



ANNUAL FINANCIAL REPORT

Sullivan County, Tennessee

For the Year Ended June 30, 2020

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2020

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

MARIE TIDWELL, CPA
ROBERT ANDERSON, CPA, CGFM
Senior Auditors

BRANDON HAMMES
MORGAN HAMILTON-PIGG
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Summary of Audit Findings

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2020

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2020.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICES OF COUNTY MAYOR, PURCHASING AGENT, AND DIRECTOR OF ACCOUNTS AND BUDGETS

- ◆ There were deficiencies in the awarding of bids for the renovation and construction of EMS stations and with payments to the contractor.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ There were deficiencies in the maintenance of subsidiary accounting records.
- ◆ The accounting records for various funds had not been maintained properly.
- ◆ The school department had deficiencies in budget operations.

OFFICE OF SHERIFF

- ◆ There were deficiencies in the operations related to a telephone service contract.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2020

Officials

Richard Venable, County Mayor
Scott Murray, Highway Commissioner
David Cox, Director of Schools
Susan Ramsey, Trustee
Kristinia Davis, Purchasing Agent
Larry Bailey, Director of Accounts and Budgets
Teresa Jacobs, County Clerk
Bobby Russell, Circuit, General Sessions, and Law Courts Clerk
Katherine Priester, Clerk and Master
Sheena Tinsley, Register of Deeds
Donna Whitaker, Assessor of Property
Jeff Cassidy, Sheriff

Board of County Commissioners

| | |
|---|----------------|
| Richard Venable, County Mayor, Chairman | Joe Herron |
| David Akard | Mark Hutton |
| Judy Blalock | Sam Jones |
| Todd Broughton | Dwight King |
| Darlene Calton | Tony Leonard |
| Michael Cole | Hunter Locke |
| Larry Crawford | Randy Morrell |
| Andrew Cross | Angie Stanley |
| Joyce Crosswhite | Alicia Starnes |
| John Gardner | Gary Stidham |
| Colette George | Mark Vance |
| Hershel Glover | Doug Woods |
| Terry Harkleroad | |

Board of Education

| | |
|--------------------------|----------------|
| Michael Hughes, Chairman | Paul Robinson |
| Randall Gilmore | Matthew Spivey |
| Mark Ireson | Jane Thomas |
| Randall Jones | |

Audit Committee

Dwight King, Chairman
John Gardner
Colette George

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

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, 2020, 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 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, 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, 2020, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison 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.

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 schedule of changes in the county's net pension liability (asset) and related ratios, schedules of county and school contributions, schedules of school's proportionate share of the net pension liability (asset), and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed in the table of contents, 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 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), miscellaneous schedules and other information such as the introductory section are presented for purposes of additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is 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), schedule of expenditures of federal awards, 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, 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), schedule of expenditures of federal awards, 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 January 22, 2021, 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 solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sullivan County's 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 22, 2021

