit Committee

Bryan Boyd, Chairman
Eddie Williams
Cathy Armstrong

FINANCIAL SECTION



STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF LOCAL GOVERNMENT AUDIT
SUITE 1500
JAMES K. POLK STATE OFFICE BUILDING
NASHVILLE, TENNESSEE 37243-1402
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Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

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, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Sullivan County Emergency Communications District, which represent 1.3 percent, 3.1 percent, and 1.2 percent, respectively, of the assets, net position, and revenues of the aggregate discretely presented component units. Those statements were audited by other auditors whose report 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 solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally

accepted in the United States of America and the 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinions.

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, 2014, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparisons for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Sullivan County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

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 schedules of funding progress – pension plan and other postemployment benefits plan on pages 92-94 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.

Supplementary and Other Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sullivan County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements.

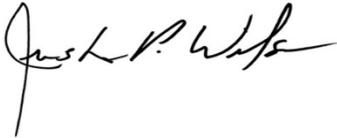
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous schedules are the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, based on our audit and the procedures performed as described above, 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 miscellaneous schedules are fairly stated, in all material respects, in relation to the basic 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.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2015, on our consideration of Sullivan County's internal control over financial reporting and on 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 internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control over financial reporting and compliance.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 6, 2015

JPW/kp

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2014

	Primary Government Governmental Activities	Component Units	
		Sullivan County School Department	Emergency Communica- tions District
<u>ASSETS</u>			
Cash	\$ 215,004	\$ 8,779	\$ 694,697
Equity in Pooled Cash and Investments	14,074,802	6,926,395	0
Inventories	45,268	258,658	0
Accounts Receivable	2,554,711	4,279	76,312
Allowance for Uncollectibles	(169,939)	0	0
Due from Other Governments	3,056,733	2,711,400	0
Due from Component Units	9,015,974	0	0
Due from Joint Venture	5,587	0	0
Property Taxes Receivable	32,998,278	27,108,070	0
Allowance for Uncollectible Property Taxes	(975,468)	(801,346)	0
Prepaid Items	187,119	676	41,457
Capital Assets:			
Assets Not Depreciated:			
Land	1,944,721	1,114,248	0
Construction in Progress	0	330,486	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	20,752,889	69,246,739	0
Infrastructure	11,071,727	0	0
Other Capital Assets	4,989,558	2,610,134	613,049
Total Assets	<u>\$ 99,766,964</u>	<u>\$ 109,518,518</u>	<u>\$ 1,425,515</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>			
Deferred Charge on Refunding	\$ 186,911	\$ 0	\$ 0
Total Deferred Outflows of Resources	<u>\$ 186,911</u>	<u>\$ 0</u>	<u>\$ 0</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 248,870	\$ 230,036	\$ 8,440
Accrued Payroll	534,580	0	93,499
Accrued Interest Payable	381,517	0	0
Payroll Deductions Payable	6,275	489,871	0
Contracts Payable	0	157,207	0
Claims and Judgments Payable	994,595	0	0
Due to Primary Government	0	9,015,974	0
Due to State of Tennessee	1,200	290	0
Other Current Liabilities	383,010	67,095	0
Noncurrent Liabilities:			
Due Within One Year	6,158,468	574,356	0
Due in More Than One Year (net of unamortized premium on debt)	53,812,814	31,733,038	0
Total Liabilities	<u>\$ 62,521,329</u>	<u>\$ 42,267,867</u>	<u>\$ 101,939</u>

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Sullivan County School Department	Emergency Communica- tions District
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 31,370,030	\$ 25,770,465	\$ 0
Total Deferred Inflows of Resources	\$ 31,370,030	\$ 25,770,465	\$ 0
<u>NET POSITION</u>			
Net Investment in Capital Assets	\$ 34,619,944	\$ 73,301,607	\$ 613,049
Restricted for:			
General Government	963,834	0	0
Finance	115,920	0	0
Administration of Justice	233,598	0	0
Public Safety	166,354	0	0
Public Health and Welfare	106,959	0	0
Education	135,000	791,159	0
Capital Projects	330,485	0	0
Debt Service	1,126,702	0	0
Unrestricted	(31,736,280)	(32,612,580)	710,527
Total Net Position	\$ 6,062,516	\$ 41,480,186	\$ 1,323,576

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, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position									
	Primary Government					Component Units				
	Program Revenues					Sullivan County School Department				
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Governmental Activities	County School Department	Emergency Communications District		
Primary Government:										
Governmental Activities:										
General Government	\$ 5,783,940	\$ 1,483,096	\$ 54,064	\$ 764,720	\$ (3,482,060)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Finance	5,398,698	3,939,541	0	0	(1,459,157)	0	0	0	0	0
Administration of Justice	5,165,521	2,615,865	138,065	0	(2,411,591)	0	0	0	0	0
Public Safety	21,404,712	2,264,538	388,193	162,803	(18,589,178)	0	0	0	0	0
Public Health and Welfare	12,508,575	6,906,999	3,462,447	0	(2,139,129)	0	0	0	0	0
Social, Cultural, and Recreational Services	1,459,075	348,997	10,600	22,520	(1,076,958)	0	0	0	0	0
Agriculture and Natural Resources	173,849	0	0	0	(173,849)	0	0	0	0	0
Highways	8,850,184	41,967	2,709,000	241,408	(5,857,809)	0	0	0	0	0
Education	1,370,221	350,531	0	0	(1,019,690)	0	0	0	0	0
Debt Service:										
Interest	2,292,078	0	781,184	0	(1,510,894)	0	0	0	0	0
Total Primary Government	\$ 64,406,853	\$ 17,951,534	\$ 7,543,553	\$ 1,191,451	\$ (37,720,315)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Component Units:										
Sullivan County School Department	\$ 98,102,395	\$ 1,829,651	\$ 10,305,093	\$ 569,963	\$ 0	\$ (85,397,688)	\$ 0	\$ 0	\$ 0	\$ 0
Emergency Communications District	1,176,962	961,766	157,050	0	0	0	0	0	0	(58,146)
Total Component Units	\$ 99,279,357	\$ 2,791,417	\$ 10,462,143	\$ 569,963	\$ 0	\$ (85,397,688)	\$ 0	\$ (58,146)	\$ 0	\$ (58,146)

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						
	Program Revenues		Primary Government		Component Units		
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Sullivan County School Department	Emergency Communications District	
General Revenues:							
Taxes:							
Property Taxes Levied for General Purposes		\$	28,282,417	\$	26,513,714	\$	0
Property Taxes Levied for Debt Service			4,006,621		0		0
Local Option Sales Taxes			3,043,443		11,698,633		0
Litigation Tax - General			293,288		0		0
Litigation Tax - Office of Public Defender			164,882		0		0
Litigation Tax - Jail, Workhouse, or Courthouse			138,126		0		0
Litigation Tax - Courtroom Security			388,623		0		0
Business Tax			1,977,057		0		0
Mineral Severance Tax			153,891		0		0
Wholesale Beer Tax			385,140		0		0
Interstate Telecommunications Tax			12,046		0		0
Other Local Taxes			0		5,965		0
Grants and Contributions Not Restricted to Specific Programs			2,032,657		42,307,401		0
Unrestricted Investment Income			155,854		0		0
Miscellaneous			122,341		530,677		1,532
Total General Revenues			\$ 41,156,386		\$ 81,056,390		\$ 1,532
Change in Net Position			\$ 3,436,071		\$ (4,341,298)		\$ (56,614)
Net Position, July 1, 2013			2,626,445		45,821,484		1,380,190
Net Position, June 30, 2014			\$ 6,062,516		\$ 41,480,186		\$ 1,323,576

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

Sullivan County, Tennessee
 Balance Sheet
 Governmental Funds
 June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>ASSETS</u>						
Cash	\$ 400	\$ 0	\$ 0	\$ 162,063	\$ 162,463	
Equity in Pooled Cash and Investments	6,959,673	2,712,224	1,534,478	2,479,374	13,685,749	
Inventories	45,268	0	0	0	45,268	
Accounts Receivable	226,192	78,099	0	2,080,137	2,384,428	
Due from Other Governments	2,265,777	780,821	0	6,286	3,052,884	
Due from Other Funds	219,357	0	0	2,591	221,948	
Due from Component Units	10,562	0	0	1,399	11,961	
Due from Joint Ventures	0	0	5,587	0	5,587	
Property Taxes Receivable	25,144,984	2,991,550	4,093,900	767,844	32,998,278	
Allowance for Uncollectible Property Taxes	(743,316)	(88,433)	(121,020)	(22,699)	(975,468)	
Prepaid Items	0	0	187,119	0	187,119	
Total Assets	\$ 34,128,897	\$ 6,474,261	\$ 5,700,064	\$ 5,476,995	\$ 51,780,217	

LIABILITIES

Accounts Payable	\$ 219,369	\$ 0	\$ 0	\$ 21,783	\$ 241,152
Accrued Payroll	385,990	70,477	0	78,113	534,580
Payroll Deductions Payable	5,700	0	0	575	6,275
Due to Other Funds	696,923	183,965	0	288,585	1,169,473
Due to State of Tennessee	1,200	0	0	0	1,200
Other Current Liabilities	0	0	383,010	0	383,010
Total Liabilities	\$ 1,309,182	\$ 254,442	\$ 383,010	\$ 389,056	\$ 2,335,690

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	23,904,244	2,843,937	3,891,893	729,956	\$	31,370,030
	389,383	46,326	63,397	11,890		510,996
	526,804	250,061	0	1,612,035		2,388,900
\$	24,820,431	3,140,324	3,955,290	2,353,881	\$	34,269,926

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	
Deferred Delinquent Property Taxes	
Other Deferred/Unavailable Revenue	
Total Deferred Inflows of Resources	

FUND BALANCES

Nonspendable:						
Inventory	\$ 45,268	\$ 0	\$ 0	\$ 0	\$ 0	\$ 45,268
Prepaid Items	0	0	187,119	0	0	187,119
Restricted:						
Restricted for General Government	898,418	0	0	0	0	898,418
Restricted for Finance	115,920	0	0	0	0	115,920
Restricted for Administration of Justice	233,598	0	0	0	0	233,598
Restricted for Public Safety	78,525	0	0	87,829	0	166,354
Restricted for Public Health and Welfare	106,959	0	0	0	0	106,959
Restricted for Other Operations	65,416	0	0	0	0	65,416
Restricted for Education	135,000	0	0	0	0	135,000
Restricted for Debt Service	0	0	1,174,645	83,058	0	1,257,703
Restricted for Capital Projects	0	0	0	330,485	0	330,485
Committed:						
Committed for Finance	631,158	0	0	0	0	631,158
Committed for Public Health and Welfare	0	0	0	2,011,671	0	2,011,671
Committed for Social, Cultural, and Recreational Services	0	0	0	221,015	0	221,015
Committed for Other Operations	540,353	0	0	0	0	540,353
Committed for Highways/Public Works	0	3,079,495	0	0	0	3,079,495

(Continued)

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

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds		
\$	2,141,528	0	0	0	0	2,141,528
Assigned for General Government	86,889	0	0	0	0	86,889
Assigned for Finance	46,079	0	0	0	0	46,079
Assigned for Administration of Justice	389,038	0	0	0	0	389,038
Assigned for Public Safety	66,797	0	0	0	0	66,797
Assigned for Public Health and Welfare	50,586	0	0	0	0	50,586
Assigned for Social, Cultural, and Recreational Services	258	0	0	0	0	258
Assigned for Agriculture and Natural Resources	2,367,494	0	0	0	0	2,367,494
Unassigned	7,999,284	3,079,495	1,361,764	2,734,058		15,174,601
Total Fund Balances	34,128,897	6,474,261	5,700,064	5,476,995		51,780,217

FUND BALANCES (Cont.)

Assigned:
Assigned for General Government
Assigned for Finance
Assigned for Administration of Justice
Assigned for Public Safety
Assigned for Public Health and Welfare
Assigned for Social, Cultural, and Recreational Services
Assigned for Agriculture and Natural Resources
Unassigned
Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

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

Exhibit C-2

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 15,174,601
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,944,721	
Add: infrastructure net of accumulated depreciation	11,071,727	
Add: buildings and improvements net of accumulated depreciation	20,752,889	
Add: other capital assets net of accumulated depreciation	<u>4,989,558</u>	38,758,895
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		2,899,896
(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 position.		413,631
(4) Long-term liabilities are not due and payable in the current-period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (850,000)	
Less: other loans payable	(20,806,374)	
Less: capital leases payable	(447,832)	
Less: bonds payable	(33,750,000)	
Add: debt to be contributed by the School Department for capital leases	146,381	
Add: debt to be contributed by the School Department for bonds	8,835,000	
Add: deferred amount on refunded bonds	186,911	
Less: compensated absences payable	(1,210,773)	
Less: other postemployment benefits liability	(1,761,644)	
Less: accrued interest on notes and bonds	(381,517)	
Less: other deferred revenue - premium on bonds	<u>(1,144,659)</u>	<u>(51,184,507)</u>
Net position of governmental activities (Exhibit A)		<u>\$ 6,062,516</u>

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

Exhibit C-3

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2014

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 28,655,995	\$ 6,095,230	\$ 4,166,456	\$ 747,999	\$ 39,665,680	
Licenses and Permits	436,459	250,000	0	0	686,459	
Fines, Forfeitures, and Penalties	618,073	0	0	61,354	679,427	
Charges for Current Services	1,150,003	0	0	5,357,601	6,507,604	
Other Local Revenues	250,278	15,243	530,566	175,472	971,559	
Fees Received from County Officials	6,415,303	0	0	0	6,415,303	
State of Tennessee	4,838,020	2,945,239	0	13,106	7,796,365	
Federal Government	2,590,826	10,400	0	8,149	2,609,375	
Other Governments and Citizens Groups	1,017,366	28,971	336,428	2,199,832	3,582,597	
Total Revenues	\$ 45,972,323	\$ 9,345,083	\$ 5,033,450	\$ 8,563,513	\$ 68,914,369	
<u>Expenditures</u>						
Current:						
General Government	\$ 4,611,636	\$ 0	\$ 0	\$ 33,760	\$ 4,645,396	
Finance	5,186,759	0	81,004	20,770	5,288,533	
Administration of Justice	4,756,674	0	0	0	4,756,674	
Public Safety	20,422,571	0	0	67,732	20,490,303	
Public Health and Welfare	6,070,233	0	0	5,934,882	12,005,115	
Social, Cultural, and Recreational Services	1,112,261	0	0	259,608	1,371,869	
Agriculture and Natural Resources	176,457	0	0	0	176,457	
Other Operations	1,658,073	0	0	929	1,659,002	
Highways	0	8,565,289	0	0	8,565,289	
Instruction	210,239	0	0	0	210,239	
Debt Service:						
Principal on Debt	97,410	62,025	3,421,396	1,530,000	5,110,831	
Interest on Debt	12,921	0	1,947,680	518,250	2,478,851	

(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	Other Governmental Funds		
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 154	\$ 0	\$ 20,827	\$ 250	\$	\$ 21,231
Capital Projects	0	225,296	0	0	0	225,296
Capital Projects - Donated	104,866	0	0	555,678		660,544
Total Expenditures	\$ 44,420,254	\$ 8,852,610	\$ 5,470,907	\$ 8,921,859	\$	\$ 67,665,630
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,552,069	\$ 492,473	\$ (437,457)	\$ (358,346)	\$	\$ 1,248,739
<u>Other Financing Sources (Uses)</u>						
Capital Leases Issued	\$ 20,679	\$ 295,080	\$ 0	\$ 0	\$	\$ 315,759
Other Loans Issued	0	0	0	555,678		555,678
Proceeds from Sale of Capital Assets	98,070	0	0	0	0	98,070
Insurance Recovery	39,051	0	0	0	0	39,051
Transfers In	0	0	245,939	0	0	245,939
Transfers Out	(1,245,939)	0	0	0	0	(1,245,939)
Total Other Financing Sources (Uses)	\$ (1,088,139)	\$ 295,080	\$ 245,939	\$ 555,678	\$	\$ 8,558
Net Change in Fund Balances	\$ 463,930	\$ 787,553	\$ (191,518)	\$ 197,332	\$	\$ 1,257,297
Fund Balance, July 1, 2013	7,535,354	2,291,942	1,553,282	2,536,726		13,917,304
Fund Balance, June 30, 2014	\$ 7,999,284	\$ 3,079,495	\$ 1,361,764	\$ 2,734,058	\$	\$ 15,174,601

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, 2014

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

Net change in fund balances - total governmental funds (Exhibit C-3)		\$ 1,257,297	
(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	\$ 1,135,257		
Less: current-year depreciation expense	<u>(2,059,752)</u>	(924,495)	
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(138,994)
(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, 2013	\$ (2,804,575)		
Add: deferred delinquent property taxes and other deferred June 30, 2014	<u>2,899,896</u>	95,321	
(4) The issuance of long-term debt (e.g., notes, bonds, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of 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	\$ (555,678)		
Less: capital lease proceeds	(315,759)		
Add: change in premium on debt issuances	183,267		
Add: principal payments on bonds	3,115,000		
Add: principal payments on notes	250,000		
Add: principal payments on other loans	1,484,129		
Add: principal payments on capital leases	261,702		
Less: contributions from the School Department for bond debt	(1,530,000)		
Less: contributions from the School Department for capital leases debt	(102,267)		
Less: change in deferred amount on refunding debt	<u>(31,946)</u>	2,758,448	
(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	\$ 35,452		
Change in compensated absences payable	12,845		
Change in other postemployment benefits liability	<u>148,084</u>	196,381	

(Continued)

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>\$ 192,113</u>
Change in net position of governmental activities (Exhibit B)	<u>\$ 3,436,071</u>

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

Exhibit C-5

Sullivan County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 28,655,995	\$ 0	\$ 0	\$ 28,655,995	\$ 28,244,639	\$ 28,244,639	\$ 411,356
Licenses and Permits	436,459	0	0	436,459	401,814	401,814	34,645
Fines, Forfeitures, and Penalties	618,073	0	0	618,073	396,173	532,333	85,740
Charges for Current Services	1,150,003	0	0	1,150,003	971,880	971,880	178,123
Other Local Revenues	250,278	0	0	250,278	123,895	160,718	89,560
Fees Received from County Officials	6,415,303	0	0	6,415,303	6,730,231	6,527,576	(112,273)
State of Tennessee	4,838,020	0	0	4,838,020	5,780,795	6,260,610	(1,422,590)
Federal Government	2,590,826	0	0	2,590,826	2,646,687	3,329,747	(738,921)
Other Governments and Citizens Groups	1,017,366	0	0	1,017,366	1,103,600	1,103,600	(86,234)
Total Revenues	\$ 45,972,323	\$ 0	\$ 0	\$ 45,972,323	\$ 46,399,714	\$ 47,532,917	\$ (1,560,594)
Expenditures							
General Government							
County Commission	\$ 317,325	\$ 0	\$ 1,243	\$ 318,568	\$ 321,055	\$ 321,055	\$ 2,487
County Mayor/Executive	199,419	(196)	3,600	202,823	202,700	202,700	(123)
County Attorney	214,224	(374)	0	213,850	218,207	218,207	4,357
Election Commission	541,031	(5,377)	18,631	554,285	500,216	601,131	46,846
Register of Deeds	450,930	(76,601)	71,168	445,497	547,288	547,288	101,791
Planning	348,456	(9,817)	1,481	340,120	337,404	345,129	5,009
Geographical Information Systems	30,552	(2,609)	3,012	30,955	31,015	31,015	60
County Buildings	1,561,516	(78,569)	40,995	1,523,942	1,502,212	1,646,982	123,040
Other Facilities	203,289	0	0	203,289	211,746	211,746	8,457
Preservation of Records	70,216	(256)	41	70,001	62,565	71,511	1,510
Risk Management	674,678	(52)	4,427	679,053	1,329,225	729,225	50,172
Finance							
Accounting and Budgeting	653,930	(2,633)	8,108	659,405	680,479	680,479	21,074
Purchasing	486,032	(14,673)	10,298	481,657	547,519	547,519	65,862
Property Assessor's Office	1,521,585	(12,709)	20,138	1,529,014	1,652,138	1,652,138	123,124
County Trustee's Office	595,440	(37,266)	46,589	604,763	630,566	630,566	25,803
County Clerk's Office	1,268,623	(4,815)	1,411	1,265,219	1,471,589	1,471,589	206,370
Data Processing	105,994	0	7,980	113,974	114,000	114,000	26

(Continued)

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Other Finance	\$ 555,155	\$ 0	\$ 0	\$ 555,155	\$ 550,000	\$ 550,000	\$ (5,155)
<u>Administration of Justice</u>							
Circuit Court Judge	11,503	(298)	1,340	12,545	13,000	13,000	455
Circuit Court Clerk	1,457,605	(5,269)	6,002	1,458,338	1,487,878	1,485,269	26,931
General Sessions Court	522,075	(252)	164	521,987	523,935	523,935	1,948
General Sessions Judge	546,097	(722)	164	545,539	571,371	571,371	25,832
Drug Court	9,543	0	0	9,543	27,000	27,000	17,457
Chancery Court	571,934	(9,091)	1,292	564,135	542,836	566,515	2,380
Juvenile Court	663,456	(2,654)	2,989	663,791	765,364	765,364	101,573
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	270,880	0	0	270,880	280,690	280,690	9,810
Office of Public Defender	188,522	0	0	188,522	187,480	187,480	(1,042)
Other Administration of Justice	115,165	(2,908)	2,495	114,752	153,487	153,487	38,735
Courtroom Security	353,775	0	0	353,775	329,535	354,197	422
Victims Assistance Programs	43,119	0	0	43,119	20,500	43,119	0
<u>Public Safety</u>							
Sheriff's Department	8,934,013	(55,460)	253,598	9,132,151	9,266,672	9,243,022	110,871
Administration of the Sexual Offender Registry	7,452	0	0	7,452	10,500	10,500	3,048
Jail	8,023,898	(112,607)	135,714	8,047,005	8,150,915	8,200,915	153,910
Workhouse	94,204	0	176	94,380	95,274	95,274	894
Juvenile Services	553,272	0	0	553,272	638,552	638,552	85,280
Fire Prevention and Control	1,487,654	0	0	1,487,654	1,487,654	1,487,654	0
Civil Defense	551,936	(2,176)	2,915	552,675	573,555	583,155	30,480
Rescue Squad	294,823	0	0	294,823	294,823	294,823	0
Disaster Relief	68,478	(38,325)	1,979	32,132	85,247	43,383	11,251
County Coroner/Medical Examiner	261,774	(5,719)	5,748	261,803	272,450	272,450	10,647
Other Public Safety	145,067	(12,297)	0	132,770	187,591	187,591	54,821
<u>Public Health and Welfare</u>							
Local Health Center	5,602,785	(131,116)	173,757	5,645,426	6,311,934	6,759,934	1,114,508
Rabies and Animal Control	316,959	0	0	316,959	314,517	314,517	(2,442)

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare (Cont.)</u>							
Other Local Health Services	\$ 24,000	\$ 0	\$ 0	24,000	\$ 24,000	\$ 24,000	0
Regional Mental Health Center	84,359	0	0	84,359	84,359	84,359	0
Aid to Dependent Children	28,850	0	0	28,850	28,850	28,850	0
Other Local Welfare Services	3,280	0	0	3,280	10,000	10,000	6,720
Other Public Health and Welfare	10,000	0	0	10,000	10,000	10,000	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	779,761	(1,915)	12,198	790,044	835,675	860,149	70,105
Parks and Fair Boards	332,500	0	0	332,500	332,500	332,500	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	135,830	(2,912)	258	133,176	133,752	133,752	576
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	39,627	0	0	39,627	49,850	49,850	10,223
<u>Other Operations</u>							
Industrial Development	1,233,417	(14,440)	65,416	1,284,393	1,486,715	1,486,715	202,322
Other Economic and Community Development	16,599	0	0	16,599	167,706	651,906	635,307
Veterans' Services	11,900	0	0	11,900	11,900	11,900	0
Employee Benefits	327,525	(5,838)	0	321,687	382,499	382,499	60,812
Miscellaneous	68,632	0	0	68,632	82,870	82,870	14,238
<u>Instruction</u>							
Vocational Education Program	10,239	0	0	10,239	10,239	10,239	0
Other	200,000	0	135,000	335,000	200,000	335,000	0
<u>Principal on Debt</u>							
General Government	97,410	0	0	97,410	0	97,410	0
<u>Interest on Debt</u>							
General Government	12,921	0	0	12,921	0	13,446	525
<u>Other Debt Service</u>							
General Government	154	0	0	154	0	382	228
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	104,866	0	26,006	130,872	0	130,872	0
Total Expenditures	\$ 44,420,254	\$ (649,946)	\$ 1,066,333	\$ 44,836,641	\$ 47,357,599	\$ 48,416,176	\$ 3,579,535

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,552,069	\$ 649,946	\$ (1,066,333)	\$ 1,135,682	\$ (957,885)	\$ (883,259)	\$ 2,018,941
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 20,679	\$ 0	\$ 0	\$ 20,679	\$ 0	\$ 20,679	\$ 0
Proceeds from Sale of Capital Assets	98,070	0	0	98,070	0	0	98,070
Insurance Recovery	39,051	0	0	39,051	0	0	39,051
Transfers Out	(1,245,939)	0	0	(1,245,939)	(245,939)	(1,245,939)	0
Total Other Financing Sources	\$ (1,088,139)	\$ 0	\$ 0	\$ (1,088,139)	\$ (245,939)	\$ (1,225,260)	\$ 137,121
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 463,930	\$ 649,946	\$ (1,066,333)	\$ 47,543	\$ (1,203,824)	\$ (2,108,519)	\$ 2,156,062
Fund Balance, June 30, 2014	7,535,354	(649,946)	0	6,885,408	5,357,849	5,357,849	1,527,559
	\$ 7,999,284	\$ 0	\$ (1,066,333)	\$ 6,932,951	\$ 4,154,025	\$ 3,249,330	\$ 3,683,621

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

Exhibit C-6

Sullivan County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 6,095,230	\$ 0	\$ 0	\$ 6,095,230	\$ 6,004,280	\$ 6,004,280	\$ 90,950
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	15,243	0	0	15,243	69,172	69,172	(53,929)
State of Tennessee	2,945,239	0	0	2,945,239	3,978,778	3,978,778	(1,033,539)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Other Governments and Citizens Groups	28,971	0	0	28,971	3,650	3,650	25,321
Total Revenues	\$ 9,345,083	\$ 0	\$ 0	\$ 9,345,083	\$ 10,316,280	\$ 10,316,280	\$ (971,197)
Expenditures							
Highways							
Administration	\$ 321,697	(145)	1,056	\$ 322,608	\$ 348,519	\$ 348,519	\$ 25,911
Highway and Bridge Maintenance	5,581,894	(11,777)	4,332	5,574,449	6,044,281	6,044,281	469,832
Operation and Maintenance of Equipment	626,710	(7,632)	8,551	627,629	785,000	785,000	157,371
Asphalt Plant Operations	1,237,834	(17,408)	0	1,220,426	1,246,730	1,246,730	26,304
Traffic Control	27,781	0	0	27,781	40,000	40,000	12,219
Other Charges	92,688	0	0	92,688	95,000	95,000	2,312
Capital Outlay	676,685	(69,930)	0	606,755	510,000	743,055	136,300
Principal on Debt							
Highways and Streets	62,025	0	0	62,025	0	62,025	0
Capital Projects							
Highway and Street Capital Projects	225,296	(28,117)	74,487	271,666	1,246,750	1,246,750	975,084
Total Expenditures	\$ 8,852,610	\$ (135,009)	\$ 88,426	\$ 8,806,027	\$ 10,316,280	\$ 10,611,360	\$ 1,805,333
Excess (Deficiency) of Revenues Over Expenditures	\$ 492,473	\$ 135,009	\$ (88,426)	\$ 539,056	\$ 0	\$ (295,080)	\$ 834,136
Other Financing Sources (Uses)							
Capital Leases Issued	\$ 295,080	\$ 0	\$ 0	\$ 295,080	\$ 0	\$ 295,080	\$ 0
Total Other Financing Sources	\$ 295,080	\$ 0	\$ 0	\$ 295,080	\$ 0	\$ 295,080	\$ 0

(Continued)

Exhibit C-6

Sullivan County, Tennessee
 Statement of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Highway/Public Works Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 787,553 \$ 2,291,942	135,009 \$ (135,009)	(88,426) \$ 0	834,136 \$ 2,156,933	0 \$ 1,766,050	1,766,050	0 \$ 390,883
Fund Balance, June 30, 2014	\$ 3,079,495 \$	0 \$	(88,426) \$	2,991,069 \$	1,766,050 \$	1,766,050 \$	1,225,019

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

Exhibit D-1

Sullivan County, Tennessee
Statement of Net Position
Proprietary Funds
June 30, 2014

Governmental
 Activities -
 Internal
Service Funds

ASSETS

Current Assets:

Cash	\$	52,541
Equity in Pooled Cash and Investments		389,053
Accounts Receivable		344
Due from Other Funds		947,525
Due from Other Governments		3,849
Due from Component Units		22,632
Total Assets	\$	<u>1,415,944</u>

LIABILITIES

Current Liabilities:

Accounts Payable	\$	7,718
Claims and Judgments Payable		994,595
Total Liabilities	\$	<u>1,002,313</u>

NET POSITION

Unrestricted	\$	<u>413,631</u>
Total Net Position	\$	<u><u>413,631</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 Position
Proprietary Funds
For the Year Ended June 30, 2014

	<u>Governmental Activities - Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 4,667,423
Cobra Insurance Payments	11,743
Total Operating Revenues	<u>\$ 4,679,166</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 588,894
Dental Insurance	286,233
Audit Services	3,000
Contracts with Private Agencies	1,327
Building and Contents Insurance	19,666
Liability Insurance	162,887
Medical Claims	3,488,452
Trustee's Commission	13
Vehicle and Equipment Insurance	91,350
Workers' Compensation Insurance	850,388
Total Operating Expenses	<u>\$ 5,492,210</u>
Operating Income (Loss)	<u>\$ (813,044)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 1,308
Other State Revenues	3,849
Total Nonoperating Revenues (Expenses)	<u>\$ 5,157</u>
Income (Loss) before Transfers	\$ (807,887)
Transfers In	<u>1,000,000</u>
Change in Net Position	\$ 192,113
Net Position, July 1, 2013	<u>221,518</u>
Net Position, June 30, 2014	<u><u>\$ 413,631</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, 2014

	<u>Governmental Activities - Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 4,171,330
Payments to Insurers and Claims Payments	(4,215,815)
Payments for Administrative Costs	(593,234)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (637,719)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 1,308
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,308</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers In	\$ 1,000,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,000,000</u>
Increase (Decrease) in Cash	\$ 363,589
Cash, July 1, 2013	<u>78,005</u>
Cash, June 30, 2014	<u><u>\$ 441,594</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (813,044)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Operating Receivables	(507,836)
Increase (Decrease) in Other Current Liabilities	683,161
Net Cash Provided By (Used In) Operating Activities	<u>\$ (637,719)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 52,541
Equity in Pooled Cash and Investments Per Net Position	<u>389,053</u>
Cash, June 30, 2014	<u><u>\$ 441,594</u></u>

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

Exhibit E

Sullivan County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,234,466
Equity in Pooled Cash and Investments	1,306,044
Accounts Receivable	4,931
Due from Other Governments	5,548,143
Taxes Receivable	27,534,279
Allowance for Uncollectible Taxes	<u>(813,944)</u>
Total Assets	<u>\$ 40,813,919</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 33,464,024
Due to Litigants, Heirs, and Others	7,264,483
Due to Joint Ventures	<u>85,412</u>
Total Liabilities	<u>\$ 40,813,919</u>

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

SULLIVAN COUNTY, TENNESSEE
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SULLIVAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, 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 Position 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 \$555,678 were contributed by the county to the School Department during the year ended June 30, 2014.