JEM/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2020

| | <u>Primary Government Governmental Activities</u> | <u>Component Unit Sullivan County School Department</u> |
|---|---|---|
| <u>ASSETS</u> | | |
| Cash | \$ 643,739 | \$ 134,700 |
| Equity in Pooled Cash and Investments | 34,901,473 | 48,404,529 |
| Inventories | 54,996 | 171,882 |
| Accounts Receivable | 3,311,610 | 367,920 |
| Allowance for Uncollectibles | (950,893) | 0 |
| Due from Other Governments | 4,195,528 | 2,843,999 |
| Due from Primary Government | 0 | 300,000 |
| Due from Component Units | 484,526 | 0 |
| Property Taxes Receivable | 50,251,703 | 25,212,932 |
| Allowance for Uncollectible Property Taxes | (1,493,952) | (749,563) |
| Prepaid Items | 190,371 | 0 |
| Restricted Assets: | | |
| Amounts Accumulated for Pension Benefits | 0 | 252,633 |
| Net Pension Asset - Agent Plan | 6,711,900 | 1,721,195 |
| Net Pension Asset - Teacher Retirement Plan | 0 | 312,326 |
| Net Pension Asset - Teacher Legacy Pension Plan | 0 | 10,002,338 |
| Capital Assets: | | |
| Assets Not Depreciated: | | |
| Land | 2,287,872 | 5,620,557 |
| Construction in Progress | 478,829 | 61,675,020 |
| Assets Net of Accumulated Depreciation: | | |
| Buildings and Improvements | 22,440,793 | 53,979,019 |
| Infrastructure | 9,125,682 | 0 |
| Other Capital Assets | 13,035,642 | 1,196,740 |
| Total Assets | <u>\$ 145,669,819</u> | <u>\$ 211,446,227</u> |
| <u>DEFERRED OUTFLOWS OF RESOURCES</u> | | |
| Deferred Charge on Refunding | \$ 345,560 | \$ 0 |
| Pension Changes in Experience | 1,339,076 | 843,330 |
| Pension Changes in Assumptions | 878,436 | 1,583,985 |
| Pension Contributions After Measurement Date | 4,190,269 | 4,539,148 |
| Pension Changes in Proportion | 0 | 183,824 |
| OPEB Changes in Experience | 5,293,712 | 2,595,343 |
| OPEB Changes in Assumptions | 1,529,239 | 3,237,919 |
| OPEB Contributions after Measurement Date | 706,738 | 2,182,970 |
| OPEB Changes in Proportion | 0 | 1,114,362 |
| Total Deferred Outflows of Resources | <u>\$ 14,283,030</u> | <u>\$ 16,280,881</u> |
| <u>LIABILITIES</u> | | |
| Accounts Payable | \$ 1,701,571 | \$ 33,783 |
| Accrued Payroll | 1,453,106 | 0 |
| Accrued Interest Payable | 1,089,422 | 0 |
| Payroll Deductions Payable | 414,969 | 334,313 |
| Contracts Payable | 132,020 | 0 |
| Retainage Payable | 6,949 | 0 |
| Claims and Judgments Payable | 255,015 | 0 |
| Due to Primary Government | 0 | 484,526 |
| Due to Component Units | 300,000 | 0 |
| Due to State of Tennessee | 0 | 2,122 |
| Other Current Liabilities | 830,742 | 12,332 |
| Unearned Revenue | 0 | 20,000,000 |

(Continued)

Exhibit A

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

| | <u>Primary Government Governmental Activities</u> | <u>Component Unit Sullivan County School Department</u> |
|--|---|---|
| <u>LIABILITIES (CONT.)</u> | | |
| Noncurrent Liabilities: | | |
| Due Within One Year - Debt | \$ 8,674,300 | \$ 0 |
| Due Within One Year - Other | 1,348,605 | 586,169 |
| Due in More Than One Year - Debt | 166,506,579 | 0 |
| Due in More Than One Year - Other | <u>25,326,012</u> | <u>65,784,064</u> |
| Total Liabilities | <u>\$ 208,039,290</u> | <u>\$ 87,237,309</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | |
| Deferred Current Property Taxes | \$ 47,356,263 | \$ 23,760,195 |
| Pension Changes in Experience | 245,829 | 6,227,189 |
| Pension Changes in Investment Earnings | 1,909,567 | 3,360,753 |
| Pension Changes in Proportion | 0 | 297,991 |
| OPEB Changes in Experience | 7,394,537 | 4,966,424 |
| OPEB Changes in Assumptions | 521,044 | 6,145,107 |
| OPEB Changes in Proportion | 0 | 3,162,874 |
| Total Deferred Inflows of Resources | <u>\$ 57,427,240</u> | <u>\$ 47,920,533</u> |
| <u>NET POSITION</u> | | |
| Net Investment in Capital Assets | \$ 38,091,457 | \$ 122,471,336 |
| Restricted for: | | |
| General Government | 1,026,152 | 0 |
| Finance | 254,964 | 0 |
| Administration of Justice | 454,264 | 0 |
| Public Safety | 386,150 | 0 |
| Public Health and Welfare | 68,423 | 0 |
| Debt Service | 3,801,443 | 0 |
| Education | 0 | 2,701,697 |
| Capital Projects | 455,154 | 2,895,620 |
| Pensions | 6,711,900 | 12,288,492 |
| Unrestricted | <u>(156,763,588)</u> | <u>(47,787,879)</u> |
| Total Net Position | <u>\$ (105,513,681)</u> | <u>\$ 92,569,266</u> |