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, deferred outflow of resources, liabilities, deferred inflow of resources, 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 three proprietary funds, all 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.

Additionally, Sullivan County reports the following fund types:

Capital Projects Funds – These 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 major capital facilities and other capital assets.

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. The Employee Insurance – Health Fund accounts for the primary governments self-insured health programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund to pay the claims of county employees.

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sullivan

County, Bristol and Kingsport city school systems' share of educational revenues, assets held in a custodial capacity for an airport joint venture, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. 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.

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-Purpose Trust Fund – The Endowment Fund is used to account for resources legally held in trust to fund student scholarships at a local high school. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students.

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

D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance

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 position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Sullivan County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. 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.

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 1.53 percent of total taxes levied. Ambulance receivables are shown net of an allowance for uncollectibles for amounts exceeding 150 days.

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 a deferred inflow of resources 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 as a deferred inflow of resources 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 \$383,010 on the Statement of Net Position for the primary government consists of a liability for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.D. for contingent liabilities. Claims and judgments payable totaling \$994,595 is discussed in Note V.A. Risk Management.

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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. 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. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This

separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net position that applies to a future period(s) and so will not be recognized as an inflow of resources (revenue) until that time. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position and the governmental funds balance sheet. These revenues are from the following sources: current and delinquent property taxes and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

6. Compensated Absences

It is the county's and the School Department's policies to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements for the county and 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 one to 100 unused sick days; \$30 per day for 101 to 200 unused sick days; \$32 per day for 201 to 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.

7. **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 Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner 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.

8. **Net Position and Fund Balance**

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

- a. Net investment in capital assets – 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 position – Consists of net position 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 position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Sullivan County had \$44,965,255 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 average daily attendance prorations. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Bristol School System, and the City of Kingsport School System. In addition, Sullivan County had outstanding debt totaling \$6,750,000 on June 30, 2014, for capital purposes of a joint venture, the Sullivan County Economic Development Partnership (NETWORKS). 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 position with no corresponding increase in the county's capital assets.

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

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

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

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

- Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by

formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission makes assignment for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances of \$683,642 and fund balance appropriated for use in the 2014-15 year budget totaling \$2,019,859. Assigned fund balance in the School Department's General Purpose School Fund consists primarily of \$2,490,181 assigned for use in the 2014-15 year 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 Position

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 Position.

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 Position.

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 the net change in fund balances – total governmental funds with the change in net position 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 the net change in fund balances – total governmental funds with the change in net position 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 Constitutional Officers - Fees Fund (special revenue fund), which is 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, 2014, Sullivan County and the Sullivan County School Department reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Police Cars	\$ 210,693
"	Facilities Study	135,000
Nonmajor Fund:		
Solid Waste/Sanitation	Disposal Equipment	140,000
School Department:		
Major Fund:		
General Purpose School	Facilities Study	132,500
"	Textbooks	134,594
"	School Bus	55,892
Nonmajor Fund:		
Special Purpose Fund	School Renovations	236,047

B. Net Position Deficit/Fund Deficit

The Self-Insurance Fund (internal service fund) had a deficit in unrestricted net position of \$21,117 at June 30, 2014. This deficit existed even with transfers of \$1,000,000 for operations from the General Fund. This deficit resulted from management not adequately charging the various departments of the primary government for their share of the cost of the liability and workers' compensation claims. The County Commission appropriated additional funding from the General Fund in the 2014-2015 budget to liquidate this deficit.

The Employee Insurance - Health Fund (internal service fund) had a deficit in unrestricted net position of \$610,715 at June 30, 2014, prior to the recognition of receivables from the participating county funds to liquidate the deficit. This deficit resulted from the recognition of a liability in the financial statements for costs of known but unpaid claims associated with employees' health care benefits. Receivables from the participating county funds for their share of these costs were recognized to liquidate this deficit.

The School Federal Projects Fund (special revenue fund) of the discretely presented Sullivan County School Department had a deficit unassigned fund balance of \$9,971 at June 30, 2014. This deficit unassigned fund balance was liquidated when revenues were recognized after June 30, 2014.

C. Expenditures Exceeded Appropriations

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

<u>Major Appropriation Category</u>	<u>Amount Overspent</u>
County Mayor/Executive	\$ 123
Other Finance	5,155
Office of Pubic Defender	1,042
Rabies and Animal Control	2,442

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

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 position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets or statements of net position 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, 2014, Sullivan County had the following investments carried at fair value. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented Sullivan County School Department since both pool their deposits and investments through the county trustee.

POOLED INVESTMENTS

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Fair Value</u>
State Treasurer's Investment Pool	109	\$ 1,779,939

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, 2014, 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, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,944,721	\$ 0	\$ 0	\$ 1,944,721
Total Capital Assets Not Depreciated	\$ 1,944,721	\$ 0	\$ 0	\$ 1,944,721
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,790,064	\$ 0	\$ 0	\$ 32,790,064
Infrastructure	20,057,777	316,800	0	20,374,577
Other Capital Assets	25,719,449	818,457	(930,970)	25,606,936
Total Capital Assets Depreciated	\$ 78,567,290	\$ 1,135,257	\$ (930,970)	\$ 78,771,577
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,390,568	\$ 646,607	\$ 0	\$ 12,037,175
Infrastructure	8,793,485	509,365	0	9,302,850
Other Capital Assets	20,505,574	903,780	(791,976)	20,617,378
Total Accumulated Depreciation	\$ 40,689,627	\$ 2,059,752	\$ (791,976)	\$ 41,957,403
Total Capital Assets Depreciated, Net	\$ 37,877,663	\$ (924,495)	\$ (138,994)	\$ 36,814,174
Governmental Activities Capital Assets, Net	\$ 39,822,384	\$ (924,495)	\$ (138,994)	\$ 38,758,895

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

Governmental Activities:

General Government	\$	102,321
Administration of Justice		147,623
Public Safety		588,264
Public Health and Welfare		357,352
Social, Cultural, and Recreational		38,427
Highways		<u>825,765</u>

Total Depreciation Expense - Governmental Activities \$ 2,059,752

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,119,248	\$ 0	\$ (5,000)	\$ 1,114,248
Construction in Progress	19,579,527	330,486	(19,579,527)	330,486
Total Capital Assets Not Depreciated	<u>\$ 20,698,775</u>	<u>\$ 330,486</u>	<u>\$ (19,584,527)</u>	<u>\$ 1,444,734</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 102,902,269	\$ 20,720,756	\$ (1,171,240)	\$ 122,451,785
Other Capital Assets	8,389,505	470,017	(67,100)	8,792,422
Total Capital Assets Depreciated	<u>\$ 111,291,774</u>	<u>\$ 21,190,773</u>	<u>\$ (1,238,340)</u>	<u>\$ 131,244,207</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 51,263,574	\$ 2,696,488	\$ (755,016)	\$ 53,205,046
Other Capital Assets	5,668,174	580,114	(66,000)	6,182,288
Total Accumulated Depreciation	<u>\$ 56,931,748</u>	<u>\$ 3,276,602</u>	<u>\$ (821,016)</u>	<u>\$ 59,387,334</u>
Total Capital Assets Depreciated, Net	<u>\$ 54,360,026</u>	<u>\$ 17,914,171</u>	<u>\$ (417,324)</u>	<u>\$ 71,856,873</u>
Governmental Activities Capital Assets, Net	<u>\$ 75,058,801</u>	<u>\$ 18,244,657</u>	<u>\$ (20,001,851)</u>	<u>\$ 73,301,607</u>

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

Governmental Activities:

Instruction	\$ 2,932,844
Support Services	208,286
Operation of Non-instructional Services	<u>135,472</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 3,276,602</u>

C. Construction Commitments

At June 30, 2014, the discretely presented Sullivan County School Department had uncompleted construction contracts of \$386,688 in the Special Purpose School Fund. Funding for these future expenditures is being provided by fund balance.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, was as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 219,357
Nonmajor governmental	General	1,855
"	Highway/Public Works	221
"	Nonmajor governmental	515
Internal Service	General	695,068
"	Highway/Public Works	183,744
"	Nonmajor governmental	68,713
Discretely Presented School Department:		
General Purpose School	Nonmajor governmental	96,438
Nonmajor governmental	General Purpose School	14,919

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:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General	School Department	\$ 10,562
Nonmajor governmental	"	1,399
Internal Service	"	22,632

The amounts reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes \$8,981,381 for debt issued by the primary government, which is being retired by the School Department. Of that amount, \$7,268,696 is not expected to be received within one year.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Internal Service Fund
General Fund	\$ 245,939	\$ 0
"	0	1,000,000
Total	\$ 245,939	\$ 1,000,000

Discretely Presented Sullivan County School Department

Transfers Out	Transfers In	
	General Purpose School Fund	Nonmajor Governmental Funds
General Purpose School Fund	\$ 0	\$ 83,438
Nonmajor governmental funds	469,699	0
Total	\$ 469,699	\$ 83,438

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 Leases

On May 6, 2013, Sullivan County entered into a four-year lease-purchase agreement for Circuit, General Sessions, and Law Courts Office computers. The terms of the agreement require total lease payments of \$71,703 plus interest of six percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the General Fund. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

On September 20, 2013, Sullivan County entered into a four-year lease-purchase agreement for Highway/Public Works Department equipment. The terms of the agreement require total lease payments of \$295,080 plus interest of 2.55 percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the Highway/ Public Works Fund.

On January 15, 2014, Sullivan County entered into a four-year lease-purchase agreement for Clerk and Master Office computers. The terms of the agreement require total lease payments of \$20,679 plus interest of six percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the General Fund. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

On May 30, 2012, Sullivan County entered into a five-year lease-purchase agreement for the School Department for copiers. The terms of the agreement require total lease payments of \$88,602 plus interest of 8.95 percent. Title to the equipment transfers to the School Department at the end of the lease period. The lease payments are made from contributions from the General Purpose School Fund to the primary government's Education Debt Service Fund.

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

On July 26, 2012, Sullivan County entered into a two-year lease-purchase agreement for the School Department for Apple iPads. The terms of the agreement require total lease payments of \$151,600 plus interest of 2.97 percent. Title to the equipment transfers to the School Department at the end of the lease period. The School Federal Projects Fund is contributing the lease payments to the primary government's Education Debt Service Fund. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

The assets acquired through capital leases are as follows:

	<u>Governmental Activities</u>	
	<u>Primary Government</u>	<u>School Department</u>
Machinery and Equipment	\$ 529,576	\$ 88,602
Less: Accumulated Depreciation	<u>(89,596)</u>	<u>(36,918)</u>
Total Book Value	<u>\$ 439,980</u>	<u>\$ 51,684</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2014, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2015	\$ 203,938
2016	109,849
2017	103,009
2018	<u>64,429</u>
Total Minimum Lease Payments	\$ 481,225
Less: Amount Representing Interest	<u>(33,393)</u>
Present Value of Minimum Lease Payments	<u>\$ 447,832</u>

F. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Sullivan County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other general

obligation bonds. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 21 years for bonds, up to 12 years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2014, will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital lease outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation Bonds	2.5 to 6.25 %	4-1-28	\$ 16,965,000	\$ 10,870,000
General Obligation Bonds - Refunding	4.75 to 5	4-1-24	29,540,000	22,880,000
Capital Outlay Notes	4.5 to 5.05	4-1-17	1,995,000	850,000
Other Loans - Qualified School Construction Bonds	0 to 1.515	8-1-27	20,553,000	15,953,393
Other Loans - Energy Efficient Schools Initiative	.75	4-16-20	5,054,635	4,852,981
Capital Leases	2.55 to 8.95	11-15-17	746,192	447,832

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

During 2010-11, Sullivan County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Sullivan County \$5,073,000 for Emmett Elementary and

Holston Complex renovations. This loan is interest free after a rebate. The county pays an annual administrative fee of \$4,058.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2014, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 3,295,000	\$ 1,672,775	\$ 4,967,775
2016	3,040,000	1,523,275	4,563,275
2017	3,195,000	1,374,900	4,569,900
2018	3,880,000	1,219,063	5,099,063
2019	4,100,000	1,030,187	5,130,187
2020-2024	13,250,000	2,936,962	16,186,962
2025-2028	2,990,000	406,003	3,396,003
Total	<u>\$ 33,750,000</u>	<u>\$ 10,163,165</u>	<u>\$ 43,913,165</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 275,000	\$ 42,650	\$ 317,650
2016	275,000	28,900	303,900
2017	300,000	15,150	315,150
Total	<u>\$ 850,000</u>	<u>\$ 86,700</u>	<u>\$ 936,700</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 1,688,063	\$ 515,465	\$ 19,539	\$ 2,223,067
2016	1,691,111	512,417	19,538	2,223,066
2017	1,694,195	509,333	19,539	2,223,067
2018	1,697,291	506,237	19,538	2,223,066
2019	1,700,411	503,117	19,539	2,223,067
2020-2024	8,549,695	2,467,945	97,692	11,115,332
2025-2028	3,785,608	1,254,528	48,019	5,088,155
Total	<u>\$ 20,806,374</u>	<u>\$ 6,269,042</u>	<u>\$ 243,404</u>	<u>\$ 27,318,820</u>

The county issued Airport Revenue and Tax Bonds on behalf of the Tri-Cities Regional Airport during 2003-04 fiscal year that were refunded during the current year ended June 30, 2014. These bonds are discussed further in

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

In previous years, the county issued Industrial Park bonds totaling \$6,500,000 and an additional \$2,500,000 in capital outlay notes for the benefit of the Sullivan County Economic Development Partnership (NETWORKS), a joint venture. The bonds and notes are general obligation debt of the county. The interlocal agreement, which established the partnership, 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 NETWORKS are not sufficient to meet those requirements, the other participating governments in NETWORKS have agreed to pay 49 percent of any such deficiency. The amount of the industrial park bonds and notes outstanding at June 30, 2014 were \$5,900,000 and \$850,000, respectively.

As described in Note IV.G., the School Department has pledged a portion of its local option sales tax revenues toward the retirement of the refunding bonds issued in 2004, which are paid through the Education Debt Service Fund. At June 30, 2014, the total amount outstanding on these bonds totaled \$8,835,000.

There is \$1,444,822 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$409, for residents living outside the Bristol and Kingsport districts and \$299, for residents living inside these school districts based on the 2010 federal census.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as Due to the Primary Government in the financial statements of the School Department and as Due from Component Units in the government-wide financial statements of the primary government.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-14</u>
<u>Bonds Payable</u>	
<u>Contributions from the General Purpose School Fund</u>	
School Refunding	\$ 8,835,000
<u>Capital Leases</u>	
<u>Contributions from the General Purpose School Fund</u>	
Copy Machines 2012	56,407
<u>Contributions from the School Federal Projects Fund</u>	
Computers	39,455
Apple Ipads	<u>50,519</u>
Total	<u>\$ 8,981,381</u>

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans</u>
Balance, July 1, 2013	\$ 36,865,000	\$ 1,100,000	\$ 21,734,825
Additions	0	0	555,678
Reductions	<u>(3,115,000)</u>	<u>(250,000)</u>	<u>(1,484,129)</u>
Balance, June 30, 2014	<u>\$ 33,750,000</u>	<u>\$ 850,000</u>	<u>\$ 20,806,374</u>
Balance Due Within One Year	<u>\$ 3,295,000</u>	<u>\$ 275,000</u>	<u>\$ 1,688,063</u>

	Capital Leases	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2013	\$ 393,775	\$ 1,909,728	\$ 1,223,618
Additions	315,759	1,037,651	1,514,244
Reductions	(261,702)	(1,185,735)	(1,527,089)
Balance, June 30, 2014	<u>\$ 447,832</u>	<u>\$ 1,761,644</u>	<u>\$ 1,210,773</u>
Balance Due Within One Year	<u>\$ 186,050</u>	<u>\$ 0</u>	<u>\$ 714,355</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 58,826,623
Less: Balance Due Within One Year	(6,158,468)
Add: Unamortized Premium on Debt	<u>1,144,659</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 53,812,814</u>

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

Discretely Presented Sullivan County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented School Department for the year ended June 30, 2014, was as follows:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2013	\$ 24,903,239	\$ 2,632,083
Additions	7,378,929	557,683
Reductions	(2,585,482)	(579,058)
Balance June 30, 2014	<u>\$ 29,696,686</u>	<u>\$ 2,610,708</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 574,356</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 32,307,394
Less: Balance Due Within One Year	<u>(574,356)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 31,733,038</u>

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

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

The Sullivan County School Department has pledged a portion of its share of local option sales tax revenues toward the retirement of refunding bonds issued by Sullivan County in 2004. Total principal and interest remaining on the debt is \$10,203,250 with annual requirements ranging from \$2,046,750 in the next fiscal year to \$2,047,500 in the final year of 2019.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and are reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2014, were \$759,655 and \$8,766, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

I. Donor-restricted Endowments – Discretely Presented Sullivan County School Department

The Sullivan County School Department accounts for an endowment totaling \$138,655 in the Endowment Fund. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students of Sullivan North High School. During the year ended June 30, 2014, expenditures totaled \$7,155.

J. Short-term Debt

Primary Government

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes -				
General Fund	\$ 0	\$ 2,000,000	\$ (2,000,000)	\$ 0

Discretely Presented Sullivan County School Department

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. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 1,900,000	\$ (1,900,000)	\$ 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.

During the fiscal year ending June 30, 2014, the county established the Employee Insurance – Health Fund for risks associated with the employees’ health insurance plan beginning January 1, 2014. The Employee Insurance - Health Fund is accounted for as an Internal Service Fund where assets are set aside for claim settlements. The county is self-insured to a limit of \$100,000 per covered person for claims, an annual aggregate liability amount

of \$4,902,537, and a maximum plan liability amount of \$5,889,303. The county carries aggregate reinsurance coverage through the plan administrator, MCA Administrators, Inc. All full-time employees of the primary government are eligible to participate. A premium charge is allocated to each fund that accounts for full-time 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 claims are reimbursed from the Highway/Public Works and General Purpose School funds for claims associated with those departments. The county's General Fund absorbs the costs of claims associated with other departments. 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
2012-2013	\$ 523,799	\$ 881,522	\$ (1,086,169)	\$ 319,152
2013-2014	319,152	1,124,291	(1,105,588)	337,855

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2012-2013	\$ 0	\$ 646,501	\$ (646,501)	\$ 0
2013-2014	0	609,174	(609,174)	0

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2013-2014	\$ 0	\$ 3,165,511	\$ (2,501,053)	\$ 664,458

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67 replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70 relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Steve Godsey left the Office of County Mayor and was succeeded by Richard Venable, Bobbie Manning left the Office of Highway

Commissioner and was succeeded by Jim Belgeri, and Bart Long left the Office of Register of Deeds and was succeeded by Sheena Tinsley.

On September 12, 2014, Sullivan County issued a \$2,500,000 tax anticipation note for the General Purpose School Fund for temporary operating funds.

On September 15, 2014, Sullivan County issued a \$10,542,215 capital lease for an 800 MHz P25 Digital Radio System.

On September 19, 2014, Sullivan County issued a \$2,000,000 tax anticipation note for the General Fund for temporary operating funds.

On September 19, 2014, William Anderson left the Office of Director of Accounts and Budgets and was succeeded by Larry Bailey.

D. Contingent Liabilities

On August 1, 2003, Sullivan County issued \$5,000,000 in Airport Revenue and Tax Bonds for improvements to the Tri-Cities Airport (a joint venture described in Note V.F.). These bonds were refunded February 20, 2014, with the issuance of \$2,975,000 of Airport Revenue and Tax Refunding Bonds, Series 2014. 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.

E. Change in Administration

On December 23, 2013, Terry Shaffer left the Office of Highway Commissioner and was succeeded by Bobbie Manning.

F. Joint Ventures

Primary Government

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

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

Tri-Cities Regional Airport
2525 Highway 75, Suite 301
Blountville, TN 37617

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

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

The Second Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Second Judicial District, Sullivan County, and various cities within Sullivan County. The purpose of the DTF is to provide multi-jurisdictional law enforcement to promote the investigation and prosecution of drug-related activities. Funds for the operations of the DTF come primarily from federal grants, drug fines, and the forfeiture of drug-related assets to the DTF. The DTF is overseen by the district attorney general and is governed by a board of directors including the district attorney general, sheriff, and police chiefs of participating law enforcement agencies within each judicial district. Sullivan County made no contributions to the DTF for the year ended June 30, 2014, and does not have any equity interest in this joint venture. Complete financial statements for the DTF can be obtained from its administrative office at the following address:

District Attorney General
Second Judicial District
P.O. Box 526
Blountville, TN 37617

The Upper East Tennessee Juvenile Detention Center was formed through a cooperative agreement between Sullivan County and the counties of Carter, Greene, Hawkins, Johnson, Unicoi, and Washington for the operation of a

program to divert youth from commitment to the Department of Correction facilities. This program is governed by a board of directors designated by the counties. The board of directors has contracted with Universal Health Services to undertake the management of this program. Operation costs to the counties are allocated according to percentages based on population. Sullivan County's participation cost percentage is 31.7 percent. The county also pays a daily fee for individuals from their counties using the facility. Complete financial statements for the Juvenile Detention Center can be obtained from its administrative office at the following address:

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

The Sullivan County, Bluff City, Kingsport Animal Control Center is a joint venture formed by an interlocal agreement between Sullivan County and the cities of Bluff City and Kingsport. The purpose of the Animal Control Center is to provide animal control, prevent cruelty to animals, and operate one or more animal shelters with Sullivan County, Bluff City, and Kingsport. The Animal Control Center is governed by a nine-member board comprising two members appointed by Sullivan County, two members appointed by the City of Kingsport, one member by the City of Bluff City, one member by the Sullivan County Humane Society, and one member by the Animal Rescue Coalition, with the county mayor of Sullivan County and the city manager of the City of Kingsport as voting ex officio members. Funding for the Animal Control Center is provided by revenues generated from adoption fees and contributions from Sullivan County and the member cities. Sullivan County contributed \$316,959 to the Animal Control Center for the year ended June 30, 2014. Complete financial statements for the Animal Control Center can be obtained from its administrative office at the following address:

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

Discretely Presented School Department

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was 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. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to

provide this service. 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.

Complete financial statements for NETCO can be obtained from its administrative office at the following address:

Northeast Tennessee Cooperative
100 East Maple Street
P.O. Box 1517
Johnson City, TN 37605

G. Jointly Governed Organization

Primary Government

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

H. Retirement Commitments

Plan Description

Employees of Sullivan County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four

years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Sullivan County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

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

Funding Policy

Sullivan County had previously adopted a noncontributory retirement plan for its employees by assuming employee contributions up to five percent of annual covered payroll. As of April 1, 2012, the county elected to discontinue the noncontributory provision for all future hires. This will require all new hires to contribute five percent of their earnable compensation to the plan. Employees who were employed prior to April 1, 2012, will continue to be eligible for the noncontributory provision. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 15.01 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, 2014, Sullivan County's annual pension cost of \$5,101,066 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The county's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was five years. An

actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

<u>Fiscal Year Ended</u>	<u>Annual Pension Cost (APC)</u>	<u>Percentage of APC Contributed</u>	<u>Net Pension Obligation</u>
6-30-14	\$5,101,066	100%	\$0
6-30-13	5,174,797	100	0
6-30-12	5,591,311	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 93.08 percent funded. The actuarial accrued liability for benefits was \$160.42 million, and the actuarial value of assets was \$149.31 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$11.11 million. The covered payroll (annual payroll of active employees covered by the plan) was \$33.37 million, and the ratio of the UAAL to the covered payroll was 33.29 percent.

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

SCHOOL TEACHERS

Plan Description

The Sullivan County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service.

Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

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

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2014, was 8.88 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, 2014, 2013, and 2012, were \$3,4989,250, \$3,625,186, and \$3,687,161, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

During the year, Sullivan County elected to establish a self-insured postemployment benefits plan administered by MCA Administrators, Inc., for health insurance benefits for its pre-65 retirees and self-insured Medicare supplement benefits for post-65 retirees. In previous years, Sullivan County participated in a commercial postemployment benefit plan. 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 self-insured and financed on a pay-as-you-go basis. Claims liabilities 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.

The following policy exists for postemployment health care benefits for all employees hired before October 1, 2008. 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	\$ 1,023,464
Interest on the NOPEBO	85,938
Adjustment to the ARC	(71,751)
Annual OPEB cost	<hr/> \$ 1,037,651
Amount of contribution	(1,185,735)
Increase/decrease in NOPEBO	<hr/> \$ (148,084)
Net OPEB obligation, 7-1-13	<hr/> 1,909,728
Net OPEB obligation, 6-30-14	<hr/> <hr/> \$ 1,761,644

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Sullivan County	\$ 947,965	99 %	\$ 1,979,298
6-30-13	"	976,071	107	1,909,728
6-30-14	Self-insured	1,037,651	114	1,761,644

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

Actuarial valuation date	7-1-13
Actuarial accrued liability (AAL)	\$ 17,568,853
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 17,568,853
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 16,320,076
UAAL as a % of covered payroll	107.7%

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, 2013, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent discount rate and an annual health care cost trend rate of nine percent initially reduced by decrements to an ultimate rate of five percent by 2020. The unfunded actuarial accrued liability is being amortized on a closed basis over a 30-year period beginning June 30, 2009, increasing at five percent per year (the payroll growth rate).

Discretely Presented Sullivan County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee*

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

Funding Policy

The premium requirements of the state plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For pre-65 teachers, the School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. For post-65 teachers participating in the state sponsored plan, the School Department pays the difference between the full premium (\$121) and the subsidy provided by the state (\$50 maximum). Support personnel may participate in the state sponsored Medicare Plan; however, the state does not provide a subsidy; the School Department pays the entire premium for these support personnel. For post-65 teachers and support personnel participating in the commercial plan, beginning on January 1, 2011, the School Department no longer pays the full premium (\$85). The commercial plan is a Medicare Advantage Plan. During the year ended June 30, 2014, the discretely presented School Department contributed \$2,585,482 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
ARC	\$ 3,244,000	\$ 4,073,000	\$ 36,270
Interest on the NOPEBO	317,335	684,007	(5,213)
Adjustment to the ARC	(309,161)	(666,388)	5,079
Annual OPEB cost	\$ 3,252,174	\$ 4,090,619	\$ 36,136
Amount of contribution	(2,111,656)	(473,826)	0
Increase/decrease in NOPEBO	\$ 1,140,518	\$ 3,616,793	\$ 36,136
Net OPEB obligation, 7-1-13	7,933,387	17,100,186	(130,334)
Net OPEB obligation, 6-30-14	\$ 9,073,905	\$ 20,716,979	\$ (94,198)

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 4,075,245	51	% \$ 5,954,896
6-30-13	"	4,118,355	52	7,933,387
6-30-14	"	3,252,471	65	9,073,905
6-30-12	State Medicare Supplement	3,192,735	5	14,111,266
6-30-13	"	3,223,297	7	17,100,186
6-30-14	"	4,090,619	12	20,716,979
6-30-12	Commercial Medicare Supplement	31,026	0	(165,534)
6-30-13	"	35,200	0	(130,334)
6-30-14	"	36,136	0	(94,198)

Funded Status and Funding Progress

The funded status of the plans as of the last date of the actuarial studies was as follows:

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
Actuarial valuation date	7-1-13	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 32,795,000	\$ 44,523,000	\$ 0
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 32,795,000	\$ 44,523,000	\$ 0
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 49,613,686	\$ N/A	\$ N/A
UAAL as a % of covered payroll	66%	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, 2013, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in the fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. The annual health care cost trend rate for the state Medicare Supplement Plan was two percent for fiscal year 2014. The trend rate will increase to six percent in the fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded

actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007.

J. 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.

K. Purchasing Laws

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

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 the 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, *The Reporting Entity*, as amended by Statement No. 61, *The Financial Reporting Entity*, of the Governmental Accounting Standards Board. A voting majority of the district's Board of Directors are appointed and approved by the Sullivan County Mayor and County Commission, respectively. The district must obtain County Commission approval before the issuance of most debt, and the County Commission has the ability to adjust the district's service charges.

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

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

The district distinguishes operating revenues and expenses from nonoperating 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 nonoperating revenues and expenses.

3. **Budgets and Budgetary Accounting**

In accordance with *Tennessee Code Annotated, 7-86-120*, an annual budget is adopted by the district. The budget is approved by the board and is also submitted to the primary government, Sullivan County, Tennessee. Expenses are presented at the legal level of control, which in accordance with the Accounting and Financial Reporting Manual for Tennessee Emergency Communications Districts, is the line-item level.

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

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

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

4. Cash and Cash Equivalents

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

5. Surcharge Revenue

The district recognizes surcharge revenue as earned. Century Link and BTES, 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 State of Tennessee also collects surcharge revenue from Charter Communications and remits those funds to the district on an annual basis. The district also receives revenue from the State of Tennessee for wireless revenue. This revenue is equivalent to 25 percent of the revenue generated by wireless communications and is based on a proportion of the population of each district. These funds are remitted to the district on a bi-monthly basis. The district, and all properties at any time owned by it, are exempt from all taxation in the State of Tennessee (Public Acts 1984, ch. 867). Because collection remittances are certain, there is no allowance for bad debt against Accounts Receivable – Surcharge shown on the balance sheet.

6. Depreciation

Depreciation for capital assets (those the district considers if at least \$5,000 in cost, as per the capitalization policy) is provided mostly 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. Certain assets that are deemed to be used more in earlier years follow an accelerated method of depreciation. When assets are retired or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts and any resulting gain and loss is recognized in income as incurred.

7. Estimates

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

8. Net Position

Net position is the difference between assets and liabilities. Net investment in capital assets is 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, 2014. All deposits in excess of Federal Deposit Insurance Corporation (FDIC) limits were fully collateralized by the Tennessee Bank Collateral Pool.

C. Capital Assets

Capital assets activity for the year was as follows:

	Beginning 7-1-13	Increases	Balance 6-30-14
Capital Assets, Not Being Depreciated:			
Land	\$ 123,393	\$ 0	\$ 123,393
Capital Assets, Being Depreciated:			
Automobiles	\$ 84,110	\$ 0	\$ 84,110
Office and Training Equipment	289,764	0	289,764
Machinery and Equipment	454,222	0	454,222
Other Equipment	8,357	0	8,357
Furniture and Fixtures	46,360	0	46,360
Buildings	693,056	7,462	700,518
Total Capital Assets, Being Depreciated	\$ 1,575,869	\$ 7,462	\$ 1,583,331
Less Accumulated Depreciation For:			
Automobiles	\$ (83,766)	\$ (344)	\$ (84,110)
Office and Training Equipment	(280,304)	(8,463)	(288,767)
Machinery and Equipment	(200,019)	(100,901)	(300,920)
Other Equipment	(8,356)	0	(8,356)
Furniture and Fixtures	(39,879)	(3,745)	(43,624)
Buildings	(331,546)	(36,352)	(367,898)
Total Accumulated Depreciation	\$ (943,870)	\$ (149,805)	\$ (1,093,675)
Total Capital Assets, Depreciated, Net	\$ 631,999	\$ (142,343)	\$ 489,656
Total Capital Assets, Net	\$ 755,392	\$ (142,343)	\$ 613,049

Depreciation expense for the fiscal year ended June 30, 2014, was \$149,805.

D. Accrued Expenses

Accrued expenses consisted of the following:

Accrued Salaries and Related Expenses	\$ 6,923
Accrued Vacations	86,576
Total	<u>\$ 93,499</u>

Accrued salaries and related expenses represent the amount owed for salaries and related expenses earned but not paid as of June 30. Accrued vacations represent the cost of accumulated vacation earned but not taken

through June 30 at current wage rates. Actual payment of the employee benefits will occur in future periods.

E. Tennessee Consolidated Retirement System

1. Plan Description

Employees of Sullivan County Enhanced 9-1-1 Emergency Communications District are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service, and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of *Tennessee Code Annotated*. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as Sullivan County Enhanced 9-1-1 Emergency Communications District participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 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. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2014, was 9.75 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement

for the district is established and may be amended by the TCRS Board of Trustees.

3. Annual Pension Cost

For the year ended June 30, 2014, Sullivan County Enhanced 9-1-1 Emergency Communications District’s annual pension cost of \$23,694 to TCRS was equal to the district’s required and actual contributions. The required contribution was determined as part of the July 1, 2011, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected three percent annual rate of inflation, (c) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a ten-year period. The district’s unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2011, was one year. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$ 23,694	100%	\$ 0
6-30-13	22,566	100	0
6-30-12	30,919	100	0

4. Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 100 percent funded. The actuarial accrued liability for benefits was \$.65 million, and the actuarial value of assets was \$.65 million, resulting in an unfunded actuarial accrued liability (UAAL) of zero percent. The covered payroll (annual payroll of active employees covered by the plan) was \$.23 million, and the ratio of the UAAL to the covered payroll was zero percent.

The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the

actuarial values of plan assets are increasing or decreasing over time relative to the actuarial accrued liability for benefits.

F. Leases

Operating Lease

The district entered into an operating lease agreement on March 14, 2006, with United Telephone-Southeast, d.b.a. Century Link for a CML ECS 1000 System. The lease was for a term of 60 months with monthly payments due totaling \$2,900 after an upfront payment of \$116,000. The total lease amount of \$174,000 is being amortized over the life of the lease. The district had an option at the end of the lease to replace the equipment and begin a new lease or continue the current lease with monthly payments of \$2,900 for an additional 36 months. The lease was scheduled to expire March 31, 2011. However, due to the NextGen upgrade that will occur 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 until the NextGen upgrade, and it changed to \$828 per month thereafter, which the monthly amount is paid for the fiscal year ended June 30, 2014.

The district entered into an operating lease agreement along with seven other regional emergency communication districts on December 1, 2012, with United Telephone-Southeast, d.b.a. Century Link to lease floor space at Century Link’s Bristol, Tennessee, and Johnson City, Tennessee, facilities to house the NextGen 911 equipment upgrades. The lease’s initial term is 60 months and was paid in full upfront. The district’s portion of the lease was \$6,750, which will be amortized over the term of the lease.

Total lease/rent expense for the year was \$13,930, which includes a copier that is now being rented over 39 months at \$242 per month (excluding maintenance costs), which started in March 2014.

The future minimum lease payments required under the lease agreement for the copier are as follows, for the fiscal year ending June 30:

2015	\$	2,904
2016		2,904
2017		<u>2,662</u>
Total lease payments		<u>\$ 8,470</u>

The district is a lessor of certain real property under short-term agreements with two lessees, rental income determined on an annual basis. The amount received for the year ended June 30, 2014, was \$18,550.

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 2014 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, 2013, and ending on June 30, 2014. 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 the county \$278,480 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, 2014, there were no amounts owed to the Sheriff's Department.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sullivan County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 149,314	\$ 160,421	\$ 11,108	93.08	% \$ 33,366	33.29 %
7-1-11	138,610	149,690	11,080	92.60	35,980	30.79
7-1-09	117,486	121,594	4,108	96.62	36,567	11.23

Exhibit F-2

Sullivan County, Tennessee
 Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL)	Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>								
Sullivan County - Commercial	7-1-11	\$ 0	\$ 16,605	\$ 16,605	\$ 16,605	0 %	\$ 25,450	65 %
"	7-1-12	0	16,722	16,722	16,722	0	26,723	63
Self-Insured	7-1-13	0	17,569	17,569	17,569	0	16,320	108
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>								
Local Education Group	7-1-10	0	33,376	33,376	33,376	0	53,729	62
"	7-1-11	0	41,251	41,251	41,251	0	52,064	79
"	7-1-13	0	32,795	32,795	32,795	0	49,614	66
Medicare Supplement - State	7-1-10	0	31,946	31,946	31,946	0	N/A	N/A
"	7-1-11	0	33,682	33,682	33,682	0	N/A	N/A
"	7-1-13	0	44,523	44,523	44,523	0	N/A	N/A
Medicare Supplement - Commercial	7-1-10	0	8,589	8,589	8,589	0	N/A	N/A
"	7-1-11	0	0	0	0	0	N/A	N/A
"	7-1-13	0	0	0	0	0	N/A	N/A

* The discretely presented Sullivan County School Department discontinued contributing toward premiums for this plan; therefore, an Actuarial Liability was not recognized in the 7-1-11 and 7-1-13 actuarial studies.

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

Change in Other Postemployment Benefits Plan – Primary Government

Sullivan County discontinued its commercial health insurance plan and began operation of a self-insured health program on January 1, 2014.

**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 specified 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.

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 of deeds, and sheriff.

Debt Service Funds

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

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.

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.

General Capital Projects Fund – The General Capital Projects Fund is used to account for general capital expenditures of the county.

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

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

Exhibit G-1

Sullivan County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2014

		Special Revenue Funds					Constituti-	Total
		Solid	Ambulance	Drug	Sports and	tional		
		Waste /	Service	Control	Recreation	Officers -		
		Sanitation				Fees		
	\$	250 \$	0 \$	0 \$	200 \$	161,613 \$	162,063	
		1,277,124	475,556	87,829	225,322	0	2,065,831	
		36,660	1,987,653	0	0	55,824	2,080,137	
		6,286	0	0	0	0	6,286	
		2,591	0	0	0	0	2,591	
		1,399	0	0	0	0	1,399	
		767,844	0	0	0	0	767,844	
		(22,699)	0	0	0	0	(22,699)	
	\$	2,069,455 \$	2,463,209 \$	87,829 \$	225,522 \$	217,437 \$	5,063,452	
<u>ASSETS</u>								
		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						
		Accounts Payable						
		Accrued Payroll						
		Payroll Deductions Payable						
		Due to Other Funds						
		Total Liabilities						
		Deferred Current Property Taxes						
		Deferred Delinquent Property Taxes						
		Other Deferred/Unavailable Revenue						
		Total Deferred Inflows of Resources						

DEFERRED INFLOWS OF RESOURCES

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitutional Officers - Fees	
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 87,829	\$ 0	\$ 0	\$ 87,829
Restricted for Debt Service	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	1,293,175	718,496	0	0	0	2,011,671
Committed for Social, Cultural, and Recreational Services	0	0	0	221,015	0	221,015
Total Fund Balances	\$ 1,293,175	\$ 718,496	\$ 87,829	\$ 221,015	\$ 0	\$ 2,320,515
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,069,455	\$ 2,463,209	\$ 87,829	\$ 225,522	\$ 217,437	\$ 5,063,452

(Continued)

Exhibit G-1

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

Debt Service Fund	Capital Projects Funds			Total Nonmajor Governmental Funds
	Education Debt Service	Community Development/Industrial Park	Other Capital Projects	
\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
83,058	26,401	304,084	330,485	2,479,374
0	0	0	0	2,080,137
0	0	0	0	6,286
0	0	0	0	2,591
0	0	0	0	1,399
0	0	0	0	767,844
0	0	0	0	(22,699)
\$ 83,058	\$ 26,401	\$ 304,084	\$ 330,485	\$ 5,476,995

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

Accounts Payable	
Accrued Payroll	
Payroll Deductions Payable	
Due to Other Funds	
Total Liabilities	

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	
Deferred Delinquent Property Taxes	
Other Deferred/Unavailable Revenue	
Total Deferred Inflows of Resources	

(Continued)

Exhibit G-1

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

	Debt Service Fund		Capital Projects Funds			Total Nonmajor Governmental Funds
	Education Debt Service		Community Development/Industrial Park	Other Capital Projects	Total	
\$	0	\$	0	\$	0	\$
	83,058		0		0	83,058
	0		26,401	304,084	330,485	330,485
	0		0	0	0	2,011,671
	0		0	0	0	221,015
\$	83,058	\$	26,401	\$	304,084	\$
						330,485
\$	83,058	\$	26,401	\$	304,084	\$
						330,485
						5,476,995

FUND BALANCES

Restricted:

Restricted for Public Safety
 Restricted for Debt Service
 Restricted for Capital Projects

Committed:

Committed for Public Health and Welfare
 Committed for Social, Cultural, and Recreational Services
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit G-2

Sullivan County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2014

	Special Revenue Funds						Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<u>Revenues</u>							
Local Taxes	\$ 747,999	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	747,999
Fines, Forfeitures, and Penalties	0	0	61,354	0	0	0	61,354
Charges for Current Services	206,736	4,785,820	0	331,285	33,760	0	5,357,601
Other Local Revenues	169,986	2,965	0	2,521	0	0	175,472
State of Tennessee	13,106	0	0	0	0	0	13,106
Federal Government	0	0	8,149	0	0	0	8,149
Other Governments and Citizens Groups	95,393	27,416	0	0	0	0	122,809
Total Revenues	\$ 1,233,220	\$ 4,816,201	\$ 69,503	\$ 333,806	\$ 33,760	\$ 0	\$ 6,486,490
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,760	\$ 0	33,760
Finance	0	0	0	0	0	0	0
Public Safety	0	0	67,732	0	0	0	67,732
Public Health and Welfare	1,291,843	4,643,039	0	0	0	0	5,934,882
Social, Cultural, and Recreational Services	0	0	0	259,608	0	0	259,608
Other Operations	0	0	0	0	0	0	0
Debt Service:							
Principal on Debt	0	0	0	0	0	0	0
Interest on Debt	0	0	0	0	0	0	0
Other Debt Service	0	0	0	0	0	0	0
Capital Projects - Donated	0	0	0	0	0	0	0
Total Expenditures	\$ 1,291,843	\$ 4,643,039	\$ 67,732	\$ 259,608	\$ 33,760	\$ 0	\$ 6,295,982

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitutional Officers - Fees	
Excess (Deficiency) of Revenues Over Expenditures	\$ (58,623) \$	173,162 \$	1,771 \$	74,198 \$	0 \$	190,508
Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0
Other Loans Issued	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0
Total Other Financing Sources (Uses)	\$ (58,623) \$	173,162 \$	1,771 \$	74,198 \$	0 \$	190,508
Net Change in Fund Balances	1,351,798	545,334	86,058	146,817	0	2,130,007
Fund Balance, July 1, 2013	\$ 1,293,175 \$	718,496 \$	87,829 \$	221,015 \$	0 \$	2,320,515
Fund Balance, June 30, 2014						

(Continued)

Exhibit G-2

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

	Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
		Education Debt Service	General Capital Projects	Community Development/Industrial Park	Other Capital Projects	
<u>Revenues</u>						
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	747,999
Fines, Forfeitures, and Penalties	0	0	0	0	0	61,354
Charges for Current Services	0	0	0	0	0	5,357,601
Other Local Revenues	0	0	0	0	0	175,472
State of Tennessee	0	0	0	0	0	13,106
Federal Government	0	0	0	0	0	8,149
Other Governments and Citizens Groups	2,077,023	0	0	0	0	2,199,832
Total Revenues	\$ 2,077,023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,563,513
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	33,760
Finance	20,770	0	0	0	0	20,770
Public Safety	0	0	0	0	0	67,732
Public Health and Welfare	0	0	0	0	0	5,934,882
Social, Cultural, and Recreational Services	0	0	0	0	0	259,608
Other Operations	0	0	0	929	0	929
Debt Service:						
Principal on Debt	1,530,000	0	0	0	0	1,530,000
Interest on Debt	518,250	0	0	0	0	518,250
Other Debt Service	250	0	0	0	0	250
Capital Projects - Donated	0	555,678	0	0	0	555,678
Total Expenditures	\$ 2,069,270	\$ 555,678	\$ 0	\$ 929	\$ 555,607	\$ 8,921,859

(Continued)

Exhibit G-2

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

	Debt Service Fund	Capital Projects Funds				Total Nonmajor Governmental Funds
		Education Debt Service	General Capital Projects	Community/ Development/ Industrial Park	Other Capital Projects	
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,753 \$	(555,678) \$	0 \$	(929) \$	(556,607) \$	(358,346)
Other Financing Sources (Uses)	\$ 0 \$	555,678 \$	0 \$	0 \$	555,678 \$	555,678
Other Loans Issued	\$ 0 \$	555,678 \$	0 \$	0 \$	555,678 \$	555,678
Total Other Financing Sources (Uses)	\$ 7,753 \$	0 \$	0 \$	(929) \$	(929) \$	197,332
Net Change in Fund Balances	75,305	0	26,401	305,013	331,414	2,536,726
Fund Balance, July 1, 2013	\$ 83,058 \$	0 \$	26,401 \$	304,084 \$	330,485 \$	2,734,058
Fund Balance, June 30, 2014						

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 747,999	\$ 0	\$ 0	\$ 747,999	\$ 729,129	\$ 729,129	\$ 18,870
Charges for Current Services	206,736	0	0	206,736	395,588	395,588	(188,852)
Other Local Revenues	169,986	0	0	169,986	187,307	187,307	(17,321)
State of Tennessee	13,106	0	0	13,106	24,861	24,861	(11,755)
Other Governments and Citizens Groups	95,393	0	0	95,393	64,475	64,475	30,918
Total Revenues	\$ 1,233,220	\$ 0	\$ 0	\$ 1,233,220	\$ 1,401,360	\$ 1,401,360	\$ (168,140)
Expenditures							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 9,022	(1,000)	4,594	12,616	26,000	26,000	13,384
Transfer Stations	1,282,821	(437,678)	189,244	1,034,387	1,465,000	1,465,000	430,613
Total Expenditures	\$ 1,291,843	\$ (438,678)	\$ 193,838	\$ 1,047,003	\$ 1,491,000	\$ 1,491,000	\$ 443,997
Excess (Deficiency) of Revenues Over Expenditures	\$ (58,623)	\$ 438,678	\$ (193,838)	\$ 186,217	\$ (89,640)	\$ (89,640)	\$ 275,857
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (58,623)	\$ 438,678	\$ (193,838)	\$ 186,217	\$ (89,640)	\$ (89,640)	\$ 275,857
	1,351,798	(438,678)	0	913,120	1,283,314	1,283,314	(370,194)
Fund Balance, June 30, 2014	\$ 1,293,175	\$ 0	\$ (193,838)	\$ 1,099,337	\$ 1,193,674	\$ 1,193,674	\$ (94,337)

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Charges for Current Services	\$ 4,785,820	\$ 0	\$ 0	\$ 4,785,820	\$ 5,561,975	\$ 5,561,975	\$ (776,155)
Other Local Revenues	2,965	0	0	2,965	21,000	21,000	(18,035)
Other Governments and Citizens Groups	27,416	0	0	27,416	16,000	16,000	11,416
Total Revenues	\$ 4,816,201	\$ 0	\$ 0	\$ 4,816,201	\$ 5,598,975	\$ 5,598,975	\$ (782,774)
Expenditures							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 4,643,039	\$ (41,212)	\$ 40,259	\$ 4,642,086	\$ 5,446,824	\$ 5,446,824	\$ 804,738
Total Expenditures	\$ 4,643,039	\$ (41,212)	\$ 40,259	\$ 4,642,086	\$ 5,446,824	\$ 5,446,824	\$ 804,738
Excess (Deficiency) of Revenues Over Expenditures	\$ 173,162	\$ 41,212	\$ (40,259)	\$ 174,115	\$ 152,151	\$ 152,151	\$ 21,964
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 173,162	\$ 41,212	\$ (40,259)	\$ 174,115	\$ 152,151	\$ 152,151	\$ 21,964
Fund Balance, June 30, 2014	\$ 545,334	\$ (41,212)	\$ 0	\$ 504,122	\$ 274,187	\$ 274,187	\$ 229,935
Fund Balance, June 30, 2014	\$ 718,496	\$ 0	\$ (40,259)	\$ 678,237	\$ 426,338	\$ 426,338	\$ 251,899

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 61,354 \$	0 \$	61,354 \$	85,000 \$	85,000 \$	(23,646)
Other Local Revenues	0	0	0	100	100	(100)
Federal Government	8,149	0	8,149	0	0	8,149
Total Revenues	\$ 69,503 \$	0 \$	69,503 \$	85,100 \$	85,100 \$	(15,597)
<u>Expenditures</u>						
Public Safety						
Sheriff's Department	\$ 67,732 \$	(77) \$	67,655 \$	85,100 \$	85,100 \$	17,445
Total Expenditures	\$ 67,732 \$	(77) \$	67,655 \$	85,100 \$	85,100 \$	17,445
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,771 \$	77 \$	1,848 \$	0 \$	0 \$	1,848
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 1,771 \$	77 \$	1,848 \$	0 \$	0 \$	1,848
	86,058	(77)	85,981	85,023	85,023	958
Fund Balance, June 30, 2014	\$ 87,829 \$	0 \$	87,829 \$	85,023 \$	85,023 \$	2,806

Exhibit G-6

Sullivan County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Sports and Recreation Fund
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 331,285	0 \$	0 \$	331,285 \$	304,681 \$	304,681 \$	26,604
Other Local Revenues	2,521	0	0	2,521	0	0	2,521
Total Revenues	\$ 333,806	0 \$	0 \$	333,806 \$	304,681 \$	304,681 \$	29,125
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 259,608	(2,672) \$	8,348 \$	265,284 \$	304,681 \$	304,681 \$	39,397
Total Expenditures	\$ 259,608	(2,672) \$	8,348 \$	265,284 \$	304,681 \$	304,681 \$	39,397
Excess (Deficiency) of Revenues Over Expenditures	\$ 74,198	2,672 \$	(8,348) \$	68,522 \$	0 \$	0 \$	68,522
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 74,198	2,672 \$	(8,348) \$	68,522 \$	0 \$	0 \$	68,522
	146,817	(2,672)	0	144,145	149,986	149,986	(5,841)
Fund Balance, June 30, 2014	\$ 221,015	0 \$	(8,348) \$	212,667 \$	149,986 \$	149,986 \$	62,681

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 2,077,100	\$ 0	\$ 0
Other Governments and Citizens Groups	2,077,023	0	2,077,100	(77)
Total Revenues	<u>\$ 2,077,023</u>	<u>\$ 2,077,100</u>	<u>\$ 2,077,100</u>	<u>\$ (77)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 20,770	\$ 20,850	\$ 20,850	\$ 80
<u>Principal on Debt</u>				
Education	1,530,000	1,530,000	1,530,000	0
<u>Interest on Debt</u>				
Education	518,250	518,250	518,250	0
<u>Other Debt Service</u>				
Education	250	8,000	8,000	7,750
Total Expenditures	<u>\$ 2,069,270</u>	<u>\$ 2,077,100</u>	<u>\$ 2,077,100</u>	<u>\$ 7,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,753</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,753</u>
Net Change in Fund Balance	\$ 7,753	\$ 0	\$ 0	\$ 7,753
Fund Balance, July 1, 2013	<u>75,305</u>	<u>75,305</u>	<u>75,305</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 83,058</u>	<u>\$ 75,305</u>	<u>\$ 75,305</u>	<u>\$ 7,753</u>

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 4,166,456	\$ 4,053,097	\$ 4,053,097	\$ 113,359
Other Local Revenues	530,566	108,614	108,614	421,952
Other Governments and Citizens Groups	336,428	1,048,816	344,755	(8,327)
Total Revenues	<u>\$ 5,033,450</u>	<u>\$ 5,210,527</u>	<u>\$ 4,506,466</u>	<u>\$ 526,984</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 81,004	\$ 82,000	\$ 82,000	\$ 996
<u>Principal on Debt</u>				
General Government	1,835,000	1,807,000	1,837,000	2,000
Education	1,586,396	2,239,349	1,727,069	140,673
<u>Interest on Debt</u>				
General Government	1,434,712	857,454	1,434,712	0
Education	512,968	1,251,852	557,788	44,820
<u>Other Debt Service</u>				
General Government	1,289	5,000	4,000	2,711
Education	19,538	22,168	22,168	2,630
Total Expenditures	<u>\$ 5,470,907</u>	<u>\$ 6,264,823</u>	<u>\$ 5,664,737</u>	<u>\$ 193,830</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (437,457)</u>	<u>\$ (1,054,296)</u>	<u>\$ (1,158,271)</u>	<u>\$ 720,814</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 245,939	\$ 245,939	\$ 245,939	\$ 0
Total Other Financing Sources	<u>\$ 245,939</u>	<u>\$ 245,939</u>	<u>\$ 245,939</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (191,518)	\$ (808,357)	\$ (912,332)	\$ 720,814
Fund Balance, July 1, 2013	1,553,282	1,809,555	1,809,555	(256,273)
Fund Balance, June 30, 2014	<u>\$ 1,361,764</u>	<u>\$ 1,001,198</u>	<u>\$ 897,223</u>	<u>\$ 464,541</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.