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

Exhibit B

Sullivan County, Tennessee
Statement of Activities
For the Year Ended June 30, 2020

| Functions/Programs | Program Revenues | | | | | Net (Expense) Revenue and Changes in Net Position | |
|---|----------------------|-------------------------|--|--|----------------------------|--|--|
| | Expenses | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Governmental Activities | Primary | Component Unit |
| | | | | | | Government | Sullivan County School Department |
| Primary Government: | | | | | | | |
| Governmental Activities: | | | | | | | |
| General Government | \$ 5,927,338 | \$ 1,963,891 | \$ 777,692 | \$ 5,436 | \$ (3,180,319) | \$ | 0 |
| Finance | 6,386,706 | 4,346,803 | 0 | 0 | (2,039,903) | | 0 |
| Administration of Justice | 5,711,876 | 2,576,463 | 139,145 | 8,599 | (2,987,669) | | 0 |
| Public Safety | 30,573,514 | 3,299,386 | 936,618 | 207,158 | (26,130,352) | | 0 |
| Public Health and Welfare | 16,391,354 | 8,203,256 | 5,179,255 | 0 | (3,008,843) | | 0 |
| Social, Cultural, and Recreational Services | 1,641,833 | 319,203 | 0 | 8,043 | (1,314,587) | | 0 |
| Agriculture and Natural Resources | 306,281 | 0 | 0 | 105,709 | (200,572) | | 0 |
| Highways | 10,300,415 | 230,160 | 3,762,120 | 347,871 | (5,960,264) | | 0 |
| Education | 378,619 | 179,623 | 0 | 0 | (198,996) | | 0 |
| Debt Service: | | | | | | | |
| Interest | 6,187,475 | 0 | 38,456 | 0 | (6,149,019) | | 0 |
| Total Primary Government | \$ 83,805,411 | \$ 21,118,785 | \$ 10,833,286 | \$ 682,816 | \$ (51,170,524) | \$ | 0 |
| Component Unit: | | | | | | | |
| Sullivan County School Department | \$ 90,917,824 | \$ 1,125,186 | \$ 10,130,037 | \$ 0 | \$ 0 | \$ | (79,662,601) |
| Total Component Unit | \$ 90,917,824 | \$ 1,125,186 | \$ 10,130,037 | \$ 0 | \$ 0 | \$ | (79,662,601) |

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) Revenue and Changes in Net Position | |
|--|----------|-------------------------|--|--|--|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Primary | Component Unit |
| | | | | | Governmental Activities | Sullivan County School Department |
| General Revenues: | | | | | | |
| Taxes: | | | | | | |
| Property Taxes Levied for General Purposes | | | | | \$ 39,515,467 | \$ 24,222,604 |
| Property Taxes Levied for Debt Service | | | | | 8,721,743 | 0 |
| Local Option Sales Taxes | | | | | 4,262,646 | 12,996,227 |
| Litigation Tax - General | | | | | 290,654 | 0 |
| Litigation Tax - Office of Public Defender | | | | | 132,175 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | | | | | 123,764 | 0 |
| Litigation Tax - Courtroom Security | | | | | 351,546 | 0 |
| Business Tax | | | | | 2,539,376 | 0 |
| Mixed Drink Tax | | | | | 12,993 | 0 |
| Mineral Severance Tax | | | | | 151,479 | 0 |
| Wholesale Beer Tax | | | | | 367,771 | 0 |
| Grants and Contributions Not Restricted to Specific Programs | | | | | 3,103,353 | 44,801,799 |
| Unrestricted Investment Income | | | | | 1,347,971 | 0 |
| Miscellaneous | | | | | 95,014 | 134,240 |
| Gain on Investments | | | | | 0 | 7,958 |
| Gain on Sale of Capital Assets | | | | | 0 | 186,475 |
| Total General Revenues | | | | | \$ 61,015,952 | \$ 82,349,303 |
| Change in Net Position | | | | | \$ 9,845,428 | \$ 2,686,702 |
| Net Position, July 1, 2019 | | | | | (112,123,392) | 89,882,564 |
| Prior-period Adjustment - See Note I.D.10 | | | | | (3,235,717) | 0 |
| Net Position, June 30, 2020 | | | | | \$ (105,513,681) | \$ 92,569,266 |