Employee Insurance - Health Fund – The Employee Insurance - Health Fund is used to account for the primary government's employee health programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund for the payment of claims of county employees. This fund was established during the current year.

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Position
All Proprietary Funds
June 30, 2014

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Employee Insurance - Health</u>	
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 52,541	\$ 0	\$ 0	\$ 52,541
Equity in Pooled Cash and Investments	237,716	97,938	53,399	389,053
Accounts Receivable	0	0	344	344
Due from Other Funds	0	336,810	610,715	947,525
Due from Other Governments	3,849	0	0	3,849
Due from Component Units	22,632	0	0	22,632
Total Assets	\$ 316,738	\$ 434,748	\$ 664,458	\$ 1,415,944
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 7,718	\$ 0	\$ 0	\$ 7,718
Claims and Judgments Payable	330,137	0	664,458	994,595
Total Liabilities	\$ 337,855	\$ 0	\$ 664,458	\$ 1,002,313
<u>NET POSITION</u>				
Unrestricted	\$ (21,117)	\$ 434,748	\$ 0	\$ 413,631
Total Net Position	\$ (21,117)	\$ 434,748	\$ 0	\$ 413,631

Exhibit I-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenses, and
Changes in Net Position
All Proprietary Funds
For the Year Ended June 30, 2014

	Internal Service Funds			Total
	Self- Insurance	Employee Insurance - General	Employee Insurance - Health	
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 350,531	\$ 646,921	\$ 3,669,971	\$ 4,667,423
Cobra Insurance Payments	0	3,079	8,664	11,743
Total Operating Revenues	<u>\$ 350,531</u>	<u>\$ 650,000</u>	<u>\$ 3,678,635</u>	<u>\$ 4,679,166</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 57,000	\$ 18,770	\$ 513,124	\$ 588,894
Dental Insurance	0	286,233	0	286,233
Audit Services	3,000	0	0	3,000
Contracts with Private Agencies	1,327	0	0	1,327
Building and Contents Insurance	19,666	0	0	19,666
Liability Insurance	162,887	0	0	162,887
Medical Claims	0	322,941	3,165,511	3,488,452
Trustee's Commission	13	0		13
Vehicle and Equipment Insurance	91,350	0		91,350
Workers' Compensation Insurance	850,388	0		850,388
Total Operating Expenses	<u>\$ 1,185,631</u>	<u>\$ 627,944</u>	<u>\$ 3,678,635</u>	<u>\$ 5,492,210</u>
Operating Income (Loss)	<u>\$ (835,100)</u>	<u>\$ 22,056</u>	<u>\$ 0</u>	<u>\$ (813,044)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 1,308	\$ 0	\$ 0	\$ 1,308
Other State Revenues	3,849	0	0	3,849
Total Nonoperating Revenues (Expenses)	<u>\$ 5,157</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 5,157</u>
Income (Loss) before Transfers	\$ (829,943)	\$ 22,056	\$ 0	\$ (807,887)
Transfers In	1,000,000	0	0	1,000,000
Change in Net Position	\$ 170,057	\$ 22,056	\$ 0	\$ 192,113
Net Position, July 1, 2013	(191,174)	412,692	0	221,518
Net Position, June 30, 2014	<u>\$ (21,117)</u>	<u>\$ 434,748</u>	<u>\$ 0</u>	<u>\$ 413,631</u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2014

	<u>Internal Service Funds</u>			<u>Total</u>
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Employee Insurance - Health</u>	
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-Insurance Premiums	\$ 385,100	\$ 718,654	\$ 3,067,576	\$ 4,171,330
Payments to Insurers and Claims Payments	(1,105,588)	(609,174)	(2,501,053)	(4,215,815)
Payments for Administrative Costs	(61,340)	(18,770)	(513,124)	(593,234)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (781,828)</u>	<u>\$ 90,710</u>	<u>\$ 53,399</u>	<u>\$ (637,719)</u>
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 1,308	\$ 0	\$ 0	\$ 1,308
Net Cash Provided By (Used In) Investing Activities	<u>\$ 1,308</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,308</u>
<u>Cash Flows from Noncapital Financing Activities</u>				
Transfers In	\$ 1,000,000	\$ 0	\$ 0	\$ 1,000,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,000,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000,000</u>
Increase (Decrease) in Cash	\$ 219,480	\$ 90,710	\$ 53,399	\$ 363,589
Cash, July 1, 2013	70,777	7,228	0	78,005
Cash, June 30, 2014	<u>\$ 290,257</u>	<u>\$ 97,938</u>	<u>\$ 53,399</u>	<u>\$ 441,594</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (835,100)	\$ 22,056	\$ 0	\$ (813,044)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease in Operating Receivables	34,569	68,654	(611,059)	(507,836)
Increase (Decrease) in Other Current Liabilities	18,703	0	664,458	683,161
Net Cash Provided By (Used In) Operating Activities	<u>\$ (781,828)</u>	<u>\$ 90,710</u>	<u>\$ 53,399</u>	<u>\$ (637,719)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>				
Cash Per Net Position	\$ 52,541	\$ 0	\$ 0	\$ 52,541
Equity in Pooled Cash and Investments Per Net Position	237,716	97,938	53,399	389,053
Cash, June 30, 2014	<u>\$ 290,257</u>	<u>\$ 97,938</u>	<u>\$ 53,399</u>	<u>\$ 441,594</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 of deeds, 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.

District Attorney General Fund – The District Attorney General Fund is used to account for restricted revenue held for the benefit of the Office of District Attorney General.

Exhibit J-1

Sullivan County, Tennessee
 Combining Statement of Fiduciary Assets and Liabilities
 Fiduciary Funds
 June 30, 2014

	Agency Funds							Total
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	Constitu- tional Officers - Agency	Judicial District Drug	District Attorney General		
<u>ASSETS</u>								
Cash	\$ 0	\$ 0	\$ 0	\$ 7,234,466	\$ 0	\$ 0	\$ 0	7,234,466
Equity in Pooled Cash and Investments	0	454,099	748,912	0	77,234	25,799	0	1,306,044
Accounts Receivable	0	263	433	4,218	17	0	0	4,931
Due from Other Governments	3,513,959	771,049	1,254,974	0	8,161	0	0	5,548,143
Taxes Receivable	0	10,414,831	17,119,448	0	0	0	0	27,534,279
Allowance for Uncollectible Taxes	0	(307,874)	(506,070)	0	0	0	0	(813,944)
Total Assets	\$ 3,513,959	\$ 11,332,368	\$ 18,617,697	\$ 7,238,684	\$ 85,412	\$ 25,799	\$ 0	\$ 40,813,919
<u>LIABILITIES</u>								
Due to Other Taxing Units	\$ 3,513,959	\$ 11,332,368	\$ 18,617,697	\$ 0	\$ 0	\$ 0	\$ 0	\$ 33,464,024
Due to Litigants, Heirs, and Others	0	0	0	7,238,684	0	25,799	0	7,264,483
Due to Joint Ventures	0	0	0	0	85,412	0	0	85,412
Total Liabilities	\$ 3,513,959	\$ 11,332,368	\$ 18,617,697	\$ 7,238,684	\$ 85,412	\$ 25,799	\$ 0	\$ 40,813,919

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 20,501,067	\$ 20,501,067	\$ 0
Due from Other Governments	3,402,123	3,513,959	3,402,123	3,513,959
Total Assets	\$ 3,402,123	\$ 24,015,026	\$ 23,903,190	\$ 3,513,959
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,402,123	\$ 24,015,026	\$ 23,903,190	\$ 3,513,959
Total Liabilities	\$ 3,402,123	\$ 24,015,026	\$ 23,903,190	\$ 3,513,959
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 409,991	\$ 14,714,857	\$ 14,670,749	\$ 454,099
Accounts Receivable	224	263	224	263
Due from Other Governments	734,888	771,049	734,888	771,049
Taxes Receivable	10,206,261	10,414,831	10,206,261	10,414,831
Allowance for Uncollectible Taxes	(304,859)	(307,874)	(304,859)	(307,874)
Total Assets	\$ 11,046,505	\$ 25,593,126	\$ 25,307,263	\$ 11,332,368
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 11,046,505	\$ 25,593,126	\$ 25,307,263	\$ 11,332,368
Total Liabilities	\$ 11,046,505	\$ 25,593,126	\$ 25,307,263	\$ 11,332,368
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 660,735	\$ 24,189,314	\$ 24,101,137	\$ 748,912
Accounts Receivable	362	433	362	433
Due from Other Governments	1,185,173	1,254,974	1,185,173	1,254,974
Taxes Receivable	16,448,240	17,119,448	16,448,240	17,119,448
Allowance for Uncollectible Taxes	(491,307)	(506,070)	(491,307)	(506,070)
Total Assets	\$ 17,803,203	\$ 42,058,099	\$ 41,243,605	\$ 18,617,697
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 17,803,203	\$ 42,058,099	\$ 41,243,605	\$ 18,617,697
Total Liabilities	\$ 17,803,203	\$ 42,058,099	\$ 41,243,605	\$ 18,617,697
<u>Airport Joint Venture</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 27,517	\$ 872	\$ 28,389	\$ 0
Total Assets	\$ 27,517	\$ 872	\$ 28,389	\$ 0

(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	\$ 27,517	\$ 872	\$ 28,389	\$ 0
Total Liabilities	\$ 27,517	\$ 872	\$ 28,389	\$ 0
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 8,173,801	\$ 24,605,116	\$ 25,544,451	\$ 7,234,466
Accounts Receivable	3,758	4,218	3,758	4,218
Total Assets	\$ 8,177,559	\$ 24,609,334	\$ 25,548,209	\$ 7,238,684
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 8,177,559	\$ 24,609,334	\$ 25,548,209	\$ 7,238,684
Total Liabilities	\$ 8,177,559	\$ 24,609,334	\$ 25,548,209	\$ 7,238,684
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 121,417	\$ 123,302	\$ 167,485	\$ 77,234
Accounts Receivable	0	17	0	17
Due from Other Governments	0	8,161	0	8,161
Total Assets	\$ 121,417	\$ 131,480	\$ 167,485	\$ 85,412
<u>Liabilities</u>				
Accounts Payable	\$ 1,626	\$ 0	\$ 1,626	\$ 0
Due to Joint Ventures	119,791	131,480	165,859	85,412
Total Liabilities	\$ 121,417	\$ 131,480	\$ 167,485	\$ 85,412
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 19,303	\$ 21,001	\$ 14,505	\$ 25,799
Total Assets	\$ 19,303	\$ 21,001	\$ 14,505	\$ 25,799
<u>Liabilities</u>				
Accounts Payable	\$ 169	\$ 0	\$ 169	\$ 0
Due to Litigants, Heirs, and Others	19,134	21,001	14,336	25,799
Total Liabilities	\$ 19,303	\$ 21,001	\$ 14,505	\$ 25,799

(Continued)

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds (Cont.)

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 8,173,801	\$ 24,605,116	\$ 25,544,451	\$ 7,234,466
Equity in Pooled Cash and Investments	1,238,963	59,550,413	59,483,332	1,306,044
Accounts Receivable	4,344	4,931	4,344	4,931
Due from Other Governments	5,322,184	5,548,143	5,322,184	5,548,143
Taxes Receivable	26,654,501	27,534,279	26,654,501	27,534,279
Allowance for Uncollectible Taxes	(796,166)	(813,944)	(796,166)	(813,944)
Total Assets	<u>\$ 40,597,627</u>	<u>\$ 116,428,938</u>	<u>\$ 116,212,646</u>	<u>\$ 40,813,919</u>
<u>Liabilities</u>				
Accounts Payable	\$ 1,795	\$ 0	\$ 1,795	\$ 0
Due to Joint Ventures	147,308	132,352	194,248	85,412
Due to Other Taxing Units	32,251,831	91,666,251	90,454,058	33,464,024
Due to Litigants, Heirs, and Others	8,196,693	24,630,335	25,562,545	7,264,483
Total Liabilities	<u>\$ 40,597,627</u>	<u>\$ 116,428,938</u>	<u>\$ 116,212,646</u>	<u>\$ 40,813,919</u>

Sullivan County School Department

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

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

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

Endowment Fund – The Endowment Fund is used to account for an endowment received by the School Department for which the principal amount and interest earned is to be expended for the benefit of scholarships for Sullivan County students.

Exhibit K-1

Sullivan County, Tennessee
Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2014

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Position
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 62,768,429	\$ 59,751	\$ 6,119,928	\$ (56,018,787)
Support Services	29,855,948	338,014	772,075	(28,745,859)
Operation of Non-instructional Services	5,471,643	1,431,886	3,413,090	(626,667)
Interest on Long-term Debt	6,375	0	0	(6,375)
Total Governmental Activities	\$ 98,102,395	\$ 1,829,651	\$ 10,305,093	\$ (85,397,688)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 26,513,714
Local Option Sales Tax				11,698,633
Other Local Taxes				5,965
Grants and Contributions Not Restricted for Specific Programs				42,307,401
Other				530,677
Total General Revenues				\$ 81,056,390
Change in Net Position				\$ (4,341,298)
Net Position, July 1, 2013				45,821,484
Net Position, June 30, 2014				\$ 41,480,186

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2014

	<u>Major Fund</u>	<u>Nonmajor Funds</u>	
	<u>General Purpose School</u>	<u>Other Govern- mental Funds</u>	<u>Total Governmental Funds</u>
<u>ASSETS</u>			
Cash	\$ 8,779	\$ 0	\$ 8,779
Equity in Pooled Cash and Investments	5,963,628	962,767	6,926,395
Inventories	258,658	0	258,658
Accounts Receivable	4,104	175	4,279
Due from Other Governments	2,296,763	414,637	2,711,400
Due from Other Funds	96,438	14,919	111,357
Property Taxes Receivable	25,850,255	1,257,815	27,108,070
Allowance for Uncollectible Property Taxes	(764,164)	(37,182)	(801,346)
Prepaid Items	676	0	676
Total Assets	<u>\$ 33,715,137</u>	<u>\$ 2,613,131</u>	<u>\$ 36,328,268</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 46,478	\$ 183,558	\$ 230,036
Payroll Deductions Payable	485,446	4,425	489,871
Contracts Payable	0	157,207	157,207
Due to Other Funds	14,919	96,438	111,357
Due to Primary Government	34,593	0	34,593
Due to State of Tennessee	290	0	290
Other Current Liabilities	67,095	0	67,095
Total Liabilities	<u>\$ 648,821</u>	<u>\$ 441,628</u>	<u>\$ 1,090,449</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 24,574,715	\$ 1,195,750	\$ 25,770,465
Deferred Delinquent Property Taxes	400,305	19,479	419,784
Other Deferred/Unavailable Revenue	1,048,531	10,189	1,058,720
Total Deferred Inflows of Resources	<u>\$ 26,023,551</u>	<u>\$ 1,225,418</u>	<u>\$ 27,248,969</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 258,658	\$ 0	\$ 258,658
Prepaid Items	676	0	676
Restricted:			
Restricted for Education	115,624	635,980	751,604
Restricted for Capital Projects	0	20,076	20,076
Committed:			
Committed for Education	1,184,457	300,000	1,484,457
Assigned:			
Assigned for Education	2,550,181	0	2,550,181
Unassigned	\$ 2,933,169	\$ (9,971)	\$ 2,923,198
Total Fund Balances	<u>\$ 7,042,765</u>	<u>\$ 946,085</u>	<u>\$ 7,988,850</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 33,715,137</u>	<u>\$ 2,613,131</u>	<u>\$ 36,328,268</u>

Exhibit K-3

Sullivan County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Position
Discretely Presented Sullivan County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit K-2)		\$ 7,988,850	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 1,114,248		
Add: construction in progress	330,486		
Add: buildings and improvements net of accumulated depreciation	69,246,739		
Add: other capital assets net of accumulated depreciation	<u>2,610,134</u>	73,301,607	
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,478,504
(3) Long-term liabilities, are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: principal on capital leases to be contributed on primary government debt	\$ (146,381)		
Less: principal on bonds to be contributed on primary government debt	(8,835,000)		
Less: compensated absences payable	(2,610,708)		
Less: other postemployment benefits liability	<u>(29,696,686)</u>	<u>(41,288,775)</u>	
Net position of governmental activities (Exhibit A)			<u>\$ 41,480,186</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, 2014

	<u>Major Fund</u>	<u>Nonmajor</u> <u>Funds</u>	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 37,139,399	\$ 1,237,192	\$ 38,376,591
Licenses and Permits	5,510	0	5,510
Charges for Current Services	1,818,401	0	1,818,401
Other Local Revenues	538,722	3,205	541,927
State of Tennessee	42,264,310	0	42,264,310
Federal Government	3,522,861	6,617,803	10,140,664
Other Governments and Citizens Groups	64,632	695,168	759,800
Total Revenues	<u>\$ 85,353,835</u>	<u>\$ 8,553,368</u>	<u>\$ 93,907,203</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 49,297,350	\$ 4,821,963	\$ 54,119,313
Support Services	27,761,219	1,988,676	29,749,895
Operation of Non-instructional Services	5,273,699	0	5,273,699
Capital Outlay	53,808	974,840	1,028,648
Debt Service:			
Interest on Debt	6,375	0	6,375
Other Debt Service	2,319,363	94,088	2,413,451
Capital Projects	0	621,718	621,718
Total Expenditures	<u>\$ 84,711,814</u>	<u>\$ 8,501,285</u>	<u>\$ 93,213,099</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 642,021</u>	<u>\$ 52,083</u>	<u>\$ 694,104</u>
<u>Other Financing Sources (Uses)</u>			
Insurance Recovery	\$ 7,703	\$ 0	\$ 7,703
Transfers In	469,699	83,438	553,137
Transfers Out	(83,438)	(469,699)	(553,137)
Total Other Financing Sources (Uses)	<u>\$ 393,964</u>	<u>\$ (386,261)</u>	<u>\$ 7,703</u>
Net Change in Fund Balances	\$ 1,035,985	\$ (334,178)	\$ 701,807
Fund Balance, July 1, 2013	6,006,780	1,280,263	7,287,043
Fund Balance, June 30, 2014	<u>\$ 7,042,765</u>	<u>\$ 946,085</u>	<u>\$ 7,988,850</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, 2014

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)		\$ 701,807
<p>(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:</p>		
Add: capital assets purchased in the current period	\$ 1,941,732	
Less: current-year depreciation expense	<u>(3,276,602)</u>	(1,334,870)
<p>(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.</p>		
Less: book value of assets disposed		(422,324)
<p>(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.</p>		
Less: deferred delinquent property taxes/other deferred June 30, 2013	\$ (1,624,610)	
Add: deferred delinquent property taxes/other deferred June 30, 2014	<u>1,478,504</u>	(146,106)
<p>(4) The contribution of long-term debt (e.g., bonds, capital leases) by the primary government provides current financial resources to governmental funds, while the contribution by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.</p>		
Add: principal contributions on bonds for primary government debt	\$ 1,530,000	
Add: principal contributions on leases for primary government debt	<u>102,267</u>	1,632,267
<p>(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.</p>		
Change in compensated absences payable	\$ 21,375	
Change in other postemployment benefits liability	<u>(4,793,447)</u>	<u>(4,772,072)</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ (4,341,298)</u>

Sullivan County, Tennessee
 Combining Balance Sheet - Nonmajor Governmental Funds
 Discretely Presented Sullivan County School Department
 June 30, 2014

Exhibit K-6

ASSETS

	Special Revenue Funds			Capital Projects Fund		Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Other Education Special Revenue	Education Capital Projects	Total	
Equity in Pooled Cash and Investments	\$ 804,047	\$ 125,881	\$ 12,763	\$ 20,076	\$ 942,691	\$ 962,767
Accounts Receivable	0	0	175	0	175	175
Due from Other Governments	0	337,363	77,274	0	414,637	414,637
Due from Other Funds	0	1,481	13,438	0	14,919	14,919
Property Taxes Receivable	1,257,815	0	0	0	1,257,815	1,257,815
Allowance for Uncollectible Property Taxes	(37,182)	0	0	0	(37,182)	(37,182)
Total Assets	\$ 2,024,680	\$ 464,725	\$ 103,650	\$ 20,076	\$ 2,593,055	\$ 2,613,131

LIABILITIES

Accounts Payable	\$ 16,264	\$ 166,275	\$ 1,019	\$ 0	\$ 183,558	\$ 183,558
Payroll Deductions Payable	0	4,425	0	0	4,425	4,425
Contracts Payable	157,207	0	0	0	157,207	157,207
Due to Other Funds	0	93,807	2,631	0	96,438	96,438
Total Liabilities	\$ 173,471	\$ 264,507	\$ 3,650	\$ 0	\$ 441,628	\$ 441,628

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes	\$ 1,195,750	\$ 0	\$ 0	\$ 0	\$ 1,195,750	\$ 1,195,750
Deferred Delinquent Property Taxes	19,479	0	0	0	19,479	19,479
Other Deferred/Unavailable Revenue	0	10,189	0	0	10,189	10,189
Total Deferred Inflows of Resources	\$ 1,215,229	\$ 10,189	\$ 0	\$ 0	\$ 1,225,418	\$ 1,225,418

Restricted:

Restricted for Education	\$ 635,980	\$ 0	\$ 0	\$ 0	\$ 635,980	\$ 635,980
Restricted for Capital Projects	0	0	0	20,076	20,076	20,076
Committed:						
Committed for Education	0	200,000	100,000	0	300,000	300,000
Unassigned	0	(9,971)	0	0	(9,971)	(9,971)
Total Fund Balances	\$ 635,980	\$ 190,029	\$ 100,000	\$ 20,076	\$ 926,009	\$ 946,085

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,024,680	\$ 464,725	\$ 103,650	\$ 20,076	\$ 2,593,055	\$ 2,613,131
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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, 2014

	Special Revenue Funds				Capital Projects Fund		Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Other Education Special Revenue	Total	Education Capital Projects	Total	
<u>Revenues</u>							
Local Taxes	\$ 1,237,192	\$ 0	\$ 0	\$ 1,237,192	\$ 0	\$ 0	\$ 1,237,192
Other Local Revenues	0	0	3,205	3,205	0	0	3,205
Federal Government	0	6,247,141	370,662	6,617,803	0	0	6,617,803
Other Governments and Citizens Groups	0	0	139,490	139,490	555,678	0	695,168
Total Revenues	\$ 1,237,192	\$ 6,247,141	\$ 513,357	\$ 7,997,690	\$ 555,678	\$ 0	\$ 8,553,368
<u>Expenditures</u>							
Current:							
Instruction	\$ 0	\$ 4,376,233	\$ 445,730	\$ 4,821,963	\$ 0	\$ 0	\$ 4,821,963
Support Services	24,457	1,769,315	194,904	1,988,676	0	0	1,988,676
Capital Outlay	974,840	0	0	974,840	0	0	974,840
Debt Service:							
Other Debt Service	0	94,088	0	94,088	0	0	94,088
Capital Projects	0	0	0	0	621,718	0	621,718
Total Expenditures	\$ 999,297	\$ 6,239,636	\$ 640,634	\$ 7,879,567	\$ 621,718	\$ 0	\$ 8,501,285
Excess (Deficiency) of Revenues Over Expenditures	\$ 237,895	\$ 7,505	\$ (127,277)	\$ 118,123	\$ (66,040)	\$ 0	\$ 52,083
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 83,438	\$ 83,438	\$ 0	\$ 0	\$ 83,438
Transfers Out	(412,000)	(57,699)	0	(469,699)	0	0	(469,699)
Total Other Financing Sources (Uses)	\$ (412,000)	\$ (57,699)	\$ 83,438	\$ (386,261)	\$ 0	\$ 0	\$ (386,261)
Net Change in Fund Balances Fund Balance, July 1, 2013	\$ (174,105)	\$ (50,194)	\$ (43,839)	\$ (268,138)	\$ (66,040)	\$ 0	\$ (334,178)
Fund Balance, July 1, 2013	810,085	240,223	143,839	1,194,147	86,116	0	1,280,263
Fund Balance, June 30, 2014	\$ 635,980	\$ 190,029	\$ 100,000	\$ 926,009	\$ 20,076	\$ 0	\$ 946,085

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 37,139,399	\$ 0	\$ 0	\$ 37,139,399	\$ 37,005,000	\$ 37,410,000	\$ (270,601)
Licenses and Permits	5,510	0	0	5,510	6,000	6,000	(490)
Charges for Current Services	1,818,401	0	0	1,818,401	2,084,900	2,384,900	(566,499)
Other Local Revenues	538,722	0	0	538,722	493,300	493,300	45,422
State of Tennessee	42,264,310	0	0	42,264,310	41,587,011	42,432,087	(167,777)
Federal Government	3,522,861	0	0	3,522,861	3,441,420	3,385,420	137,441
Other Governments and Citizens Groups	64,632	0	0	64,632	424,750	180,750	(116,118)
Total Revenues	\$ 85,353,835	\$ 0	\$ 0	\$ 85,353,835	\$ 85,042,381	\$ 86,292,457	\$ (938,622)
Expenditures							
Instruction							
Regular Instruction Program	\$ 40,893,379	\$ 0	\$ 147,179	\$ 41,040,558	\$ 41,995,857	\$ 42,320,857	\$ 1,280,299
Special Education Program	5,693,581	0	0	5,693,581	5,925,921	5,940,921	247,340
Vocational Education Program	2,710,390	0	14,188	2,724,578	2,807,591	2,812,591	88,013
Support Services							
Health Services	98,075	(6,605)	7,766	99,236	129,741	129,741	30,505
Other Student Support	1,858,534	0	0	1,858,534	1,848,103	1,869,603	11,069
Regular Instruction Program	2,613,539	(60)	1,044	2,614,523	2,793,928	2,780,966	166,443
Special Education Program	206,349	0	611	206,960	228,379	228,379	21,419
Vocational Education Program	144,217	0	80	144,297	141,894	145,394	1,097
Other Programs	768,421	0	0	768,421	0	768,421	0
Board of Education	1,540,561	(17,344)	132,500	1,655,717	1,781,014	1,931,514	275,797
Director of Schools	600,050	0	0	600,050	647,526	643,444	43,394
Office of the Principal	5,749,257	(70)	0	5,749,187	5,890,961	5,890,961	141,774
Fiscal Services	424,788	(39)	8,983	433,732	475,658	475,658	41,926
Human Services/Personnel	338,658	0	357	339,015	371,454	371,454	32,439
Operation of Plant	6,124,179	0	4,189	6,128,368	6,059,596	6,249,596	121,228
Maintenance of Plant	3,071,062	(2,236)	3,573	3,072,399	3,227,371	3,279,026	206,627
Transportation	4,223,529	0	56,737	4,280,266	4,450,791	4,315,791	35,525