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

Exhibit C-1

Sullivan County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2020

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 376,418 | \$ 0 | \$ 0 | \$ 162,773 | \$ 539,191 |
| Equity in Pooled Cash and Investments | 14,831,051 | 7,360,710 | 4,829,768 | 7,615,515 | 34,637,044 |
| Inventories | 54,996 | 0 | 0 | 0 | 54,996 |
| Accounts Receivable | 277,280 | 72,283 | 3,637 | 2,943,084 | 3,296,284 |
| Allowance for Uncollectibles | 0 | 0 | 0 | (950,893) | (950,893) |
| Due from Other Governments | 3,368,496 | 816,638 | 0 | 10,394 | 4,195,528 |
| Due from Other Funds | 403,560 | 9,971 | 0 | 10,605 | 424,136 |
| Due from Component Units | 473,385 | 0 | 0 | 1,926 | 475,311 |
| Property Taxes Receivable | 33,446,081 | 3,096,859 | 9,084,121 | 4,624,642 | 50,251,703 |
| Allowance for Uncollectible Property Taxes | (994,330) | (92,068) | (270,065) | (137,489) | (1,493,952) |
| Prepaid Items | 3,252 | 0 | 187,119 | 0 | 190,371 |
| Total Assets | <u>\$ 52,240,189</u> | <u>\$ 11,264,393</u> | <u>\$ 13,834,580</u> | <u>\$ 14,280,557</u> | <u>\$ 91,619,719</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 1,184,443 | \$ 26,758 | \$ 0 | \$ 447,604 | \$ 1,658,805 |
| Accrued Payroll | 1,093,538 | 171,376 | 0 | 188,192 | 1,453,106 |
| Payroll Deductions Payable | 321,269 | 41,820 | 0 | 51,880 | 414,969 |
| Contracts Payable | 0 | 0 | 0 | 132,020 | 132,020 |
| Retainage Payable | 0 | 0 | 0 | 6,949 | 6,949 |
| Due to Other Funds | 1,228,013 | 34,805 | 0 | 417,406 | 1,680,224 |
| Due to Component Units | 300,000 | 0 | 0 | 0 | 300,000 |
| Other Current Liabilities | 440,769 | 6,963 | 383,010 | 0 | 830,742 |
| Total Liabilities | <u>\$ 4,568,032</u> | <u>\$ 281,722</u> | <u>\$ 383,010</u> | <u>\$ 1,244,051</u> | <u>\$ 6,476,815</u> |

(Continued)

Exhibit C-1

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

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|----------------------|------------------------|----------------------|--------------------------|--------------------------|
| | General | Highway / Public Works | General Debt Service | Other Governmental Funds | |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | |
| Deferred Current Property Taxes | \$ 31,518,960 | \$ 2,918,422 | \$ 8,560,705 | \$ 4,358,176 | \$ 47,356,263 |
| Deferred Delinquent Property Taxes | 688,530 | 63,752 | 187,009 | 95,203 | 1,034,494 |
| Other Deferred/Unavailable Revenue | 887,463 | 315,072 | 0 | 1,416,183 | 2,618,718 |
| Total Deferred Inflows of Resources | <u>\$ 33,094,953</u> | <u>\$ 3,297,246</u> | <u>\$ 8,747,714</u> | <u>\$ 5,869,562</u> | <u>\$ 51,009,475</u> |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ 54,996 | \$ 0 | \$ 0 | \$ 0 | \$ 54,996 |
| Prepaid Items | 3,252 | 0 | 187,119 | 0 | 190,371 |
| Restricted: | | | | | |
| Restricted for General Government | 1,026,152 | 0 | 0 | 0 | 1,026,152 |
| Restricted for Finance | 254,964 | 0 | 0 | 0 | 254,964 |
| Restricted for Administration of Justice | 454,264 | 0 | 0 | 0 | 454,264 |
| Restricted for Public Safety | 96,850 | 0 | 0 | 289,300 | 386,150 |
| Restricted for Public Health and Welfare | 68,423 | 0 | 0 | 0 | 68,423 |
| Restricted for Debt Service | 0 | 0 | 4,516,737 | 0 | 4,516,737 |
| Restricted for Capital Projects | 0 | 0 | 0 | 4,139,021 | 4,139,021 |
| Committed: | | | | | |
| Committed for Finance | 761,345 | 0 | 0 | 0 | 761,345 |
| Committed for Public Health and Welfare | 0 | 0 | 0 | 2,738,623 | 2,738,623 |
| Committed for Other Operations | 369,509 | 0 | 0 | 0 | 369,509 |
| Committed for Highways/Public Works | 0 | 7,685,425 | 0 | 0 | 7,685,425 |
| Assigned: | | | | | |
| Assigned for General Government | 4,014,020 | 0 | 0 | 0 | 4,014,020 |
| Assigned for Finance | 191,526 | 0 | 0 | 0 | 191,526 |

(Continued)

Exhibit C-1

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

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|---|----------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>FUND BALANCES (Cont.)</u> | | | | | |
| Assigned (Cont.): | | | | | |
| Assigned for Administration of Justice | \$ 77,552 | \$ 0 | \$ 0 | \$ 0 | \$ 77,552 |
| Assigned for Public Safety | 626,625 | 0 | 0 | 0 | 626,625 |
| Assigned for Public Health and Welfare | 38,327 | 0 | 0 | 0 | 38,327 |
| Assigned for Social, Cultural, and Recreational Services | 32,011 | 0 | 0 | 0 | 32,011 |
| Unassigned | 6,507,388 | 0 | 0 | 0 | 6,507,388 |
| Total Fund Balances | <u>\$ 14,577,204</u> | <u>\$ 7,685,425</u> | <u>\$ 4,703,856</u> | <u>\$ 7,166,944</u> | <u>\$ 34,133,429</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 52,240,189</u> | <u>\$ 11,264,393</u> | <u>\$ 13,834,580</u> | <u>\$ 14,280,557</u> | <u>\$ 91,619,719</u> |

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, 2020

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) | | \$ 34,133,429 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | |
| Add: land | \$ 2,287,872 | |
| Add: construction in progress | 478,829 | |
| Add: buildings and improvements net of accumulated depreciation | 22,440,793 | |
| Add: infrastructure net of accumulated depreciation | 9,125,682 | |
| Add: other capital assets net of accumulated depreciation | <u>13,035,642</u> | 47,368,818 |
| (2) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds. | | 3,653,212 |
| (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. | | 1,351,825 |
| (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 | \$ (636,939) | |
| Less: other loans payable | (10,631,748) | |
| Less: capital leases payable | (1,140,688) | |
| Less: bonds payable | (153,860,000) | |
| Less: nonexchange financial guarantee payable | (2,157,942) | |
| Add: deferred charge on refunding | 345,560 | |
| Less: compensated absences payable | (2,285,771) | |
| Less: other postemployment benefits liability | (24,388,846) | |
| Add: net pension asset - agent plan | 6,711,900 | |
| Less: accrued interest on notes and bonds | (1,089,422) | |
| Less: unamortized premium on debt | <u>(6,753,562)</u> | (195,887,458) |
| (5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years. | | |
| Add: deferred outflows of resources related to pensions | \$ 6,407,781 | |
| Less: deferred inflows of resources related to pensions | (2,155,396) | |
| Add: deferred outflows of resources related to OPEB | 7,529,689 | |
| Less: deferred inflows of resources related to OPEB | <u>(7,915,581)</u> | <u>3,866,493</u> |
| Net position of governmental activities (Exhibit A) | | <u>\$ (105,513,681)</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, 2020