(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 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-instructional Services</u>							
Food Service	\$ 4,679,603	\$ (1,141)	\$ 5,531	\$ 4,683,993	\$ 4,887,555	\$ 4,887,555	\$ 203,562
Community Services	17,984	0	0	17,984	33,663	33,663	15,679
Early Childhood Education	576,112	0	7,986	584,098	913,909	913,909	329,811
Capital Outlay							
Regular Capital Outlay	53,808	0	1,350	55,158	46,000	71,000	15,842
Interest on Debt							
Education	6,375	0	0	6,375	15,000	15,000	8,625
Other Debt Service							
Education	2,319,363	0	0	2,319,363	0	2,436,353	116,990
Total Expenditures	\$ 84,711,814	\$ (27,495)	\$ 392,074	\$ 85,076,393	\$ 84,671,912	\$ 88,511,797	\$ 3,435,404
Excess (Deficiency) of Revenues Over Expenditures	\$ 642,021	\$ 27,495	\$ (392,074)	\$ 277,442	\$ 370,469	\$ (2,219,340)	\$ 2,496,782
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 7,703	\$ 0	\$ 0	\$ 7,703	\$ 0	\$ 0	\$ 7,703
Transfers In	469,699	0	0	469,699	470,000	470,000	(301)
Transfers Out	(83,438)	0	0	(83,438)	(2674,035)	(234,726)	151,288
Total Other Financing Sources	\$ 393,964	\$ 0	\$ 0	\$ 393,964	\$ (2,204,035)	\$ 235,274	\$ 158,690
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 1,035,985	\$ 27,495	\$ (392,074)	\$ 671,406	\$ (1,833,566)	\$ (1,984,066)	\$ 2,655,472
Fund Balance, June 30, 2014	6,006,780	(27,495)	0	5,979,285	4,941,991	4,941,991	1,037,294
Fund Balance, June 30, 2014	\$ 7,042,765	\$ 0	\$ (392,074)	\$ 6,650,691	\$ 3,108,425	\$ 2,957,925	\$ 3,692,766

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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,237,192	\$ 0	\$ 0	\$ 1,237,192	\$ 1,227,000	\$ 1,227,000	\$ 10,192
Total Revenues	\$ 1,237,192	\$ 0	\$ 0	\$ 1,237,192	\$ 1,227,000	\$ 1,227,000	\$ 10,192
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 24,457	\$ 0	\$ 0	\$ 24,457	\$ 25,000	\$ 25,000	\$ 543
Capital Outlay	974,840	(455,332)	386,688	906,196	1,065,000	1,065,000	158,804
Regular Capital Outlay	999,297	(455,332)	386,688	930,653	1,090,000	1,090,000	159,347
Total Expenditures	\$ 237,895	\$ 455,332	\$ (386,688)	\$ 306,539	\$ 137,000	\$ 137,000	\$ 169,539
Excess (Deficiency) of Revenues Over Expenditures	\$ (412,000)	\$ 0	\$ 0	\$ (412,000)	\$ (412,000)	\$ (412,000)	\$ 0
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (412,000)	\$ 0	\$ 0	\$ (412,000)	\$ (412,000)	\$ (412,000)	\$ 0
Total Other Financing Sources	\$ (412,000)	\$ 0	\$ 0	\$ (412,000)	\$ (412,000)	\$ (412,000)	\$ 0
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (174,105)	\$ 455,332	\$ (386,688)	\$ (105,461)	\$ (275,000)	\$ (275,000)	\$ 169,539
Fund Balance, July 1, 2013	810,085	(455,332)	0	354,753	354,753	354,753	0
Fund Balance, June 30, 2014	\$ 635,980	\$ 0	\$ (386,688)	\$ 249,292	\$ 79,753	\$ 79,753	\$ 169,539

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sullivan County School Department
School Federal Projects Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 6,247,141	\$ 6,848,020	\$ 7,147,229	\$ (900,088)
Total Revenues	\$ 6,247,141	\$ 6,848,020	\$ 7,147,229	\$ (900,088)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,443,718	\$ 2,679,182	\$ 2,910,065	\$ 466,347
Special Education Program	1,690,977	1,859,881	1,866,804	175,827
Vocational Education Program	241,538	240,080	244,231	2,693
<u>Support Services</u>				
Other Student Support	223,341	268,814	241,577	18,236
Regular Instruction Program	699,828	1,046,370	1,037,909	338,081
Special Education Program	448,908	485,775	485,775	36,867
Vocational Education Program	2,217	3,000	2,217	0
Transportation	395,021	405,139	405,139	10,118
<u>Other Debt Service</u>				
Education	94,088	0	94,088	0
Total Expenditures	\$ 6,239,636	\$ 6,988,241	\$ 7,287,805	\$ 1,048,169
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,505	\$ (140,221)	\$ (140,576)	\$ 148,081
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 0	\$ 203,371	\$ 203,371	\$ (203,371)
Transfers Out	(57,699)	(63,150)	(62,795)	5,096
Total Other Financing Sources	\$ (57,699)	\$ 140,221	\$ 140,576	\$ (198,275)
Net Change in Fund Balance	\$ (50,194)	\$ 0	\$ 0	\$ (50,194)
Fund Balance, July 1, 2013	240,223	0	0	240,223
Fund Balance, June 30, 2014	\$ 190,029	\$ 0	\$ 0	\$ 190,029

Exhibit K-11

Sullivan County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Sullivan County School Department
 Other Education Special Revenue Fund
 For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Other Local Revenues	\$ 3,205	\$ 0	\$ 0	\$ 3,205	\$ 0	\$ 0	\$ 3,205
Federal Government	370,662	0	0	370,662	628,206	628,206	(257,544)
Other Governments and Citizens Groups	139,490	0	0	139,490	194,726	194,726	(55,236)
Total Revenues	\$ 513,357	\$ 0	\$ 0	\$ 513,357	\$ 822,932	\$ 822,932	\$ (309,575)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 445,730	(75,385)	1,462	371,807	647,363	647,363	275,556
Support Services	18,245	0	0	18,245	96,483	96,483	78,238
Director of Schools	98,063	0	0	98,063	104,822	104,822	6,759
Office of the Principal	76,644	0	0	76,644	124,746	124,746	48,102
Operation of Plant	1,952	0	0	1,952	44,245	44,245	42,293
Maintenance of Plant							
Total Expenditures	\$ 640,634	(75,385)	1,462	\$ 566,711	\$ 1,017,659	\$ 1,017,659	\$ 450,948
Excess (Deficiency) of Revenues Over Expenditures	\$ (127,277)	\$ 75,385	(1,462)	(53,354)	(194,727)	(194,727)	141,373
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 83,438	\$ 0	\$ 0	\$ 83,438	\$ 194,727	\$ 194,727	(111,289)
Total Other Financing Sources	\$ 83,438	\$ 0	\$ 0	\$ 83,438	\$ 194,727	\$ 194,727	(111,289)
Net Change in Fund Balance	\$ (43,839)	\$ 75,385	(1,462)	\$ 30,084	\$ 0	\$ 0	\$ 30,084
Fund Balance, July 1, 2013	143,839	(75,385)	0	68,454	128,405	128,405	(59,951)
Fund Balance, June 30, 2014	\$ 100,000	\$ 0	(1,462)	\$ 98,538	\$ 128,405	\$ 128,405	(29,867)

Exhibit K-12

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
June 30, 2014

	Private- Purpose Trust Fund
	<u>Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 145,965
Total Assets	<u>\$ 145,965</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 7,310
Total Liabilities	<u>\$ 7,310</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	<u>\$ 138,655</u>
Total Net Position	<u><u>\$ 138,655</u></u>

Exhibit K-13

Sullivan County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
For the Year Ended June 30, 2014

	Private- Purpose Trust Fund
	<u>Endowment Fund</u>
<u>ADDITIONS</u>	
Investment Income	\$ 1,162
Total Additions	<u>\$ 1,162</u>
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	\$ 7,155
Total Deductions	<u>\$ 7,155</u>
Change in Net Position	\$ (5,993)
Net Position, July 1, 2013	<u>144,648</u>
Net Position, June 30, 2014	<u><u>\$ 138,655</u></u>

MISCELLANEOUS SCHEDULES

Sullivan County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Matured During Period	Outstanding 6-30-14
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 1,995,000	4.5 to 5.05 %	6-1-05	4-1-17	\$ 1,100,000	0	250,000	850,000
Total Notes Payable	\$ 1,995,000				\$ 1,100,000	0	250,000	850,000
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Qualified School Construction Bonds, Series 2009 (1)	15,480,000	1.515	12-17-09	7-1-26	\$ 12,743,204	0	965,928	\$ 11,777,276
Qualified School Construction Bonds, Series 2010 (1)	5,073,000	0	10-7-10	8-1-27	4,492,664	0	316,547	4,176,117
Energy Efficient Schools Initiative	5,054,635	.75	5-16-11	4-16-20	4,498,957	555,678	201,654	4,852,981
Total Other Loans Payable	\$ 21,734,825				\$ 21,734,825	555,678	1,484,129	\$ 20,806,374
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Police Vehicles	234,496	5.75	6-12-12	6-12-14	\$ 78,084	0	78,084	0
Circuit Computers	71,703	6	5-6-13	3-6-17	67,043	0	16,434	50,609
Clerk and Master Computers	20,679	6	1-15-14	11-15-17	0	20,679	2,892	17,787
Total Payable through General Fund	\$ 145,127				\$ 145,127	20,679	97,410	\$ 68,396
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks	295,080	2.55	9-20-13	9-20-17	\$ 0	295,080	62,025	233,055
Total Payable through Highway/Public Works Fund	\$ 295,080				\$ 0	295,080	62,025	\$ 233,055
<u>Contributed by the School Department through the General Purpose School Fund</u>								
Copy Machines 2012	88,602	8.95	5-30-12	5-30-17	\$ 72,608	0	16,201	\$ 56,407
Total Contributed by the School Department through the General Purpose School Fund	\$ 88,602				\$ 72,608	0	16,201	\$ 56,407
<u>Contributed by the School Department through the School Federal Projects Fund</u>								
Computers	118,528	3.21	6-28-12	6-28-15	\$ 76,459	0	37,004	\$ 39,455
Apple Ipads	151,600	2.97	7-26-12	7-26-14	99,581	0	49,062	50,519
Total Contributed by the School Department through the School Federal Projects Fund	\$ 270,128				\$ 176,040	0	86,066	\$ 89,974
Total Capital Leases Payable	\$ 383,775				\$ 383,775	315,759	261,702	\$ 447,832
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	\$ 865,000	0	425,000	\$ 440,000
General Obligation Public Improvement Bonds, Series 2005	6,000,000	3.25 to 4.1	6-1-05	5-1-25	4,740,000	0	210,000	4,530,000
Schools Refunding	16,320,000	4.75 to 5	9-1-05	4-1-24	14,895,000	0	850,000	14,045,000
Industrial Park Series 2007	6,500,000	5.9 to 6.25	6-21-07	4-1-28	6,000,000	0	100,000	5,900,000
Total Payable through General Debt Service Fund	\$ 26,500,000				\$ 26,500,000	0	1,585,000	\$ 24,915,000

(Continued)

Exhibit L-1

Sullivan County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Matured During Period	Outstanding 6-30-14
BONDS PAYABLE (Cont.)								
Contributed by the School Department through the Education Debt Service Fund								
Schools Refunding	\$ 13,220,000	5 %	11-1-04	5-1-19	\$ 10,365,000	0	\$ 1,530,000	\$ 8,835,000
Total Contributed by the School Department through the Education Debt Service Fund					\$ 10,365,000	0	\$ 1,530,000	\$ 8,835,000
Total Bonds Payable					\$ 36,865,000	0	\$ 3,115,000	\$ 33,750,000

(1) Interest rate is offset by a federal rate subsidy.

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 275,000	\$ 42,650	\$ 317,650
2016	275,000	28,900	303,900
2017	300,000	15,150	315,150
Total	\$ 850,000	\$ 86,700	\$ 936,700

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2015	\$ 1,688,063	\$ 515,465	\$ 19,539	\$ 2,223,067
2016	1,691,111	512,417	19,538	2,223,066
2017	1,694,195	509,333	19,539	2,223,067
2018	1,697,291	506,237	19,538	2,223,066
2019	1,700,411	503,117	19,539	2,223,067
2020	1,703,555	499,973	19,538	2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022	1,709,915	493,613	19,538	2,223,066
2023	1,713,131	490,397	19,539	2,223,067
2024	1,716,371	487,157	19,538	2,223,066
2025	1,719,635	483,893	19,539	2,223,067
2026	1,597,364	480,931	19,538	2,097,833
2027	438,768	265,483	7,928	712,179
2028	29,841	24,221	1,014	55,076
Total	\$ 20,806,374	\$ 6,269,042	\$ 243,404	\$ 27,318,820

(Continued)

Exhibit L-2

Sullivan County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2015	\$ 186,050	\$ 17,888	\$ 203,938
2016	100,532	9,317	109,849
2017	98,399	4,610	103,009
2018	62,851	1,578	64,429
Total	\$ 447,832	\$ 33,393	\$ 481,225

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 3,295,000	\$ 1,672,775	\$ 4,967,775
2016	3,040,000	1,523,275	4,563,275
2017	3,195,000	1,374,900	4,569,900
2018	3,880,000	1,219,063	5,099,063
2019	4,100,000	1,030,187	5,130,187
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	\$ 33,750,000	\$ 10,163,165	\$ 43,913,165

Exhibit L-3

Sullivan County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Debt retirement	\$ 245,939
"	Self-Insurance	Operations	1,000,000
Total Transfers Primary Government			<u>\$ 1,245,939</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	Other Education Special Revenue	Operations	\$ 83,438
School Federal Projects	General Purpose School	Indirect cost	57,699
Special Purpose	"	Debt retirement	412,000
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 553,137</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, 2014

Official	Authorization for Salary	\$	105,965	\$	50,000	Cincinnati Insurance Company
			48,777		100,000	"
			45,834		100,000	Ironshore Indemnity Inc.
			132,728	(1)	100,000	Cincinnati Insurance Company
			85,531		4,861,900	"
			85,531		50,000	"
			77,520		25,000	"
			59,711		10,000	"
			85,531		50,000	"
			85,531		100,000	"
			85,531	(2)	150,000	Western Surety Company
			85,531		25,000	Cincinnati Insurance Company
			101,519	(3)	26,000	"
Employee Blanket Bonds - All County Employees: Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)					250,000	Princeton Excess and Surplus Lines Insurance Company

- (1) Includes a chief executive officer training supplement of \$1,000 and does not include a vehicle allowance of \$9,600.
- (2) Does not include special commissioner fees of \$33,760. Of this amount, \$14,290 was paid to the current clerk and master, Katie Priester and \$19,470 was paid to the former clerk and master, Sarah Housewright.
- (3) 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, 2014

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 23,306,097	\$ 704,679	\$ 0	\$ 0	\$ 0
Trustee's Collections - Prior Year	524,125	15,830	0	0	0
Circuit/Clerk and Master Collections - Prior Years	297,901	8,920	0	0	0
Interest and Penalty	225,061	6,779	0	0	0
Pickup Taxes	366,777	11,084	0	0	0
Payments in-Lieu-of Taxes - T. V. A.	5,905	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	654,707	0	0	0	0
Payments in-Lieu-of Taxes - Other	212	0	0	0	0
<u>County Local Option Taxes</u>					
Local Option Sales Tax	427,986	0	0	0	0
Litigation Tax - General	293,288	0	0	0	0
Litigation Tax - Office of Public Defender	164,882	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0
Litigation Tax - Courthouse Security	388,623	0	0	0	0
Business Tax	1,977,057	0	0	0	0
Mineral Severance Tax	0	0	0	0	0
<u>Statutory Local Taxes</u>					
Bank Excise Tax	23,374	707	0	0	0
Wholesale Beer Tax	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0
Total Local Taxes	\$ 28,655,995	\$ 747,999	\$ 0	\$ 0	\$ 0
<u>Licenses and Permits</u>					
Licenses					
Cable TV Franchise	\$ 342,595	\$ 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
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 1,662	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	92,202	0	0	0	0
Total Licenses and Permits	\$ 436,459	\$ 0	\$ 0	\$ 0	\$ 0
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Officers Costs	\$ 131,878	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Circuit Court	53,192	0	0	0	0
<u>Criminal Court</u>					
DUI Treatment Fines	83,811	0	0	0	0
<u>General Sessions Court</u>					
Fines	159,194	0	0	0	0
Fines for Littering	142	0	0	0	0
Officers Costs	82,953	0	0	0	0
Game and Fish Fines	507	0	0	0	0
Drug Control Fines	0	0	0	21,874	0
Drug Court Fees	33,116	0	0	0	0
Courtroom Security Fee	16,093	0	0	0	0
Victims Assistance Assessments	38,694	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	6,301	0	0	0	0
Data Entry Fee - Chancery Court	5,996	0	0	0	0
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	25,012	0
Courtroom Security Fee	68	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
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 14,468	\$ 0
Other Fines, Forfeitures, and Penalties	6,128	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 618,073	\$ 0	\$ 0	\$ 61,354	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 206,736	\$ 0	\$ 0	\$ 0
Patient Charges	399,908	0	4,785,820	0	0
Zoning Studies	4,838	0	0	0	0
Work Release Charges for Board	10,615	0	0	0	0
Health Department Collections	409,807	0	0	0	0
Service Charges	63,944	0	0	0	0
Backflow Charges	64	0	0	0	0
<u>Fees</u>					
Recreation Fees	0	0	0	0	331,285
Copy Fees	9,989	0	0	0	0
Library Fees	7,230	0	0	0	0
Greenbelt Late Application Fee	400	0	0	0	0
Telephone Commissions	164,740	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0
Data Processing Fee - Register	46,526	0	0	0	0
Sexual Offender Registration Fee - Sheriff	11,700	0	0	0	0
Data Processing Fee - County Clerk	19,504	0	0	0	0
<u>Other Charges for Services</u>					
Other Charges for Services	738	0	0	0	0
Total Charges for Current Services	\$ 1,150,003	\$ 206,736	\$ 4,785,820	\$ 0	\$ 331,285

(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
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	55,406	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0
Commissary Sales	29,718	0	0	0	0
Sale of Maps	562	0	0	0	0
Sale of Recycled Materials	1,434	169,986	0	0	2,521
Miscellaneous Refunds	60,399	0	2,965	0	0
<u>Nonrecurring Items</u>					
Gain on Disposal of Property	2,403	0	0	0	0
Revenue from Joint Ventures	0	0	0	0	0
Sale of Equipment	4,427	0	0	0	0
Sale of Property	24,461	0	0	0	0
Damages Recovered from Individuals	2,558	0	0	0	0
Contributions and Gifts	14,188	0	0	0	0
<u>Other Local Revenues</u>					
Other Local Revenues	54,722	0	0	0	0
Total Other Local Revenues	\$ 250,278	\$ 169,986	\$ 2,965	\$ 0	\$ 2,521
<u>Fees Received from County Officials</u>					
<u>Fees in-Lieu-of Salary</u>					
County Clerk	\$ 1,480,854	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	405,371	0	0	0	0
General Sessions Court Clerk	899,297	0	0	0	0
Clerk and Master	585,778	0	0	0	0
Register	622,178	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	
<u>Fees Received from County Officials (Cont.)</u>						
<u>Fees in-Lieu-of Salary (Cont.)</u>						
Sheriff	3,993 \$	0 \$	0 \$	0 \$	0 \$	0
Trustee	2,417,832	0	0	0	0	0
Total Fees Received from County Officials	6,415,303 \$	0 \$	0 \$	0 \$	0 \$	0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	123,065 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	64,800	0	0	0	0	0
Health and Welfare Grants						
Health Department Programs	647,558	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0
Litter Program	53,700	13,106	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	403,385	0	0	0	0	0
Beer Tax	17,806	0	0	0	0	0
Vehicle Certificate of Title Fees	20,789	0	0	0	0	0
Alcoholic Beverage Tax	191,795	0	0	0	0	0
Mixed Drink Tax	16,818	0	0	0	0	0
Prisoner Transportation	13,632	0	0	0	0	0
Contracted Prisoner Boarding	1,651,162	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

(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
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Other State Grants	\$ 1,353,834	\$ 0	\$ 0	\$ 0	\$ 0
Other State Revenues	264,512	0	0	0	0
Total State of Tennessee	\$ 4,838,020	\$ 13,106	\$ 0	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 60,000	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	162,803	0	0	0	0
Other Federal through State	1,902,700	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	66,484	0	0	0	0
Asset Forfeiture Funds	0	0	0	8,149	0
Tax Credit Bond Rebate	226,387	0	0	0	0
Other Direct Federal Revenue	172,452	0	0	0	0
Total Federal Government	\$ 2,590,826	\$ 0	\$ 0	\$ 8,149	\$ 0
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	15,000	0	0	0	0
Contracted Services	991,766	95,393	0	0	0
<u>Citizens Groups</u>					
Donations	10,600	0	27,416	0	0
Total Other Governments and Citizens Groups	\$ 1,017,366	\$ 95,393	\$ 27,416	\$ 0	\$ 0
Total	\$ 45,972,323	\$ 1,233,220	\$ 4,816,201	\$ 69,503	\$ 333,806

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	2,772,771	3,794,506	0	0	\$ 30,578,053	
Trustee's Collections - Prior Year	0	62,381	85,343	0	0	687,679	
Circuit/Clerk and Master Collections - Prior Years	0	35,722	48,351	0	0	390,894	
Interest and Penalty	0	26,853	36,606	0	0	295,299	
Pickup Taxes	0	43,645	59,719	0	0	481,225	
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	0	5,905	
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	0	654,707	
Payments in-Lieu-of Taxes - Other	0	0	0	0	0	212	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	2,600,000	0	0	0	3,027,986	
Litigation Tax - General	0	0	0	0	0	293,288	
Litigation Tax - Office of Public Defender	0	0	0	0	0	164,882	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	138,126	0	0	138,126	
Litigation Tax - Courthouse Security	0	0	0	0	0	388,623	
Business Tax	0	0	0	0	0	1,977,057	
Mineral Severance Tax	0	153,891	0	0	0	153,891	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	2,781	3,805	0	0	30,667	
Wholesale Beer Tax	0	385,140	0	0	0	385,140	
Interstate Telecommunications Tax	0	12,046	0	0	0	12,046	
Total Local Taxes	\$ 0	6,095,230	4,166,456	0	0	\$ 39,655,680	
<u>Licenses and Permits</u>							
Licenses	\$ 0	250,000	0	0	0	592,595	
Cable TV Franchise	0	0	0	0	0	0	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Licenses and Permits (Cont.)</u>							
<u>Permits</u>							
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,662
Building Permits	0	0	0	0	0	0	92,202
Total Licenses and Permits	\$ 0	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 0	686,459
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Officers Costs	0	0	0	0	0	0	131,878
Data Entry Fee - Circuit Court	0	0	0	0	0	0	53,192
<u>Criminal Court</u>							
DUI Treatment Fines	0	0	0	0	0	0	83,811
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	159,194
Fines for Littering	0	0	0	0	0	0	142
Officers Costs	0	0	0	0	0	0	82,953
Game and Fish Fines	0	0	0	0	0	0	507
Drug Control Fines	0	0	0	0	0	0	21,874
Drug Court Fees	0	0	0	0	0	0	33,116
Courtroom Security Fee	0	0	0	0	0	0	16,093
Victims Assistance Assessments	0	0	0	0	0	0	38,694
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	6,301
Data Entry Fee - Chancery Court	0	0	0	0	0	0	5,996
<u>Judicial District Drug Program</u>							
Drug Task Force Forfeitures and Seizures	0	0	0	0	0	0	25,012
Courtroom Security Fee	0	0	0	0	0	0	68

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	14,468
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	6,128
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	679,427
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	206,736
Patient Charges	0	0	0	0	0	0	5,185,728
Zoning Studies	0	0	0	0	0	0	4,838
Work Release Charges for Board	0	0	0	0	0	0	10,615
Health Department Collections	0	0	0	0	0	0	409,807
Service Charges	0	0	0	0	0	0	63,944
Backflow Charges	0	0	0	0	0	0	64
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	331,285
Copy Fees	0	0	0	0	0	0	9,989
Library Fees	0	0	0	0	0	0	7,230
Greenbelt Late Application Fee	0	0	0	0	0	0	400
Telephone Commissions	0	0	0	0	0	0	164,740
Special Commissioner Fees/Special Master Fees	33,760	0	0	0	0	0	33,760
Data Processing Fee - Register	0	0	0	0	0	0	46,526
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	0	11,700
Data Processing Fee - County Clerk	0	0	0	0	0	0	19,504
<u>Other Charges for Services</u>							
Other Charges for Services	0	0	0	0	0	0	738
Total Charges for Current Services	\$ 33,760	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,507,604

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 154,546	\$ 0	\$ 0	\$ 154,546	
Lease/Rentals	0	0	0	0	0	55,406	
Sale of Materials and Supplies	0	10,690	0	0	0	10,690	
Commissary Sales	0	0	0	0	0	29,718	
Sale of Maps	0	0	0	0	0	562	
Sale of Recycled Materials	0	2,306	0	0	0	176,247	
Miscellaneous Refunds	0	797	0	0	0	64,161	
<u>Nonrecurring Items</u>							
Gain on Disposal of Property	0	0	0	0	0	2,403	
Revenue from Joint Ventures	0	0	376,020	0	0	376,020	
Sale of Equipment	0	0	0	0	0	4,427	
Sale of Property	0	0	0	0	0	24,461	
Damages Recovered from Individuals	0	1,450	0	0	0	4,008	
Contributions and Gifts	0	0	0	0	0	14,188	
<u>Other Local Revenues</u>							
Other Local Revenues	0	0	0	0	0	54,722	
Total Other Local Revenues	\$ 0	\$ 15,243	\$ 530,566	\$ 0	\$ 0	\$ 971,559	
<u>Fees Received from County Officials</u>							
<u>Fees in-Lieu-of Salary</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,480,854	
Circuit Court Clerk	0	0	0	0	0	405,371	
General Sessions Court Clerk	0	0	0	0	0	899,297	
Clerk and Master	0	0	0	0	0	585,778	
Register	0	0	0	0	0	622,178	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service			
<u>Fees Received from County Officials (Cont.)</u>							
<u>Fees in-Lieu-of Salary (Cont.)</u>							
Sheriff	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	3,993
Trustee	0	0	0	0	0	0	2,417,832
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	6,415,303
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	123,065
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	64,800
Health and Welfare Grants	0	0	0	0	0	0	647,558
<u>Health Department Programs</u>							
Public Works Grants	0	241,408	0	0	0	0	241,408
State Aid Program	0	0	0	0	0	0	66,806
Litter Program	0	0	0	0	0	0	
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	403,385
Beer Tax	0	0	0	0	0	0	17,806
Vehicle Certificate of Title Fees	0	0	0	0	0	0	20,789
Alcoholic Beverage Tax	0	0	0	0	0	0	191,795
Mixed Drink Tax	0	0	0	0	0	0	16,818
Prisoner Transportation	0	0	0	0	0	0	13,632
Contracted Prisoner Boarding	0	0	0	0	0	0	1,651,162
Gasoline and Motor Fuel Tax	0	2,581,247	0	0	0	0	2,581,247
Petroleum Special Tax	0	122,584	0	0	0	0	122,584
Registrar's Salary Supplement	0	0	0	0	0	0	15,164

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Total
	Constitutional Officers - Fees	Highway / Public Works	General Debt Service	Education Debt Service			
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Other State Grants	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,353,834
Other State Revenues	0	0	0	0	0	0	264,512
Total State of Tennessee	\$ 0	\$ 2,945,239	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,796,365
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,000
Homeland Security Grants	0	0	0	0	0	0	162,803
Other Federal through State	0	0	0	0	0	0	1,902,700
<u>Direct Federal Revenue</u>							
Forest Service	0	10,400	0	0	0	0	76,884
Asset Forfeiture Funds	0	0	0	0	0	0	8,149
Tax Credit Bond Rebate	0	0	0	0	0	0	226,387
Other Direct Federal Revenue	0	0	0	0	0	0	172,452
Total Federal Government	\$ 0	\$ 10,400	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,609,375
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0	\$ 28,971	\$ 0	\$ 0	\$ 0	\$ 0	\$ 28,971
Contributions	0	0	336,428	2,077,023	0	0	2,428,451
Contracted Services	0	0	0	0	0	0	1,087,159
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	0	38,016
Total Other Governments and Citizens Groups	\$ 0	\$ 28,971	\$ 336,428	\$ 2,077,023	\$ 0	\$ 0	\$ 3,582,597
Total	\$ 33,760	\$ 9,345,083	\$ 5,033,450	\$ 2,077,023	\$ 0	\$ 0	\$ 68,914,369

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, 2014

	Special Revenue Fund	Special Revenue Funds				Capital Projects Fund		Total
		Special Purpose	General Purpose School	Other		Education Capital Projects	Education Capital Projects	
				School Federal Projects	Education Special Revenue			
<u>Local Taxes</u>								
<u>County Property Taxes</u>								
Current Property Tax	\$ 1,165,739	\$ 23,958,236	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,123,975	
Trustee's Collections - Prior Year	26,215	538,765	0	0	0	0	564,980	
Circuit/Clerk and Master Collections - Prior Years	14,744	304,211	0	0	0	0	318,955	
Interest and Penalty	10,979	231,326	0	0	0	0	242,305	
Pickup Taxes	18,346	377,043	0	0	0	0	395,389	
<u>County Local Option Taxes</u>								
Local Option Sales Tax	0	11,699,823	0	0	0	0	11,699,823	
<u>Statutory Local Taxes</u>								
Bank Excise Tax	1,169	24,030	0	0	0	0	25,199	
Interstate Telecommunications Tax	0	5,965	0	0	0	0	5,965	
Total Local Taxes	\$ 1,237,192	\$ 37,139,399	\$ 0	\$ 0	\$ 0	\$ 0	\$ 38,376,591	
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 0	5,510	\$ 0	\$ 0	\$ 0	\$ 0	5,510	
Total Licenses and Permits	\$ 0	5,510	\$ 0	\$ 0	\$ 0	\$ 0	5,510	
<u>Charges for Current Services</u>								
<u>Education Charges</u>								
Tuition - Other	\$ 0	59,751	\$ 0	\$ 0	\$ 0	\$ 0	59,751	
Lunch Payments - Children	0	743,378	0	0	0	0	743,378	
Lunch Payments - Adults	0	109,992	0	0	0	0	109,992	
Income from Breakfast	0	57,068	0	0	0	0	57,068	
A la carte Sales	0	521,448	0	0	0	0	521,448	

(Continued)

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

	Special Revenue Fund	Special Revenue Funds			Capital Projects Fund			Total
		Special Purpose	General Purpose School	School Federal Projects	Other		Education Capital Projects	
					Education Special Revenue	Education Special Revenue		
<u>Charges for Current Services (Cont.)</u>								
<u>Education Charges (Cont.)</u>								
Receipts from Individual Schools	\$ 0	17,217	0	0	0	0	0	17,217
TBI Criminal Background Fee	0	2,352	0	0	0	0	0	2,352
<u>Other Charges for Services</u>								
Other Charges for Services	0	307,195	0	0	0	0	0	307,195
Total Charges for Current Services	\$ 0	1,818,401	0	0	0	0	0	1,818,401
<u>Other Local Revenues</u>								
<u>Recurring Items</u>								
Sale of Recycled Materials	\$ 0	8,005	0	0	0	0	0	8,005
E-Rate Funding	0	103,457	0	0	0	0	0	103,457
Retirees' Insurance Payments	0	390,176	0	0	0	0	0	390,176
Cobra Insurance Payments	0	4,937	0	0	0	0	0	4,937
Commodity Rebates	0	19,234	0	0	0	0	0	19,234
Miscellaneous Refunds	0	4,103	0	0	0	0	0	4,103
<u>Nonrecurring Items</u>								
Sale of Equipment	0	3,245	0	0	0	0	0	3,245
Damages Recovered from Individuals	0	5,104	0	3,205	0	0	0	8,309
<u>Other Local Revenues</u>								
Other Local Revenues	0	461	0	0	0	0	0	461
Total Other Local Revenues	\$ 0	538,722	0	3,205	0	0	0	541,927
<u>State of Tennessee</u>								
General Government Grants	\$ 0	768,421	0	0	0	0	0	768,421
On-behalf Contributions for OPEB								

(Continued)

Exhibit L-6

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

	Special Revenue Fund		Special Revenue Funds				Capital Projects Fund		Total
	Special Purpose	General Purpose School	School Federal Projects	Other		Education Capital Projects	Education Capital Projects		
				Education Special Revenue	Other				
	\$	0 \$	38,290,000 \$	0 \$	0 \$	0 \$	0 \$	38,290,000	
State Education Funds		0	356,514	0	0	0	0	356,514	
Basic Education Program		0	44,916	0	0	0	0	44,916	
Early Childhood Education		0	616,896	0	0	0	0	616,896	
School Food Service		0	361,899	0	0	0	0	361,899	
Other State Education Funds		0	101,770	0	0	0	0	101,770	
Career Ladder Program		0	1,719,425	0	0	0	0	1,719,425	
Career Ladder - Extended Contract		0	4,469	0	0	0	0	4,469	
Other State Revenues		0	42,264,310	0 \$	0 \$	0 \$	0 \$	42,264,310	
State Revenue Sharing - T.V.A.		0							
Other State Grants		0							
Total State of Tennessee	\$	0 \$	42,264,310 \$	0 \$	0 \$	0 \$	0 \$	42,264,310	
Federal Government									
Federal Through State									
USDA School Lunch Program	\$	0 \$	2,163,443 \$	0 \$	0 \$	0 \$	0 \$	2,163,443	
USDA - Commodities		0	357,421	0	0	0	0	357,421	
Breakfast		0	654,933	0	0	0	0	654,933	
USDA - Other		0	1,102	0	0	0	0	1,102	
Vocational Education - Basic Grants to States		0		143,726	0	0	0	143,726	
Other Vocational		0		170,914	0	0	0	170,914	
Title I Grants to Local Education Agencies		0		2,267,267	0	0	0	2,267,267	
Special Education - Grants to States		0	126,541	2,441,865	0	0	0	2,568,406	
Special Education Preschool Grants		0		100,233	0	0	0	100,233	
Education for Homeless Children and Youth		0		32,581	0	0	0	32,581	
Eisenhower Professional Development State Grants		0		464,860	0	0	0	464,860	
Race-to-the-Top - ARRA		0		625,695	370,662	0	0	996,357	

(Continued)

Exhibit L-6

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

	Special Revenue Fund	Special Revenue Funds				Capital Projects Fund	Total
		Other			Education Special Revenue		
		General Purpose School	School Federal Projects	0 \$			
<u>Federal Government (Cont.)</u>							
<u>Direct Federal Revenue</u>							
ROTC Reimbursement	\$ 0	198,421 \$	0 \$	0 \$	0 \$	198,421	
Forest Service	0	21,000	0	0	0	21,000	
<u>Total Federal Government</u>	\$ 0	3,522,861 \$	6,247,141 \$	370,662 \$	0 \$	10,140,664	
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 0	0 \$	0 \$	139,490 \$	555,678 \$	695,168	
Contracted Services	0	46,447	0	0	0	46,447	
<u>Citizens Groups</u>							
Donations	0	18,185	0	0	0	18,185	
<u>Total Other Governments and Citizens Groups</u>	\$ 0	64,632 \$	0 \$	139,490 \$	555,678 \$	759,800	
<u>Total</u>	\$ 1,237,192 \$	85,353,835 \$	6,247,141 \$	513,357 \$	555,678 \$	93,907,203	

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	178,227	
Social Security		11,049	
Employer Medicare		2,586	
Contracts with Government Agencies		113,499	
Dues and Memberships		188	
Freight Expenses		77	
Legal Notices, Recording, and Court Costs		2,555	
Maintenance and Repair Services - Office Equipment		2,457	
Postal Charges		893	
Printing, Stationery, and Forms		530	
Travel		3,254	
Tuition		885	
Food Supplies		136	
Gasoline		105	
Office Supplies		634	
Other Supplies and Materials		250	
Total County Commission			\$ 317,325

County Mayor/Executive

County Official/Administrative Officer	\$	105,965	
Secretary(ies)		31,946	
Social Security		8,364	
State Retirement		20,668	
Life Insurance		131	
Medical Insurance		20,129	
Dental Insurance		672	
Employer Medicare		1,956	
Communication		1,605	
Dues and Memberships		3,098	
Legal Notices, Recording, and Court Costs		36	
Maintenance and Repair Services - Office Equipment		330	
Maintenance and Repair Services - Vehicles		762	
Postal Charges		110	
Travel		437	
Tuition		75	
Food Supplies		176	
Gasoline		1,268	
Office Supplies		140	
Periodicals		541	
Vehicle Parts		950	
Other Supplies and Materials		60	
Total County Mayor/Executive			199,419

County Attorney

County Official/Administrative Officer	\$	111,263
Secretary(ies)		32,605
Social Security		8,728

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Attorney (Cont.)

State Retirement	\$	21,602	
Life Insurance		115	
Medical Insurance		20,848	
Dental Insurance		785	
Employer Medicare		2,041	
Communication		1,911	
Data Processing Services		2,282	
Dues and Memberships		1,250	
Legal Notices, Recording, and Court Costs		89	
Licenses		67	
Maintenance and Repair Services - Office Equipment		452	
Postal Charges		186	
Rentals		86	
Travel		692	
Tuition		100	
Data Processing Supplies		1,162	
Office Supplies		636	
Periodicals		7,324	
Total County Attorney			\$ 214,224

Election Commission

County Official/Administrative Officer	\$	76,978
Clerical Personnel		116,894
Temporary Personnel		39,971
Election Commission		15,600
Election Workers		28,649
Social Security		15,293
State Retirement		29,010
Life Insurance		328
Medical Insurance		31,610
Dental Insurance		1,791
Unemployment Compensation		13
Employer Medicare		3,577
Communication		9,296
Data Processing Services		26,403
Dues and Memberships		150
Legal Notices, Recording, and Court Costs		7,210
Maintenance and Repair Services - Office Equipment		1,082
Postal Charges		10,795
Printing, Stationery, and Forms		2,190
Rentals		99,375
Travel		8,106
Tuition		2,944
Data Processing Supplies		4,793
Food Supplies		605
General Construction Materials		400
Office Supplies		4,648

(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.)

Other Supplies and Materials	\$	489	
Other Charges		2,831	
Total Election Commission			\$ 541,031

Register of Deeds

County Official/Administrative Officer	\$	85,531	
Clerical Personnel		183,416	
Social Security		15,874	
State Retirement		40,235	
Life Insurance		393	
Medical Insurance		70,130	
Dental Insurance		2,465	
Employer Medicare		3,712	
Communication		3,061	
Data Processing Services		40,832	
Freight Expenses		25	
Maintenance and Repair Services - Office Equipment		2,653	
Postal Charges		1,435	
Printing, Stationery, and Forms		86	
Food Supplies		166	
Office Supplies		775	
Vehicle Parts		141	
Total Register of Deeds			450,930

Planning

Supervisor/Director	\$	52,052	
Clerical Personnel		24,047	
Other Salaries and Wages		118,460	
Board and Committee Members Fees		2,325	
Social Security		11,819	
State Retirement		29,129	
Life Insurance		311	
Medical Insurance		42,015	
Dental Insurance		1,754	
Employer Medicare		2,765	
Communication		4,398	
Consultants		8,605	
Data Processing Services		13,931	
Dues and Memberships		1,809	
Engineering Services		3,300	
Legal Notices, Recording, and Court Costs		885	
Licenses		151	
Maintenance and Repair Services - Office Equipment		3,104	
Maintenance and Repair Services - Vehicles		76	
Postal Charges		554	
Printing, Stationery, and Forms		453	
Travel		1,887	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Tuition	\$	1,950	
Permits		3,460	
Other Contracted Services		3,547	
Asphalt		2,073	
Crushed Stone		1,017	
Data Processing Supplies		848	
Food Supplies		118	
Gasoline		6,665	
Office Supplies		1,567	
Tires and Tubes		406	
Vehicle Parts		1,828	
Liner Materials		550	
Other Supplies and Materials		597	
Total Planning			\$ 348,456

Geographical Information Systems

Other Contracted Services	\$	30,112	
Data Processing Supplies		383	
Office Supplies		57	
Total Geographical Information Systems			30,552

County Buildings

Supervisor/Director	\$	45,072	
Mechanic(s)		67,902	
Clerical Personnel		33,575	
Custodial Personnel		94,752	
Maintenance Personnel		269,611	
Part-time Personnel		2,760	
Social Security		30,526	
State Retirement		54,770	
Life Insurance		786	
Medical Insurance		130,427	
Dental Insurance		4,820	
Unemployment Compensation		278	
Employer Medicare		7,139	
Advertising		4,800	
Communication		8,956	
Contracts with Government Agencies		500	
Contracts with Private Agencies		32,700	
Data Processing Services		820	
Freight Expenses		95	
Legal Services		450	
Maintenance and Repair Services - Buildings		9,894	
Maintenance and Repair Services - Equipment		57,188	
Maintenance and Repair Services - Office Equipment		63	
Maintenance and Repair Services - Vehicles		126	
Pest Control		540	

(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.)

Printing, Stationery, and Forms	\$	584	
Rentals		175	
Travel		1,044	
Tuition		58	
Disposal Fees		17,456	
Permits		1,017	
Concrete		520	
Custodial Supplies		20,075	
Data Processing Supplies		2,217	
Drugs and Medical Supplies		1,385	
Electricity		298,654	
Equipment Parts - Light		150	
Equipment and Machinery Parts		4,288	
Food Supplies		449	
Garage Supplies		1,654	
Gasoline		17,290	
General Construction Materials		39,233	
Natural Gas		14,483	
Office Supplies		1,072	
Small Tools		2,307	
Tires and Tubes		2,529	
Uniforms		1,029	
Vehicle Parts		1,843	
Water and Sewer		12,968	
Gravel and Chert		2,550	
Chemicals		552	
Other Supplies and Materials		25,752	
Building Improvements		216,584	
Heating and Air Conditioning Equipment		15,048	
Total County Buildings			\$ 1,561,516

Other Facilities

Contracts with Government Agencies	\$	203,289	
Total Other Facilities			203,289

Preservation of Records

Supervisor/Director	\$	38,229	
Social Security		2,330	
State Retirement		5,712	
Life Insurance		66	
Medical Insurance		5,085	
Dental Insurance		448	
Employer Medicare		545	
Advertising		1,084	
Communication		3,662	
Contributions		1,000	
Data Processing Services		71	

(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.)

Maintenance and Repair Services - Office Equipment	\$	1,543	
Postal Charges		147	
Printing, Stationery, and Forms		10	
Rentals		50	
Travel		225	
Disposal Fees		240	
Other Contracted Services		1,659	
Food Supplies		256	
Office Supplies		1,486	
Periodicals		172	
Other Charges		6,196	
Total Preservation of Records			\$ 70,216

Risk Management

Supervisor/Director	\$	30,328	
Social Security		1,905	
State Retirement		4,689	
Life Insurance		38	
Medical Insurance		4,274	
Dental Insurance		262	
Employer Medicare		446	
Communication		1,676	
Legal Notices, Recording, and Court Costs		1,290	
Postal Charges		5	
Tuition		199	
Instructional Supplies and Materials		500	
Office Supplies		2,061	
Boiler Insurance		21,850	
Building and Contents Insurance		226,556	
Liability Insurance		239,066	
Premiums on Corporate Surety Bonds		34	
Vehicle and Equipment Insurance		58,663	
Workers' Compensation Insurance		80,836	
Total Risk Management			674,678

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	77,520	
Supervisor/Director		164,980	
Clerical Personnel		211,286	
Social Security		27,242	
State Retirement		66,800	
Life Insurance		650	
Medical Insurance		68,349	
Dental Insurance		2,891	
Employer Medicare		6,371	
Bank Charges		5	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Communication	\$	7,224	
Data Processing Services		1,109	
Dues and Memberships		562	
Maintenance and Repair Services - Office Equipment		2,036	
Postal Charges		8,887	
Printing, Stationery, and Forms		1,333	
Tuition		405	
Data Processing Supplies		229	
Food Supplies		466	
Gasoline		912	
Instructional Supplies and Materials		400	
Library Books/Media		167	
Office Supplies		4,106	
Total Accounting and Budgeting			\$ 653,930

Purchasing

County Official/Administrative Officer	\$	59,711	
Assistant(s)		45,178	
Purchasing Personnel		116,621	
Equipment Operators		37,772	
Clerical Personnel		45,852	
Social Security		18,398	
State Retirement		45,640	
Life Insurance		568	
Medical Insurance		60,696	
Dental Insurance		2,235	
Employer Medicare		4,303	
Communication		7,902	
Data Processing Services		2,039	
Dues and Memberships		145	
Legal Notices, Recording, and Court Costs		1,717	
Maintenance and Repair Services - Office Equipment		4,652	
Maintenance and Repair Services - Vehicles		185	
Postal Charges		942	
Rentals		7,802	
Travel		203	
Data Processing Supplies		6,748	
Equipment Parts - Light		604	
Equipment and Machinery Parts		334	
Food Supplies		314	
Gasoline		2,670	
Lubricants		41	
Office Supplies		10,821	
Periodicals		92	
Propane Gas		45	
Uniforms		773	
Vehicle Parts		797	
Other Supplies and Materials		232	
Total Purchasing			486,032

(Continued)

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office

County Official/Administrative Officer	\$	85,531	
Assistant(s)		59,420	
Supervisor/Director		48,452	
Deputy(ies)		240,580	
Internal Audit Personnel		51,912	
Clerical Personnel		459,975	
Social Security		56,542	
State Retirement		141,331	
Life Insurance		1,693	
Medical Insurance		208,478	
Dental Insurance		7,461	
Employer Medicare		13,224	
Audit Services		1,106	
Communication		13,339	
Data Processing Services		19,989	
Dues and Memberships		2,630	
Legal Notices, Recording, and Court Costs		72	
Licenses		18	
Maintenance and Repair Services - Buildings		202	
Maintenance and Repair Services - Office Equipment		4,540	
Maintenance and Repair Services - Vehicles		2,026	
Postal Charges		5,971	
Printing, Stationery, and Forms		536	
Travel		2,847	
Tuition		60	
Data Processing Supplies		5,396	
Food Supplies		397	
Gasoline		15,205	
General Construction Materials		55	
Office Supplies		3,746	
Periodicals		191	
Tires and Tubes		1,547	
Vehicle Parts		4,386	
Other Supplies and Materials		226	
Other Charges		21,014	
Data Processing Equipment		22,684	
Motor Vehicles		18,803	
Total Property Assessor's Office			\$ 1,521,585

County Trustee's Office

County Official/Administrative Officer	\$	85,531
Assistant(s)		43,085
Deputy(ies)		204,876
Part-time Personnel		5,980
Social Security		20,122
State Retirement		41,757
Life Insurance		524

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Medical Insurance	\$	88,403	
Dental Insurance		3,287	
Employer Medicare		4,706	
Communication		8,790	
Data Processing Services		7,281	
Dues and Memberships		984	
Maintenance Agreements		8,256	
Maintenance and Repair Services - Office Equipment		2,085	
Postal Charges		43,764	
Printing, Stationery, and Forms		2,871	
Rentals		86	
Travel		758	
Tuition		150	
Data Processing Supplies		19,246	
Office Supplies		2,651	
Periodicals		247	
Total County Trustee's Office			\$ 595,440

County Clerk's Office

County Official/Administrative Officer	\$	85,531	
Deputy(ies)		647,394	
Part-time Personnel		41,460	
Board and Committee Members Fees		480	
Social Security		45,895	
State Retirement		109,631	
Life Insurance		1,441	
Medical Insurance		202,888	
Dental Insurance		8,063	
Unemployment Compensation		1,031	
Employer Medicare		10,734	
Communication		9,567	
Data Processing Services		39,283	
Dues and Memberships		909	
Legal Notices, Recording, and Court Costs		552	
Postal Charges		41,088	
Printing, Stationery, and Forms		4,451	
Travel		325	
Other Contracted Services		495	
Data Processing Supplies		11,465	
Food Supplies		204	
Office Supplies		4,648	
Office Equipment		1,088	
Total County Clerk's Office			1,268,623

Data Processing

Data Processing Services	\$	3,434
Maintenance Agreements		95,801

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Maintenance and Repair Services - Office Equipment	\$	1,200	
Data Processing Supplies		5,559	
Total Data Processing			\$ 105,994

Other Finance

Refunds	\$	1,172	
Trustee's Commission		553,983	
Total Other Finance			555,155

Administration of Justice

Circuit Court Judge

Communication	\$	8,013	
Printing, Stationery, and Forms		122	
Data Processing Supplies		980	
Office Supplies		2,388	
Total Circuit Court Judge			11,503

Circuit Court Clerk

County Official/Administrative Officer	\$	85,531	
Clerical Personnel		800,056	
Part-time Personnel		41,530	
Social Security		55,159	
State Retirement		131,726	
Life Insurance		1,725	
Medical Insurance		202,916	
Dental Insurance		7,868	
Unemployment Compensation		5,290	
Employer Medicare		12,900	
Advertising		15	
Communication		17,078	
Contracts with Other Public Agencies		5,196	
Data Processing Services		32,679	
Dues and Memberships		774	
Freight Expenses		8	
Legal Notices, Recording, and Court Costs		16	
Maintenance and Repair Services - Equipment		94	
Maintenance and Repair Services - Office Equipment		7,023	
Postal Charges		16,842	
Printing, Stationery, and Forms		1,595	
Rentals		62	
Travel		1,728	
Data Processing Supplies		3,817	
Food Supplies		700	
Office Supplies		24,274	
Periodicals		755	
Road Signs		248	
Total Circuit Court Clerk			1,457,605

(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)	\$	312,885	
Secretary(ies)		70,433	
Social Security		18,538	
State Retirement		57,456	
Life Insurance		262	
Medical Insurance		35,858	
Dental Insurance		1,343	
Employer Medicare		5,481	
Communication		3,096	
Dues and Memberships		735	
Licenses		1,370	
Maintenance Agreements		1,124	
Maintenance and Repair Services - Office Equipment		411	
Postal Charges		825	
Printing, Stationery, and Forms		304	
Travel		6,965	
Tuition		985	
Food Supplies		126	
Office Supplies		1,093	
Periodicals		2,785	
Total General Sessions Court			\$ 522,075

General Sessions Judge

Judge(s)	\$	306,366	
Assistant(s)		62,671	
Secretary(ies)		33,157	
Social Security		19,726	
State Retirement		60,272	
Life Insurance		311	
Medical Insurance		34,882	
Dental Insurance		1,456	
Employer Medicare		5,762	
Communication		6,629	
Dues and Memberships		174	
Licenses		1,200	
Maintenance Agreements		1,124	
Maintenance and Repair Services - Office Equipment		981	
Postal Charges		494	
Printing, Stationery, and Forms		994	
Travel		2,382	
Tuition		705	
Library Books/Media		406	
Office Supplies		1,834	
Periodicals		4,124	
Uniforms		447	
Total General Sessions Judge			546,097

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court

Travel	\$	6,543	
Tuition		3,000	
Total Drug Court			\$ 9,543

Chancery Court

County Official/Administrative Officer	\$	85,531	
Clerical Personnel		248,219	
Part-time Personnel		12,714	
Social Security		20,557	
State Retirement		49,907	
Life Insurance		562	
Medical Insurance		84,491	
Dental Insurance		3,060	
Employer Medicare		4,808	
Communication		8,328	
Data Processing Services		9,793	
Dues and Memberships		235	
Legal Notices, Recording, and Court Costs		186	
Maintenance Agreements		75	
Maintenance and Repair Services - Equipment		94	
Maintenance and Repair Services - Office Equipment		6,410	
Postal Charges		4,014	
Printing, Stationery, and Forms		1,326	
Rentals		50	
Travel		836	
Data Processing Supplies		5,793	
Food Supplies		79	
Library Books/Media		327	
Office Supplies		3,062	
Periodicals		516	
Data Processing Equipment		20,679	
Office Equipment		282	
Total Chancery Court			571,934

Juvenile Court

Probation Officer(s)	\$	29,885	
Guidance Personnel		290,106	
Secretary(ies)		51,541	
Clerical Personnel		33,131	
Social Security		24,317	
State Retirement		55,885	
Life Insurance		601	
Medical Insurance		68,017	
Dental Insurance		3,209	
Employer Medicare		5,687	
Communication		1,357	
Data Processing Services		719	

(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.)

Dues and Memberships	\$	95	
Legal Services		16,800	
Maintenance and Repair Services - Office Equipment		379	
Maintenance and Repair Services - Vehicles		390	
Postal Charges		46	
Printing, Stationery, and Forms		447	
Travel		7,299	
Tuition		10,815	
Other Contracted Services		53,818	
Data Processing Supplies		1,041	
Drugs and Medical Supplies		2,272	
Food Supplies		385	
Gasoline		971	
Office Supplies		2,460	
Periodicals		162	
Vehicle Parts		121	
Other Supplies and Materials		1,500	
Total Juvenile Court			\$ 663,456

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	158,627	
Salary Supplements		4,209	
Secretary(ies)		26,539	
Part-time Personnel		7,794	
Social Security		11,918	
State Retirement		27,591	
Life Insurance		251	
Medical Insurance		26,616	
Dental Insurance		1,494	
Employer Medicare		2,787	
Travel		3,054	
Total District Attorney General			270,880

Office of Public Defender

Paraprofessionals	\$	134,000	
Social Security		8,167	
State Retirement		20,221	
Life Insurance		131	
Medical Insurance		21,522	
Dental Insurance		672	
Employer Medicare		1,910	
Licenses		800	
Travel		899	
Tuition		200	
Total Office of Public Defender			188,522

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Paraprofessionals	\$	1,412	
Board and Committee Members Fees		490	
Jury and Witness Expense		80,755	
Other Per Diem and Fees		30,288	
Legal Services		2,220	
Total Other Administration of Justice			\$ 115,165

Courtroom Security

Deputy(ies)	\$	165,727	
Part-time Personnel		73,192	
Social Security		14,373	
State Retirement		26,417	
Life Insurance		393	
Medical Insurance		41,460	
Dental Insurance		1,714	
Employer Medicare		3,361	
Medical and Dental Services		330	
Tuition		820	
Other Contracted Services		7	
Data Processing Supplies		6,342	
General Construction Materials		1,177	
Law Enforcement Supplies		16,434	
Uniforms		1,934	
Other Supplies and Materials		94	
Total Courtroom Security			353,775

Victim Assistance Programs

Remittance of Revenue Collected	\$	43,119	
Total Victim Assistance Programs			43,119

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	101,519	
Assistant(s)		259,827	
Deputy(ies)		1,784,142	
Captain(s)		341,363	
Lieutenant(s)		655,131	
Sergeant(s)		1,155,304	
Mechanic(s)		85,293	
Dispatchers/Radio Operators		502,023	
Secretary(ies)		353,670	
School Resource Officer		143,363	
Social Security		322,019	
State Retirement		734,829	
Life Insurance		8,496	
Medical Insurance		1,192,382	
Dental Insurance		44,408	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Unemployment Compensation	\$	2,475
Employer Medicare		75,310
Communication		59,171
Data Processing Services		76,989
Dues and Memberships		12,368
Financial Advisory Services		7
Freight Expenses		340
Janitorial Services		51
Legal Notices, Recording, and Court Costs		17
Licenses		2,992
Maintenance and Repair Services - Buildings		5,185
Maintenance and Repair Services - Equipment		37,831
Maintenance and Repair Services - Office Equipment		11,132
Maintenance and Repair Services - Vehicles		8,845
Medical and Dental Services		1,640
Pest Control		770
Postal Charges		2,226
Printing, Stationery, and Forms		1,584
Rentals		526
Towing Services		3,160
Transportation - Other than Students		16
Travel		45,846
Tuition		50,723
Veterinary Services		1,433
Disposal Fees		1,779
Permits		55
Other Contracted Services		6,400
Animal Food and Supplies		1,973
Concrete		850
Custodial Supplies		7,030
Data Processing Supplies		18,302
Drugs and Medical Supplies		846
Electricity		18,664
Equipment Parts - Light		1,585
Equipment and Machinery Parts		1,409
Food Supplies		1,645
Garage Supplies		2,161
Gasoline		389,946
General Construction Materials		2,983
Instructional Supplies and Materials		1,318
Law Enforcement Supplies		60,197
Lubricants		4,812
Office Supplies		22,489
Periodicals		1,123
Tires and Tubes		14,308
Uniforms		36,870
Vehicle Parts		61,505

(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.)