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|---|----------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Revenues</u> | | | | | |
| Local Taxes | \$ 37,820,765 | \$ 5,989,617 | \$ 8,832,073 | \$ 4,438,721 | \$ 57,081,176 |
| Licenses and Permits | 488,067 | 250,988 | 0 | 0 | 739,055 |
| Fines, Forfeitures, and Penalties | 578,014 | 0 | 0 | 122,916 | 700,930 |
| Charges for Current Services | 1,930,585 | 92 | 0 | 7,010,420 | 8,941,097 |
| Other Local Revenues | 1,249,293 | 92,788 | 1,089,702 | 128,560 | 2,560,343 |
| Fees Received From County Officials | 7,000,043 | 0 | 0 | 0 | 7,000,043 |
| State of Tennessee | 5,777,296 | 4,099,004 | 0 | 638,531 | 10,514,831 |
| Federal Government | 3,187,124 | 9,445 | 0 | 266,528 | 3,463,097 |
| Other Governments and Citizens Groups | 988,392 | 207,398 | 611,341 | 98,650 | 1,905,781 |
| Total Revenues | \$ 59,019,579 | \$ 10,649,332 | \$ 10,533,116 | \$ 12,704,326 | \$ 92,906,353 |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| General Government | \$ 5,264,154 | \$ 0 | \$ 0 | \$ 900 | \$ 5,265,054 |
| Finance | 6,487,579 | 0 | 176,083 | 76,491 | 6,740,153 |
| Administration of Justice | 5,400,431 | 0 | 0 | 16,118 | 5,416,549 |
| Public Safety | 27,818,774 | 0 | 0 | 91,855 | 27,910,629 |
| Public Health and Welfare | 7,157,373 | 0 | 0 | 9,095,659 | 16,253,032 |
| Social, Cultural, and Recreational Services | 1,583,709 | 0 | 0 | 0 | 1,583,709 |
| Agriculture and Natural Resources | 307,314 | 0 | 0 | 0 | 307,314 |
| Other Operations | 1,702,336 | 0 | 0 | 226,670 | 1,929,006 |
| Highways | 0 | 10,449,490 | 0 | 0 | 10,449,490 |
| Instruction | 210,445 | 0 | 0 | 0 | 210,445 |
| Debt Service: | | | | | |
| Principal on Debt | 616,550 | 75,887 | 7,655,360 | 0 | 8,347,797 |
| Interest on Debt | 66,906 | 14,113 | 6,866,706 | 0 | 6,947,725 |

(Continued)

Exhibit C-3

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

| | Major Funds | | | Nonmajor Funds | Total Governmental Funds |
|--|-----------------------|------------------------------|----------------------------|-------------------------------------|--------------------------------|
| | General | Highway / Public Works | General Debt Service | Other Govern- mental Funds | |
| <u>Expenditures (Cont.)</u> | | | | | |
| Debt Service (Cont.) | | | | | |
| Other Debt Service | \$ 0 | \$ 0 | \$ 181,988 | \$ 86,074 | \$ 268,062 |
| Capital Projects | 7,654 | 165,391 | 0 | 363,969 | 537,014 |
| Capital Projects - Donated | 122,081 | 0 | 0 | 0 | 122,081 |
| Total Expenditures | <u>\$ 56,745,306</u> | <u>\$ 10,704,881</u> | <u>\$ 14,880,137</u> | <u>\$ 9,957,736</u> | <u>\$ 92,288,060</u> |
| <u>Excess (Deficiency) of Revenues</u> | | | | | |
| Over Expenditures | \$ 2,274,273 | \$ (55,549) | \$ (4,347,021) | \$ 2,746,590 | \$ 618,293 |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Bonds Issued | \$ 0 | \$ 0 | \$ 0 | \$ 3,745,000 | \$ 3,745,000 |
| Premiums on Debt Sold | 0 | 0 | 0 | 242,963 | 242,963 |
| Transfers In | 0 | 0 | 4,445,939 | 0 | 4,445,939 |
| Transfers Out | (1,915,939) | 0 | 0 | (3,500,000) | (5,415,939) |
| Total Other Financing Sources (Uses) | <u>\$ (1,915,939)</u> | <u>\$ 0</u> | <u>\$ 4,445,939</u> | <u>\$ 487,963</u> | <u>\$ 3,017,963</u> |
| <u>Net Change in Fund Balances</u> | | | | | |
| Fund Balance, July 1, 2019 | \$ 14,218,870 | \$ 7,740,974 | \$ 4,604,938 | \$ 3,932,391 | \$ 30,497,173 |
| Fund Balance, June 30, 2020 | <u>\$ 14,577,204</u> | <u>\$ 7,685,425</u> | <u>\$ 4,703,856</u> | <u>\$ 7,166,944</u> | <u>\$ 34,133,429</u> |