Water and Sewer	\$	2,518	
Other Supplies and Materials		1,613	
Other Charges		13,932	
Law Enforcement Equipment		14,828	
Motor Vehicles		133,141	
Other Capital Outlay		25,325	
Total Sheriff's Department			\$ 8,934,013

Administration of the Sexual Offender Registry

Communication	\$	174	
Printing, Stationery, and Forms		34	
Travel		1,077	
Tuition		549	
Other Contracted Services		3,150	
Data Processing Supplies		1,387	
Gasoline		91	
Office Supplies		990	
Total Administration of the Sexual Offender Registry			7,452

Jail

Assistant(s)	\$	141,580	
Deputy(ies)		2,416,460	
Captain(s)		101,770	
Lieutenant(s)		369,477	
Sergeant(s)		237,205	
Medical Personnel		300,362	
Secretary(ies)		29,100	
Cafeteria Personnel		150,810	
Board and Committee Members Fees		8,233	
Social Security		223,435	
State Retirement		561,956	
Life Insurance		6,618	
Medical Insurance		932,008	
Dental Insurance		35,140	
Unemployment Compensation		3,614	
Employer Medicare		52,255	
Advertising		1,432	
Communication		13,931	
Data Processing Services		31,493	
Dues and Memberships		4,475	
Financial Advisory Services		7	
Legal Services		241	
Licenses		1,638	
Maintenance and Repair Services - Buildings		11,180	
Maintenance and Repair Services - Equipment		63,390	
Maintenance and Repair Services - Office Equipment		10,679	
Maintenance and Repair Services - Vehicles		3,969	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Medical and Dental Services	\$	584,833	
Pest Control		825	
Postal Charges		7	
Printing, Stationery, and Forms		2,112	
Rentals		1,638	
Transportation - Other than Students		35,325	
Travel		12,627	
Tuition		8,685	
Veterinary Services		574	
Disposal Fees		16,193	
Permits		55	
Other Contracted Services		3,819	
Animal Food and Supplies		1,386	
Custodial Supplies		60,836	
Data Processing Supplies		15,524	
Diesel Fuel		1,492	
Drugs and Medical Supplies		33,854	
Electricity		272,771	
Equipment Parts - Heavy		14,566	
Equipment Parts - Light		38,869	
Equipment and Machinery Parts		33,541	
Food Preparation Supplies		30,202	
Food Supplies		623,914	
Garage Supplies		224	
Gasoline		51,164	
General Construction Materials		12,964	
Instructional Supplies and Materials		722	
Law Enforcement Supplies		28,817	
Lubricants		3,088	
Natural Gas		58,718	
Office Supplies		13,419	
Prisoners Clothing		42,772	
Small Tools		315	
Structural Steel		732	
Tires and Tubes		14,256	
Uniforms		35,027	
Vehicle Parts		7,309	
Water and Sewer		173,534	
Drainage Materials		452	
Other Supplies and Materials		8,558	
Building Improvements		12,906	
Heating and Air Conditioning Equipment		3,655	
Motor Vehicles		40,960	
Other Capital Outlay		8,200	
Total Jail			\$ 8,023,898

(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)	\$	59,855	
Social Security		3,583	
State Retirement		8,945	
Life Insurance		131	
Medical Insurance		15,702	
Dental Insurance		672	
Employer Medicare		838	
Communication		100	
Disposal Fees		2,102	
Custodial Supplies		2,276	
Total Workhouse			\$ 94,204

Juvenile Services

Contracts with Government Agencies	\$	260,720	
Contributions		292,552	
Total Juvenile Services			553,272

Fire Prevention and Control

Contributions	\$	1,487,654	
Total Fire Prevention and Control			1,487,654

Civil Defense

Supervisor/Director	\$	55,218	
Medical Personnel		188,576	
Paraprofessionals		43,018	
Secretary(ies)		28,564	
Part-time Personnel		58,593	
Social Security		22,046	
State Retirement		46,854	
Life Insurance		524	
Medical Insurance		85,747	
Dental Insurance		2,686	
Employer Medicare		5,156	
Communication		5,618	
Dues and Memberships		185	
Maintenance and Repair Services - Office Equipment		409	
Maintenance and Repair Services - Vehicles		92	
Medical and Dental Services		35	
Postal Charges		23	
Tuition		345	
Data Processing Supplies		373	
Food Supplies		56	
Gasoline		3,751	
General Construction Materials		566	
Office Supplies		1,171	
Uniforms		1,629	
Vehicle Parts		643	
Other Supplies and Materials		58	
Total Civil Defense			551,936

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 294,823	
Total Rescue Squad		\$ 294,823

Disaster Relief

Contracts for Development Costs	\$ 37,325	
Communication Equipment	11,630	
Furniture and Fixtures	888	
Other Equipment	18,635	
Total Disaster Relief		68,478

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 34,780	
Communication	457	
Contributions	163,850	
Maintenance and Repair Services - Vehicles	888	
Other Contracted Services	46,250	
Drugs and Medical Supplies	5,956	
Gasoline	4,321	
Tires and Tubes	383	
Vehicle Parts	1,289	
Other Charges	3,600	
Total County Coroner/Medical Examiner		261,774

Other Public Safety

Communication	\$ 1,898	
Maintenance and Repair Services - Equipment	123,986	
Electricity	17,567	
Equipment Parts - Light	901	
Natural Gas	674	
Propane Gas	41	
Total Other Public Safety		145,067

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$ 74,635	
Assistant(s)	154,487	
Supervisor/Director	287,679	
Teachers	237,503	
Medical Personnel	1,967,159	
Education Media Personnel	28,753	
Clerical Personnel	579,725	
Custodial Personnel	31,382	
Part-time Personnel	49,614	
Social Security	201,870	
State Retirement	400,342	
Life Insurance	4,406	
Medical Insurance	551,724	

(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.)

Dental Insurance	\$	20,727	
Unemployment Compensation		7,698	
Employer Medicare		48,230	
Advertising		7,415	
Bank Charges		2,767	
Communication		53,142	
Consultants		10,000	
Contracts with Government Agencies		24,277	
Contracts with Private Agencies		4,955	
Data Processing Services		105	
Dues and Memberships		326	
Freight Expenses		450	
Legal Services		17	
Licenses		200	
Maintenance and Repair Services - Equipment		21,201	
Maintenance and Repair Services - Office Equipment		20,825	
Medical and Dental Services		65,630	
Pest Control		1,800	
Postal Charges		8,446	
Printing, Stationery, and Forms		12,797	
Rentals		3,095	
Travel		60,447	
Tuition		6,871	
Disposal Fees		4,708	
Other Contracted Services		14,376	
Custodial Supplies		4,331	
Data Processing Supplies		97,515	
Diesel Fuel		986	
Drugs and Medical Supplies		272,551	
Electricity		90,147	
Equipment Parts - Light		567	
Equipment and Machinery Parts		4,805	
Food Supplies		19,267	
Gasoline		4,636	
General Construction Materials		2,506	
Instructional Supplies and Materials		57,220	
Natural Gas		5,253	
Office Supplies		38,756	
Periodicals		1,232	
Uniforms		1,728	
Vehicle Parts		1,634	
Water and Sewer		17,956	
Other Supplies and Materials		11,911	
Total Local Health Center			\$ 5,602,785
<u>Rabies and Animal Control</u>			
Truck Drivers	\$	94,356	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Social Security	\$	5,571	
State Retirement		14,153	
Life Insurance		197	
Medical Insurance		28,394	
Dental Insurance		1,120	
Employer Medicare		1,303	
Contributions		171,865	
Total Rabies and Animal Control			\$ 316,959

Other Local Health Services

Contributions	\$	24,000	
Total Other Local Health Services			24,000

Regional Mental Health Center

Contracts with Government Agencies	\$	14,800	
Contracts with Other Public Agencies		200	
Contributions		69,359	
Total Regional Mental Health Center			84,359

Aid to Dependent Children

Contributions	\$	28,850	
Total Aid to Dependent Children			28,850

Other Local Welfare Services

Pauper Burials	\$	3,280	
Total Other Local Welfare Services			3,280

Other Public Health and Welfare

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

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	61,047	
Clerical Personnel		271,208	
Custodial Personnel		75,777	
Part-time Personnel		16,238	
Social Security		25,692	
State Retirement		49,590	
Life Insurance		612	
Medical Insurance		61,517	
Dental Insurance		2,533	
Unemployment Compensation		850	
Employer Medicare		6,009	
Advertising		2,090	
Communication		8,641	
Contributions		30,000	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Data Processing Services	\$	3,603	
Dues and Memberships		1,250	
Freight Expenses		171	
Janitorial Services		894	
Maintenance and Repair Services - Buildings		194	
Maintenance and Repair Services - Equipment		605	
Maintenance and Repair Services - Office Equipment		2,011	
Matching Share		12,720	
Pest Control		500	
Postal Charges		401	
Printing, Stationery, and Forms		1,025	
Rentals		86	
Travel		3,305	
Tuition		415	
Disposal Fees		45	
Custodial Supplies		1,264	
Data Processing Supplies		2,335	
Electricity		17,421	
Food Supplies		191	
General Construction Materials		292	
Instructional Supplies and Materials		13,165	
Library Books/Media		76,626	
Natural Gas		4,276	
Office Supplies		11,177	
Periodicals		1,559	
Water and Sewer		1,191	
Other Charges		7,235	
Data Processing Equipment		4,000	
Total Libraries			\$ 779,761

Parks and Fair Boards

Contributions	\$	32,500	
Payments to Schools - Other		300,000	
Total Parks and Fair Boards			332,500

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	2,887	
Data Processing Services		1,079	
Maintenance and Repair Services - Buildings		5,538	
Matching Share		124,823	
Other Contracted Services		142	
Data Processing Supplies		1,203	
Office Supplies		158	
Total Agricultural Extension Service			135,830

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Agriculture and Natural Resources (Cont.)

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 27,978	
Social Security	1,769	
State Retirement	4,213	
Life Insurance	60	
Dental Insurance	93	
Employer Medicare	414	
Contributions	5,100	
Total Soil Conservation		39,627

Other Operations

Industrial Development

Contracts with Private Agencies	\$ 5,606	
Contributions	353,940	
Electricity	442	
Road Signs	375	
Other Capital Outlay	873,054	
Total Industrial Development		1,233,417

Other Economic and Community Development

Contributions	\$ 16,599	
Total Other Economic and Community Development		16,599

Veterans' Services

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

Employee Benefits

Social Security	\$ 250	
Medical Insurance	238,435	
Employer Medicare	59	
Other Fringe Benefits	88,781	
Total Employee Benefits		327,525

Miscellaneous

Dues and Memberships	\$ 32,870	
Other Charges	35,762	
Total Miscellaneous		68,632

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	\$ 200,000	
Total Other		\$ 200,000

Principal on Debt

General Government

Principal on Capital Leases	\$ 97,410	
Total General Government		97,410

Interest on Debt

General Government

Interest on Notes	\$ 4,381	
Interest on Capital Leases	8,540	
Total General Government		12,921

Other Debt Service

General Government

Other Debt Service	\$ 154	
Total General Government		154

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Equipment	\$ 104,866	
Total Capital Projects Donated to Other Entities		104,866

Total General Fund		\$ 44,420,254
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Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 1,467	
Freight Expenses	64	
Printing, Stationery, and Forms	1,170	
Other Contracted Services	4,691	
Instructional Supplies and Materials	1,630	
Total Sanitation Education/Information		\$ 9,022

Transfer Stations

Supervisor/Director	\$ 59,500
Mechanic(s)	30,068
Truck Drivers	177,959
Clerical Personnel	15,152
Maintenance Personnel	179,111
Part-time Personnel	28,789
Social Security	29,075
State Retirement	66,638
Life Insurance	923
Medical Insurance	135,858

(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.)

Dental Insurance	\$	4,464	
Unemployment Compensation		4,160	
Employer Medicare		6,800	
Other Fringe Benefits		974	
Bank Charges		26	
Communication		10,136	
Contracts with Government Agencies		1,893	
Data Processing Services		102	
Dues and Memberships		3,425	
Evaluation and Testing		1,000	
Freight Expenses		396	
Legal Notices, Recording, and Court Costs		94	
Licenses		150	
Maintenance and Repair Services - Equipment		37,932	
Maintenance and Repair Services - Office Equipment		1,333	
Maintenance and Repair Services - Vehicles		59,479	
Postal Charges		77	
Printing, Stationery, and Forms		469	
Rentals		1,920	
Towing Services		350	
Travel		2,646	
Disposal Fees		141,096	
Permits		150	
Other Contracted Services		34,797	
Concrete		525	
Custodial Supplies		1,016	
Data Processing Supplies		2,083	
Electricity		20,061	
Equipment Parts - Heavy		252	
Equipment Parts - Light		3,995	
Equipment and Machinery Parts		150	
Fuel Oil		1,512	
Garage Supplies		7,720	
Gasoline		10,768	
General Construction Materials		7,062	
Lubricants		97,500	
Office Supplies		747	
Propane Gas		3,290	
Tires and Tubes		30,467	
Uniforms		1,209	
Vehicle Parts		17,604	
Water and Sewer		2,550	
Other Supplies and Materials		10,868	
Medical Claims		7,713	
Trustee's Commission		18,787	
Total Transfer Stations			\$ 1,282,821

Total Solid Waste/Sanitation Fund \$ 1,291,843

(Continued)

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Captain(s)	\$	198,368
Lieutenant(s)		91,331
Medical Personnel		2,048,665
Clerical Personnel		84,557
Part-time Personnel		281,328
Social Security		161,339
State Retirement		358,009
Life Insurance		3,751
Medical Insurance		591,663
Dental Insurance		20,797
Employer Medicare		37,732
Other Fringe Benefits		4,026
Bank Charges		1,517
Communication		20,295
Data Processing Services		1,125
Dues and Memberships		580
Legal Notices, Recording, and Court Costs		140
Licenses		5,150
Maintenance and Repair Services - Buildings		1,077
Maintenance and Repair Services - Equipment		2,301
Maintenance and Repair Services - Office Equipment		30
Maintenance and Repair Services - Vehicles		659
Medical and Dental Services		3,008
Pest Control		1,450
Postal Charges		407
Printing, Stationery, and Forms		218
Rentals		14,894
Towing Services		565
Travel		2,745
Tuition		1,885
Disposal Fees		8,940
Other Contracted Services		235,467
Custodial Supplies		2,736
Data Processing Supplies		12,951
Diesel Fuel		157,034
Drugs and Medical Supplies		119,471
Electricity		29,825
Equipment Parts - Light		2,976
Food Supplies		76
Gasoline		1,816
Lubricants		2,973
Natural Gas		4,986
Office Supplies		3,426
Tires and Tubes		18,440
Uniforms		3,073
Vehicle Parts		35,295
Water and Sewer		1,374

(Continued)

Exhibit L-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

Other Supplies and Materials	\$	3,799	
Trustee's Commission		47,924	
Other Equipment		10,845	
Total Ambulance/Emergency Medical Services			\$ 4,643,039

Total Ambulance Service Fund \$ 4,643,039

Drug Control Fund

Public Safety

Sheriff's Department

Communication	\$	6,262	
Contributions		9,800	
Data Processing Services		4,330	
Confidential Drug Enforcement Payments		2,500	
Licenses		44	
Maintenance and Repair Services - Equipment		3,670	
Printing, Stationery, and Forms		34	
Rentals		4,548	
Towing Services		445	
Travel		385	
Tuition		900	
Other Contracted Services		550	
Animal Food and Supplies		1,171	
Data Processing Supplies		1,822	
Gasoline		80	
Law Enforcement Supplies		2,815	
Office Supplies		845	
Tires and Tubes		645	
Uniforms		1,622	
Vehicle Parts		1,942	
Trustee's Commission		683	
Data Processing Equipment		2,723	
Law Enforcement Equipment		1,616	
Motor Vehicles		12,800	
Other Capital Outlay		5,500	
Total Sheriff's Department			\$ 67,732

Total Drug Control Fund 67,732

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Parks and Fair Boards

Supervisor/Director	\$	32,607	
Laborers		25,926	
Temporary Personnel		46,857	
Social Security		6,368	
State Retirement		8,718	

(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.)

Life Insurance	\$	130	
Medical Insurance		14,220	
Dental Insurance		448	
Unemployment Compensation		7,471	
Employer Medicare		1,490	
Bank Charges		3,053	
Communication		854	
Contracts with Private Agencies		1,800	
Licenses		230	
Printing, Stationery, and Forms		411	
Disposal Fees		1,764	
Crushed Stone		342	
Custodial Supplies		1,220	
Data Processing Supplies		401	
Diesel Fuel		1,728	
Electricity		54,507	
Equipment Parts - Light		1,740	
Gasoline		4,506	
General Construction Materials		5,560	
Ice		2,997	
Office Supplies		41	
Propane Gas		809	
Tires and Tubes		1,127	
Vehicle Parts		1,260	
Water and Sewer		27,726	
Trustee's Commission		3,297	
Total Parks and Fair Boards			\$ 259,608

Total Sports and Recreation Fund \$ 259,608

Constitutional Officers - Fees Fund

General Government

Other General Administration

Special Commissioner Fees/Special Master Fees	\$	33,760	
Total Other General Administration			\$ 33,760

Total Constitutional Officers - Fees Fund 33,760

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	94,611	
Social Security		5,805	
State Retirement		14,192	
Life Insurance		60	
Medical Insurance		6,821	
Dental Insurance		298	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Employer Medicare	\$	1,357	
Communication		12,272	
Data Processing Services		250	
Dues and Memberships		13,165	
Evaluation and Testing		942	
Legal Notices, Recording, and Court Costs		46	
Licenses		1,422	
Maintenance Agreements		1,599	
Maintenance and Repair Services - Buildings		260	
Maintenance and Repair Services - Office Equipment		1,875	
Postal Charges		109	
Printing, Stationery, and Forms		80	
Rentals		1,286	
Travel		433	
Tuition		275	
Permits		150	
Other Contracted Services		1,076	
Data Processing Supplies		227	
Electricity		31,322	
Equipment Parts - Light		600	
Natural Gas		5,722	
Office Supplies		2,078	
Water and Sewer		4,313	
Other Supplies and Materials		72	
Trustee's Commission		118,979	
Total Administration			\$ 321,697

Highway and Bridge Maintenance

Assistant(s)	\$	121,250
Supervisor/Director		117,772
Paraprofessionals		111,746
Foremen		357,841
Mechanic(s)		176,005
Equipment Operators		1,037,740
Equipment Operators - Heavy		506,538
Truck Drivers		560,258
Dispatchers/Radio Operators		35,269
Laborers		244,580
Social Security		193,734
State Retirement		450,368
Life Insurance		6,248
Medical Insurance		1,094,118
Dental Insurance		34,401
Unemployment Compensation		20,763
Employer Medicare		45,308
Other Fringe Benefits		1,972
Evaluation and Testing		1,147

(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.)

Explosive and Drilling Services	\$	4,500	
Licenses		1,310	
Maintenance and Repair Services - Equipment		470	
Contracts for Landfill Facilities		313	
Other Contracted Services		37,260	
Asphalt		35,296	
Concrete		11,142	
Crushed Stone		49,903	
Custodial Supplies		170	
Equipment Parts - Light		161	
Fertilizer, Lime, and Seed		640	
General Construction Materials		17,629	
Office Supplies		1,417	
Other Road Materials		3,496	
Pipe		15	
Pipe - Metal		47,668	
Salt		210,497	
Small Tools		1,450	
Structural Steel		20,387	
T&I Construction Materials		2,473	
Uniforms		10,096	
Vehicle Parts		2,790	
Wood Products		344	
Chemicals		5,338	
Other Supplies and Materials		71	
Total Highway and Bridge Maintenance			\$ 5,581,894

Operation and Maintenance of Equipment

Data Processing Services	\$	1,060	
Freight Expenses		10	
Licenses		105	
Maintenance and Repair Services - Buildings		937	
Maintenance and Repair Services - Equipment		12,714	
Maintenance and Repair Services - Vehicles		16,114	
Disposal Fees		2,367	
Penalties		1	
Custodial Supplies		3,795	
Diesel Fuel		209,228	
Equipment Parts - Heavy		54,841	
Equipment Parts - Light		16,096	
Equipment and Machinery Parts		4,314	
Garage Supplies		14,643	
Gasoline		168,883	
General Construction Materials		1,223	
Lubricants		20,632	
Office Supplies		428	
Other Road Materials		207	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Small Tools	\$	3,105	
Structural Steel		2,863	
Tires and Tubes		32,488	
Vehicle Parts		53,514	
Wood Products		425	
Other Supplies and Materials		6,717	
Total Operation and Maintenance of Equipment			\$ 626,710

Asphalt Plant Operations

Licenses	\$	544	
Maintenance and Repair Services - Equipment		603	
Permits		150	
Asphalt		735,000	
Asphalt - Cold Mix		1,781	
Asphalt - Hot Mix		162,997	
Crushed Stone		270,880	
Electricity		22,651	
Equipment Parts - Heavy		2,535	
Equipment and Machinery Parts		6,499	
Natural Gas		33,233	
Structural Steel		85	
Water and Sewer		876	
Total Asphalt Plant Operations			1,237,834

Traffic Control

General Construction Materials	\$	156	
Other Road Materials		27,428	
Wood Products		197	
Total Traffic Control			27,781

Other Charges

Structural Steel	\$	13,592	
Liability Insurance		79,096	
Total Other Charges			92,688

Capital Outlay

Highway Equipment	\$	311,675	
Motor Vehicles		365,010	
Total Capital Outlay			676,685

Principal on Debt

Highways and Streets

Principal on Capital Leases	\$	62,025	
Total Highways and Streets			62,025

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Capital Projects

Highway and Street Capital Projects

State Aid Projects	\$ 225,296	
Total Highway and Street Capital Projects		\$ 225,296

Total Highway/Public Works Fund \$ 8,852,610

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 81,004	
Total Other Finance		\$ 81,004

Principal on Debt

General Government

Principal on Bonds	\$ 1,585,000	
Principal on Notes	250,000	
Total General Government		1,835,000

Education

Principal on Capital Leases	\$ 102,267	
Principal on Other Loans	1,484,129	
Total Education		1,586,396

Interest on Debt

General Government

Interest on Bonds	\$ 1,379,687	
Interest on Notes	55,025	
Total General Government		1,434,712

Education

Interest on Capital Leases	\$ 13,865	
Interest on Other Loans	499,103	
Total Education		512,968

Other Debt Service

General Government

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

Education

Other Debt Service	\$ 19,538	
Total Education		19,538

Total General Debt Service Fund \$ 5,470,907

(Continued)

Exhibit L-7

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

<u>Education Debt Service Fund</u>		
<u>Finance</u>		
<u>Other Finance</u>		
Trustee's Commission	\$ 20,770	
Total Other Finance		\$ 20,770
 <u>Principal on Debt</u>		
<u>Education</u>		
Principal on Bonds	\$ 1,530,000	
Total Education		1,530,000
 <u>Interest on Debt</u>		
<u>Education</u>		
Interest on Bonds	\$ 518,250	
Total Education		518,250
 <u>Other Debt Service</u>		
<u>Education</u>		
Other Debt Service	\$ 250	
Total Education		<u>250</u>
Total Education Debt Service Fund		\$ 2,069,270
 <u>General Capital Projects Fund</u>		
<u>Capital Projects - Donated</u>		
<u>Capital Projects Donated to School Department</u>		
Contributions	\$ 555,678	
Total Capital Projects Donated to School Department		<u>\$ 555,678</u>
Total General Capital Projects Fund		555,678
 <u>Other Capital Projects Fund</u>		
<u>Other Operations</u>		
<u>Miscellaneous</u>		
Other Capital Outlay	\$ 929	
Total Miscellaneous		<u>\$ 929</u>
Total Other Capital Projects Fund		<u>929</u>
Total Governmental Funds - Primary Government		<u><u>\$ 67,665,630</u></u>

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2014

Special Purpose Fund

Support Services

Board of Education

Trustee's Commission	\$ 24,457	
Total Board of Education		\$ 24,457

Capital Outlay

Regular Capital Outlay

Architects	\$ 15,381	
Building Improvements	959,459	
Total Regular Capital Outlay		974,840

Total Special Purpose Fund \$ 999,297

General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$ 152,577	
Teachers	25,711,667	
Career Ladder Program	216,413	
Data Processing Personnel	541	
Career Ladder Extended Contracts	74,870	
Homebound Teachers	62,542	
Salary Supplements	698,090	
Educational Assistants	718,605	
Other Salaries and Wages	396,951	
Certified Substitute Teachers	198,873	
Non-certified Substitute Teachers	180,408	
Social Security	1,647,282	
Handling Charges and Administrative Costs	82,616	
State Retirement	2,457,361	
Life Insurance	32,115	
Medical Insurance	5,309,130	
Dental Insurance	85,764	
Employer Medicare	388,922	
Contracts with Government Agencies	698,362	
Evaluation and Testing	64,205	
Maintenance Agreements	38,153	
Travel	6,160	
Other Contracted Services	1,539	
Basic Skills Materials	21,603	
Equipment and Machinery Parts	14,737	
Instructional Supplies and Materials	434,486	
Textbooks	52,881	
Other Supplies and Materials	380	
Medical Claims	312,497	
Other Charges	157,853	
Data Processing Equipment	139,371	
Regular Instruction Equipment	536,425	
Total Regular Instruction Program		\$ 40,893,379

(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program

Teachers	\$	2,941,102	
Career Ladder Program		23,995	
Career Ladder Extended Contracts		3,200	
Homebound Teachers		20,116	
Medical Personnel		19,421	
Educational Assistants		487,969	
Speech Pathologist		295,268	
Other Salaries and Wages		169,105	
Certified Substitute Teachers		20,548	
Non-certified Substitute Teachers		41,380	
Social Security		231,277	
State Retirement		362,770	
Life Insurance		5,358	
Medical Insurance		859,595	
Dental Insurance		13,748	
Employer Medicare		54,621	
Evaluation and Testing		6,442	
Maintenance and Repair Services - Equipment		1,890	
Other Contracted Services		38,490	
Equipment and Machinery Parts		2,739	
Instructional Supplies and Materials		44,255	
Other Supplies and Materials		298	
Special Education Equipment		49,994	
Total Special Education Program	\$		5,693,581

Vocational Education Program

Teachers	\$	1,858,029	
Career Ladder Program		9,000	
Certified Substitute Teachers		12,120	
Non-certified Substitute Teachers		13,335	
Social Security		109,001	
State Retirement		164,748	
Life Insurance		2,059	
Medical Insurance		358,283	
Dental Insurance		6,062	
Employer Medicare		25,685	
Maintenance and Repair Services - Equipment		827	
Travel		800	
Other Contracted Services		3,366	
Equipment and Machinery Parts		1,496	
General Construction Materials		3,165	
Instructional Supplies and Materials		117,907	
Vocational Instruction Equipment		24,507	
Total Vocational Education Program			2,710,390

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services

Health Services

Secretary(ies)	\$	14,786	
Other Salaries and Wages		40,610	
Social Security		3,402	
State Retirement		5,824	
Life Insurance		87	
Medical Insurance		6,001	
Dental Insurance		168	
Employer Medicare		796	
Communication		346	
Travel		3,093	
Other Supplies and Materials		22,962	
Total Health Services			\$ 98,075

Other Student Support

Career Ladder Program	\$	6,000	
Guidance Personnel		1,296,086	
Secretary(ies)		79,675	
Social Security		80,106	
State Retirement		124,829	
Life Insurance		1,581	
Medical Insurance		246,838	
Dental Insurance		4,396	
Employer Medicare		19,023	
Total Other Student Support			1,858,534

Regular Instruction Program

Supervisor/Director	\$	180,179	
Career Ladder Program		15,000	
Librarians		1,093,397	
Truck Drivers		21,034	
Secretary(ies)		125,218	
Other Salaries and Wages		176,373	
Social Security		93,442	
State Retirement		156,203	
Life Insurance		1,793	
Medical Insurance		293,018	
Dental Insurance		4,368	
Employer Medicare		22,012	
Communication		3,671	
Dues and Memberships		15,554	
Maintenance Agreements		79,913	
Maintenance and Repair Services - Equipment		12,240	
Printing, Stationery, and Forms		1,337	
Travel		14,236	
Other Contracted Services		3,742	
Equipment and Machinery Parts		4,732	

(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.)

Regular Instruction Program (Cont.)

Gasoline	\$	19,738	
Instructional Supplies and Materials		91,768	
Library Books/Media		89,608	
Office Supplies		7,831	
Periodicals		16,637	
Propane Gas		112	
Other Supplies and Materials		1,910	
In Service/Staff Development		50,384	
Administration Equipment		2,368	
Data Processing Equipment		1,641	
Other Equipment		14,080	
Total Regular Instruction Program			\$ 2,613,539

Special Education Program

Supervisor/Director	\$	84,902	
Career Ladder Program		2,000	
Secretary(ies)		31,611	
Social Security		7,238	
State Retirement		12,458	
Life Insurance		100	
Medical Insurance		9,301	
Dental Insurance		336	
Employer Medicare		1,693	
Communication		349	
Freight Expenses		676	
Operating Lease Payments		816	
Travel		33,315	
Office Supplies		570	
Other Supplies and Materials		592	
In Service/Staff Development		13,519	
Administration Equipment		6,873	
Total Special Education Program			206,349

Vocational Education Program

Supervisor/Director	\$	67,704	
Secretary(ies)		31,612	
Social Security		6,043	
State Retirement		10,754	
Life Insurance		100	
Medical Insurance		16,499	
Dental Insurance		168	
Employer Medicare		1,413	
Communication		400	
Dues and Memberships		15	
Printing, Stationery, and Forms		18	
Travel		7,000	

(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.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Office Supplies	\$	446	
Propane Gas		1,075	
In Service/Staff Development		970	
Total Vocational Education Program			\$ 144,217

Other Programs

On-behalf Payments to OPEB	\$	768,421	
Total Other Programs			768,421

Board of Education

Board and Committee Members Fees	\$	52,945	
Social Security		2,319	
Medical Insurance		2,297	
Dental Insurance		504	
Unemployment Compensation		63,896	
Employer Medicare		757	
Advertising		1,054	
Audit Services		70,200	
Contracts with Private Agencies		15,500	
Dues and Memberships		16,653	
Legal Services		57,290	
Maintenance Agreements		4,000	
Travel		12,139	
Other Contracted Services		2,500	
Other Supplies and Materials		755	
Building and Contents Insurance		110,693	
Liability Insurance		55,641	
Trustee's Commission		688,254	
Workers' Compensation Insurance		339,090	
Other Charges		25,000	
Data Processing Equipment		19,074	
Total Board of Education			1,540,561

Director of Schools

County Official/Administrative Officer	\$	142,328	
Assistant(s)		95,238	
Career Ladder Program		1,000	
Secretary(ies)		37,983	
Social Security		14,762	
State Retirement		26,882	
Life Insurance		108	
Medical Insurance		38,216	
Dental Insurance		42	
Employer Medicare		3,762	
Communication		163,387	
Dues and Memberships		8,252	

(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.)

Freight Expenses	\$	34	
Maintenance and Repair Services - Equipment		21,570	
Postal Charges		16,809	
Printing, Stationery, and Forms		76	
Travel		4,866	
Other Contracted Services		20,837	
Office Supplies		3,245	
Other Supplies and Materials		653	
Total Director of Schools			\$ 600,050

Office of the Principal

Principals	\$	1,584,514	
Career Ladder Program		38,300	
Accountants/Bookkeepers		465,157	
Assistant Principals		1,243,099	
Secretary(ies)		661,441	
Other Salaries and Wages		6,000	
Social Security		230,329	
State Retirement		414,837	
Life Insurance		4,568	
Medical Insurance		804,168	
Dental Insurance		11,830	
Employer Medicare		54,178	
Travel		5,685	
Other Contracted Services		176,985	
Office Supplies		10,158	
Data Processing Equipment		38,008	
Total Office of the Principal			5,749,257

Fiscal Services

Supervisor/Director	\$	70,212	
Accountants/Bookkeepers		190,574	
Other Salaries and Wages		287	
Social Security		15,143	
State Retirement		34,165	
Life Insurance		324	
Medical Insurance		60,745	
Dental Insurance		1,064	
Employer Medicare		3,543	
Bank Charges		3,178	
Maintenance and Repair Services - Equipment		666	
Printing, Stationery, and Forms		6,004	
Travel		1,947	
Other Contracted Services		8,836	
Data Processing Supplies		1,918	
Office Supplies		5,178	

(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.)

In Service/Staff Development	\$	830	
Other Charges		17,565	
Administration Equipment		2,609	
Total Fiscal Services			\$ 424,788

Human Services/Personnel

Supervisor/Director	\$	100,916	
Career Ladder Program		1,000	
Secretary(ies)		31,551	
Clerical Personnel		97,889	
Social Security		13,724	
State Retirement		28,466	
Life Insurance		233	
Medical Insurance		30,575	
Dental Insurance		602	
Employer Medicare		3,209	
Advertising		250	
Maintenance and Repair Services - Equipment		76	
Travel		1,198	
Other Contracted Services		26,041	
Office Supplies		1,921	
Premiums on Corporate Surety Bonds		1,007	
Total Human Services/Personnel			338,658

Operation of Plant

Foremen	\$	34,906	
Custodial Personnel		1,706,573	
Social Security		99,038	
State Retirement		256,680	
Life Insurance		4,260	
Medical Insurance		647,918	
Dental Insurance		10,605	
Employer Medicare		23,162	
Licenses		2,220	
Maintenance and Repair Services - Buildings		27,412	
Maintenance and Repair Services - Equipment		66	
Disposal Fees		71,734	
Other Contracted Services		63,000	
Custodial Supplies		103,038	
Electricity		2,396,249	
Equipment Parts - Light		6,491	
Fuel Oil		99,356	
Natural Gas		151,692	
Propane Gas		113,207	
Uniforms		3,848	
Water and Sewer		285,538	

(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.)

Operation of Plant (Cont.)

Other Supplies and Materials	\$	205	
Heating and Air Conditioning Equipment		700	
Plant Operation Equipment		16,281	
Total Operation of Plant			\$ 6,124,179

Maintenance of Plant

Supervisor/Director	\$	72,077
Foremen		110,697
Secretary(ies)		36,823
Maintenance Personnel		1,420,199
Social Security		93,334
State Retirement		239,580
Life Insurance		2,434
Medical Insurance		497,786
Dental Insurance		6,356
Employer Medicare		22,050
Communication		10,402
Freight Expenses		268
Licenses		3,742
Maintenance Agreements		8,274
Maintenance and Repair Services - Buildings		85,486
Maintenance and Repair Services - Equipment		1,358
Maintenance and Repair Services - Vehicles		2,706
Rentals		1,166
Towing Services		50
Travel		3,076
Other Contracted Services		2,095
Crushed Stone		1,948
Diesel Fuel		8,383
Equipment Parts - Heavy		1,353
Equipment Parts - Light		4,968
Equipment and Machinery Parts		62,269
Garage Supplies		3,763
Gasoline		109,217
General Construction Materials		114,285
Office Supplies		1,492
Propane Gas		460
Salt		2,651
Small Tools		2,828
Tires and Tubes		6,284
Uniforms		21,393
Vehicle Parts		28,680
Wood Products		5,950
Chemicals		8,955
Other Supplies and Materials		2,316
In Service/Staff Development		2,804

(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.)

Administration Equipment	\$	1,836	
Motor Vehicles		10,506	
Other Equipment		48,762	
Total Maintenance of Plant			\$ 3,071,062

Transportation

Bus Drivers	\$	8,327	
Social Security		64	
Employer Medicare		121	
Contracts with Parents		3,103	
Contracts with Vehicle Owners		4,086,174	
Maintenance and Repair Services - Vehicles		2,409	
Garage Supplies		842	
Gasoline		102,826	
Tires and Tubes		7,983	
Vehicle Parts		10,572	
Other Supplies and Materials		1,108	
Total Transportation			4,223,529

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	71,631	
Career Ladder Program		1,000	
Accountants/Bookkeepers		31,612	
Truck Drivers		21,212	
Secretary(ies)		31,611	
Cafeteria Personnel		1,433,478	
Other Salaries and Wages		79,775	
Social Security		97,536	
State Retirement		113,028	
Life Insurance		1,934	
Medical Insurance		445,294	
Dental Insurance		4,536	
Employer Medicare		23,125	
Bank Charges		675	
Consultants		9,089	
Contracts with Other School Systems		12,492	
Data Processing Services		15,085	
Dues and Memberships		1,304	
Operating Lease Payments		2,812	
Licenses		1,600	
Maintenance Agreements		5,360	
Maintenance and Repair Services - Equipment		14,306	
Travel		16,040	
Data Processing Supplies		79	
Equipment and Machinery Parts		21,031	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Food Service (Cont.)

Food Preparation Supplies	\$	148,723	
Food Supplies		1,693,214	
Gasoline		2,735	
Office Supplies		5,216	
USDA - Commodities		357,421	
Other Supplies and Materials		3,552	
In Service/Staff Development		3,035	
Data Processing Equipment		1,049	
Food Service Equipment		9,013	
Total Food Service	\$		4,679,603

Community Services

Other Salaries and Wages	\$	13,629	
Social Security		837	
State Retirement		1,315	
Employer Medicare		196	
Food Supplies		2,007	
Total Community Services			17,984

Early Childhood Education

Teachers	\$	272,685	
Educational Assistants		88,913	
Other Salaries and Wages		25,993	
Certified Substitute Teachers		390	
Social Security		20,124	
State Retirement		36,139	
Life Insurance		666	
Medical Insurance		95,263	
Dental Insurance		2,044	
Employer Medicare		5,083	
Travel		1,510	
Instructional Supplies and Materials		9,152	
In Service/Staff Development		3,394	
Regular Instruction Equipment		14,756	
Total Early Childhood Education			576,112

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	10,075	
Heating and Air Conditioning Equipment		43,733	
Total Regular Capital Outlay			53,808

Interest on Debt

Education

Interest on Notes	\$	6,375	
Total Education			6,375

(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	\$ 2,319,363	
Total Education		\$ 2,319,363

Total General Purpose School Fund \$ 84,711,814

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 173,067	
Educational Assistants	521,951	
Other Salaries and Wages	545,796	
Social Security	51,620	
State Retirement	84,494	
Life Insurance	1,531	
Medical Insurance	174,320	
Dental Insurance	3,024	
Employer Medicare	17,069	
Other Contracted Services	2,976	
Instructional Supplies and Materials	204,684	
Other Supplies and Materials	115,667	
Regular Instruction Equipment	547,519	
Total Regular Instruction Program		\$ 2,443,718

Special Education Program

Teachers	\$ 137,885	
Educational Assistants	817,927	
Speech Pathologist	93,120	
Other Salaries and Wages	83,327	
Social Security	62,575	
State Retirement	126,888	
Life Insurance	2,650	
Medical Insurance	314,662	
Dental Insurance	5,754	
Employer Medicare	14,732	
Instructional Supplies and Materials	16,579	
Special Education Equipment	14,878	
Total Special Education Program		1,690,977

Vocational Education Program

Other Salaries and Wages	\$ 4,200	
Social Security	260	
State Retirement	397	
Employer Medicare	61	
Instructional Supplies and Materials	18,185	
Vocational Instruction Equipment	218,435	
Total Vocational Education Program		241,538

(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

Other Student Support

Other Salaries and Wages	\$	93,643	
Social Security		5,467	
State Retirement		8,315	
Life Insurance		100	
Medical Insurance		17,497	
Dental Insurance		336	
Employer Medicare		1,279	
Communication		347	
Travel		32,229	
Other Contracted Services		1,622	
Other Supplies and Materials		44,680	
In Service/Staff Development		17,826	
Total Other Student Support			\$ 223,341

Regular Instruction Program

Supervisor/Director	\$	58,308	
Clerical Personnel		40,927	
Other Salaries and Wages		332,850	
Social Security		26,390	
State Retirement		40,874	
Life Insurance		370	
Medical Insurance		44,005	
Dental Insurance		1,078	
Employer Medicare		6,172	
Consultants		3,192	
Maintenance and Repair Services - Equipment		2,316	
Travel		11,736	
Other Supplies and Materials		1,459	
In Service/Staff Development		128,360	
Other Equipment		1,791	
Total Regular Instruction Program			699,828

Special Education Program

Psychological Personnel	\$	78,713	
Assessment Personnel		15,588	
Other Salaries and Wages		266,959	
Social Security		18,592	
State Retirement		27,860	
Life Insurance		166	
Medical Insurance		35,461	
Dental Insurance		532	
Employer Medicare		5,037	
Total Special Education Program			448,908

Vocational Education Program

Travel	\$	2,217	
Total Vocational Education Program			2,217

(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.)

Transportation

Mechanic(s)	\$	31,542	
Bus Drivers		283,365	
Clerical Personnel		4,464	
Social Security		18,853	
State Retirement		15,868	
Life Insurance		320	
Medical Insurance		35,051	
Dental Insurance		1,078	
Employer Medicare		4,480	
Total Transportation			\$ 395,021

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	94,088	
Total Education			94,088

Total School Federal Projects Fund \$ 6,239,636

Other Education Special Revenue Fund

Instruction

Regular Instruction Program

Teachers	\$	39,040	
Social Security		2,359	
State Retirement		3,496	
Employer Medicare		552	
Communication		132	
Contracts with Vehicle Owners		175	
Other Contracted Services		3,340	
Instructional Supplies and Materials		102,525	
In Service/Staff Development		37,873	
Other Charges		3,420	
Furniture and Fixtures		39,144	
Regular Instruction Equipment		213,674	
Total Regular Instruction Program			\$ 445,730

Support Services

Director of Schools

Other Contracted Services	\$	18,245	
Total Director of Schools			18,245

Office of the Principal

Principals	\$	74,130	
Social Security		4,341	
State Retirement		6,583	
Life Insurance		50	
Medical Insurance		7,296	

(Continued)

Exhibit L-8

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

Other Education Special Revenue Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

Dental Insurance	\$	168	
Employer Medicare		1,015	
Travel		956	
Office Supplies		1,551	
Other Supplies and Materials		1,973	
Total Office of the Principal			\$ 98,063

Operation of Plant

Custodial Personnel	\$	32,431	
Social Security		1,965	
State Retirement		3,878	
Life Insurance		71	
Medical Insurance		8,203	
Dental Insurance		231	
Employer Medicare		460	
Communication		75	
Disposal Fees		1,147	
Custodial Supplies		1,333	
Electricity		24,766	
Water and Sewer		1,988	
Other Supplies and Materials		96	
Total Operation of Plant			76,644

Maintenance of Plant

Maintenance and Repair Services - Buildings	\$	300	
Equipment and Machinery Parts		323	
General Construction Materials		1,329	
Total Maintenance of Plant			1,952

Total Other Education Special Revenue Fund \$ 640,634

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	5,506	
Building Construction		616,212	
Total Education Capital Projects			\$ 621,718

Total Education Capital Projects Fund 621,718

Total Governmental Funds - Sullivan County School Department \$ 93,213,099

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, 2014

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 9,633,021	\$ 15,835,322	\$ 25,468,343
Trustee's Collections - Prior Years Circuit/Clerk and Master Collections - Prior Years	0	217,055	356,808	573,863
Interest and Penalty	0	122,855	202,198	325,053
Pick-up Taxes	0	93,033	152,859	245,892
Local Option Sales Tax	20,501,067	151,902	249,705	401,607
Bank Excise Tax	0	4,482,771	7,369,044	32,352,882
Interstate Telecommunication Tax	0	9,681	15,915	25,596
Marriage Licenses	0	2,276	3,742	6,018
Other Local Revenues	0	2,086	3,429	5,515
	0	177	292	469
Total Cash Receipts	\$ 20,501,067	\$ 14,714,857	\$ 24,189,314	\$ 59,405,238
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 20,296,056	\$ 14,423,321	\$ 23,694,391	\$ 58,413,768
Trustee's Commission	205,011	247,428	406,746	859,185
Total Cash Disbursements	\$ 20,501,067	\$ 14,670,749	\$ 24,101,137	\$ 59,272,953
<u>Excess of Cash Receipts</u>				
Over (Under) Cash Disbursements	\$ 0	\$ 44,108	\$ 88,177	\$ 132,285
Cash Balance, July 1, 2013	0	409,991	660,735	1,070,726
Cash Balance, June 30, 2014	\$ 0	\$ 454,099	\$ 748,912	\$ 1,203,011

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, 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, 2014, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements, and have issued our report thereon dated February 6, 2015. Our report includes a reference to other auditors who 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 of the financial statements, we considered Sullivan County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances 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. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control.

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 a 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. 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.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be significant deficiencies: 2014-001, 2014-002, and 2014-003.

Compliance and Other Matters

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

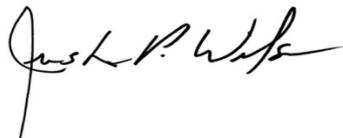
Sullivan County's Responses to Findings

Sullivan County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Sullivan County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 6, 2015

JPW/kp



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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Sullivan County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Sullivan County's major federal programs for the year ended June 30, 2014. 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.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts, and grants applicable to its federal programs.

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sullivan County's major federal programs based on our audit of the types of compliance requirements referred to above. 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Sullivan County's compliance.

Opinion on Each Major Federal Program

In our opinion, Sullivan County complied, in all material respects, with the types of compliance 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, 2014.

Report on Internal Control Over Compliance

Management of Sullivan County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Sullivan County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

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 material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we

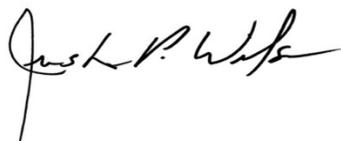
consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated February 6, 2015, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic 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 basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

February 6, 2015

JPW/kp

Sullivan County, Tennessee
 Schedule of Expenditures of Federal Awards and State Grants (1)
 For the Year Ended June 30, 2014

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	\$ 40,676
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	357,421 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	654,933
National School Lunch Program	10.555	N/A	2,164,545 (3)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(4)	866,450
Total U.S. Department of Agriculture			<u>\$ 4,084,025</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 57,208
Historic Preservation Fund Grants-in-Aid	15.904	(2)	10,124
American Battlefield Protection	15.926	(2)	7,725
Total U.S. Department of the Interior			<u>\$ 75,057</u>
U.S. Department of Justice:			
Direct Program:			
Local Law Enforcement Block Grant Program	16.592	(2)	\$ 2,150
Equitable Sharing Program	16.922	(2)	8,149
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(2)	62,046
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	(2)	62,364
Total U.S. Department of Justice			<u>\$ 134,709</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	(5)	\$ 20,318
Alcohol Open Container Requirements	20.607	(2)	34,186
Total U.S. Department of Transportation			<u>\$ 54,504</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 Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,287,981
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,585,457
Special Education - Preschool Grants	84.173	N/A	104,515
Career and Technical Education - Basic Grants to States	84.048	N/A	324,829
Education for Homeless Children and Youth	84.196	N/A	32,581
Improving Teacher Quality State Grants	84.367	N/A	480,062
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	979,113
Total U.S. Department of Education			<u>\$ 6,794,538</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 95,869
Total U.S. Election Assistance Commission			<u>\$ 95,869</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Medical Reserve Corps Small Grant Program	93.008	(2)	\$ 3,500
Public Health Emergency Preparedness	93.069	GG-14-36969-00	381,825
Project Grants and Cooperative Agreements for Tuberculosis Control Programs	93.116	GG-14-37956-00	52,729
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	GU-13-38464-00	72,700
Family Planning - Services	93.217	GG-13-37821-00	211,733
Immunization Grants	93.268	(6)	140,556
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	GG-13-34754-00	20,766
Cancer Control	93.399	GG-14-36368-00	57,952
HIV Prevention Activities - Health Department Based	93.940	(7)	93,626
Preventive Health and Health Services Block Grant	93.991	(8)	58,397
Maternal and Child Health Services Block Grant to the States	93.994	GG-14-35511-00	52,476
Total U.S. Department of Health and Human Services			<u>\$ 1,146,260</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 60,000
Homeland Security Grant Program	97.067	(2)	73,821
Buffer Zone Protection Program	97.078	(2)	88,982
Total U.S. Department of Homeland Security			<u>\$ 222,803</u>
Total Expenditures of Federal Awards			<u>\$ 12,607,765</u>

(Continued)

Sullivan County, Tennessee

Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Care and Coordination Services - State Department of Health	N/A	GG-14-35511-00	\$ 34,984
Adolescent Pregnancy - State Department of Health	N/A	GG-14-35500-00	48,414
TennCare Dental Prevention - State Department of Health	N/A	GG-12-35039-00	185,383
Home Visiting - State Department of Health	N/A	GG-14-35371-00	362,847
TenderCare Outreach - State Department of Health	N/A	GG-11-438214	179,511
Chronic Disease - State Department of Health	N/A	(2)	41,377
Rural Library Grant - State Department of Library and Archives	N/A	(2)	4,000
Grant in Aid - State Department of Health	N/A	GE-14-37103-00	235,800
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	61,019
State Aid Program - State Department of Transportation	N/A	(2)	241,408
Litter Program - State Department of Transportation	N/A	(2)	66,806
Fast Track Industrial Infrastructure Program - State Department of Economic and Community Development	N/A	(2)	659,956
Help America Vote Act Requirements Payments - Tennessee Secretary of State	N/A	(2)	5,046
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	4,469
Safe Schools Act Grant - State Department of Education	N/A	(2)	35,831
Connect TN - State Department of Education	N/A	(2)	30,976
Coordinated School Health - State Department of Education	N/A	(2)	43,171
Early Childhood Education Project - State Department of Education	N/A	(2)	<u>356,514</u>
Total State Grants			<u>\$ 2,597,512</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) - Total for CFDA No. 10.555 is \$2,521,966.

(4) - GG-13-33337-00: \$160,076; GG-14-38414-00: \$706,374.

(5) - 154AL-13-220: \$647; Z-14-GHS328: \$19,671.

(6) - GG-13-35944: \$70,668; GG-14-40794-00: \$69,888.

(7) - GG-13-34332: \$46,603; GG-14-39263-00: \$47,023.

(8) - GG-13-34334: \$8,948; GG-14-40505-00: \$12,534; GG-14-35500-00: \$8,793; GG-14-36904-00: \$28,122.

Sullivan County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Sullivan County is unmodified.
2. The audit of the financial statements of Sullivan County disclosed significant deficiencies in internal control. None of these deficiencies was considered to be a material weakness.
3. The audit disclosed 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 unmodified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Title I Grants to Local Education Agencies (CFDA No. 84.010), the Special Education Cluster: Special Education – Grants to States and Special Education – Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$378,233 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 current director of accounts and budgets 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 2014-001

THE COUNTY FAILED TO PROPERLY FUND THE EMPLOYEE INSURANCE – HEALTH FUND

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

The Employee Insurance – Health Fund, which is used to account for the county employees' self-insured health program, had a deficit of \$610,715 in unrestricted net position prior to the recognition of receivables from the participating county funds to liquidate the deficit. This deficit resulted from the recognition of a liability of \$664,458 at June 30, 2014, related to claims incurred but unpaid. Generally accepted accounting principles require that such costs be reflected in the financial statements. The financial statements of this report reflect management's receivables from the participating county funds to provide for the liability at June 30, 2014. This deficiency existed as a result of premiums not being set at a rate sufficient to fund the employee's health program.

RECOMMENDATION

County officials should develop and implement a plan that would fund the above-noted deficit and provide adequate funding for program costs in the future.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF ACCOUNTS AND BUDGETS

The Health Self-Insurance Fund was established January 1, 2014, to account for the self-insured transactions for county employees. This fund was established under the previous administration, and the budget was approved in August by the former administration and County Commission. Since entering office, we have been reviewing the financial operations of this fund. Based upon our review of the cash flow of this fund, we agree with your finding that this fund is not adequately funded. Also, we have been reporting the status of the operations of this fund to the County Commission. As soon as our contracted administrator concludes its review of our claims paid as of December 31, 2014, and our filing of the claim for reinsurance, we will address this situation.

FINDING 2014-002

THE SELF INSURANCE FUND HAD A DEFICIT IN UNRESTRICTED NET POSITION AT JUNE 30, 2014

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

The Self-Insurance Fund, which is used to account for the county's general liability, property, casualty, and workers' compensation programs, had a deficit of \$22,117 in unrestricted net position at June 30, 2014. This deficit existed even after a transfer of operational funds of \$1,000,000 from the General Fund. This deficit resulted from the operating expenses of these programs exceeding the operating revenues for a number of years, and the failure of management to provide adequate funding for the costs of these programs. It should be noted that the county's budget for the fiscal year ending June 30, 2015, includes an operating transfer of \$600,000 from the General Fund to provide additional operating funds.

RECOMMENDATION

County officials should develop and implement a plan that would fund the above-noted deficit and provide adequate funding for program costs in the future.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF ACCOUNTS AND BUDGETS

We concur that the Self-Insurance Fund has a deficit in unrestricted net position as of June 30, 2014. As noted in your finding, the 2015 fiscal year budget provides a supplemental appropriation of \$600,000 in the General Fund. This is in addition to the additional funding from within the respective departmental budgets to cover claims incurred. We are monitoring the impact of these budgetary efforts and will make recommendations to the County Commission as to any additional actions necessary to correct the financial condition of this fund.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2014-003

THE SCHOOL FEDERAL PROJECTS FUND HAD A DEFICIT IN UNASSIGNED FUND BALANCE AT JUNE 30, 2014

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

The School Federal Projects Fund had a deficit in unassigned fund balance of \$9,971 at June 30, 2014. This deficit resulted from the deferral of \$10,189 in grant reimbursements recognized as accounts receivable that was not received within the department's 60-day availability period. This deficit was liquidated subsequent to June 30, 2014, with the receipt of grant funds.

RECOMMENDATION

Officials should request reimbursements for expenditures from grant programs in a timely manner.

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

There were no findings and questioned costs for federal programs.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice 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 COVERING ALL DEPARTMENTS

Sullivan County operates a central purchasing department that makes purchases and enters into 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 County Commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting and budgeting is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sullivan County. Therefore, 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 covering all county departments.

**SULLIVAN COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014**

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