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

Exhibit C-4

Sullivan County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
For the Year Ended June 30, 2020

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) | | \$ 3,636,256 |
| | | |
| (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 | \$ 3,850,680 | |
| Less: current-year depreciation expense | <u>(3,673,401)</u> | 177,279 |
| | | |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | |
| Less: net book value of assets disposed | | (125,083) |
| | | |
| (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, 2019 | \$ (3,090,368) | |
| Add: deferred delinquent property taxes and other deferred June 30, 2020 | <u>3,653,212</u> | 562,844 |
| | | |
| (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: bond proceeds | \$ (3,745,000) | |
| Add: change in unamortized premium on debt issuances | 562,915 | |
| Add: principal payments on bonds | 5,800,000 | |
| Add: principal payments on notes | 151,805 | |
| Add: principal payments on other loans | 1,703,555 | |
| Add: principal payments on capital leases | 706,562 | |
| Add: change in nonexchange financial guarantee | 80,600 | |
| Less: change in deferred charge on refunding debt | <u>(93,249)</u> | 5,167,188 |
| | | |
| (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 | \$ 47,621 | |
| Change in compensated absences payable | (136,645) | |
| Change in OPEB liability (net of prior period adjustment) | (7,564,773) | |
| Change in net pension asset - agent plan | 2,408,084 | |
| Change in deferred outflows related to pensions | (950,353) | |
| Change in deferred inflows related to pensions | (524,517) | |
| Change in deferred outflows related to OPEB | 6,932,847 | |
| Change in deferred inflows related to OPEB | <u>(95,330)</u> | 116,934 |

(Continued)

Exhibit C-4

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

| | |
|--|---------------------|
| (6) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities. | <u>\$ 310,010</u> |
| Change in net position of governmental activities (Exhibit B) | <u>\$ 9,845,428</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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|---------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 37,820,765 | \$ 0 | \$ 0 | \$ 37,820,765 | \$ 37,483,692 | \$ 37,493,322 | \$ 327,443 |
| Licenses and Permits | 488,067 | 0 | 0 | 488,067 | 576,290 | 576,290 | (88,223) |
| Fines, Forfeitures, and Penalties | 578,014 | 0 | 0 | 578,014 | 519,840 | 519,840 | 58,174 |
| Charges for Current Services | 1,930,585 | 0 | 0 | 1,930,585 | 1,898,524 | 1,898,524 | 32,061 |
| Other Local Revenues | 1,249,293 | 0 | 0 | 1,249,293 | 260,300 | 260,300 | 988,993 |
| Fees Received From County Officials | 7,000,043 | 0 | 0 | 7,000,043 | 7,630,844 | 7,630,844 | (630,801) |
| State of Tennessee | 5,777,296 | 0 | 0 | 5,777,296 | 5,491,582 | 6,789,393 | (1,012,097) |
| Federal Government | 3,187,124 | 0 | 0 | 3,187,124 | 3,950,731 | 4,371,019 | (1,183,895) |
| Other Governments and Citizens Groups | 988,392 | 0 | 0 | 988,392 | 518,284 | 580,784 | 407,608 |
| Total Revenues | \$ 59,019,579 | \$ 0 | \$ 0 | \$ 59,019,579 | \$ 58,330,087 | \$ 60,120,316 | \$ (1,100,737) |
| <u>Expenditures</u> | | | | | | | |
| <u>General Government</u> | | | | | | | |
| County Commission | \$ 376,430 | \$ (875) | \$ 0 | \$ 375,555 | \$ 389,909 | \$ 388,646 | \$ 13,091 |
| County Mayor/Executive | 243,207 | 0 | 0 | 243,207 | 250,491 | 250,408 | 7,201 |
| County Attorney | 229,941 | (120) | 100 | 229,921 | 260,103 | 258,170 | 28,249 |
| Election Commission | 530,156 | (2,493) | 12,137 | 539,800 | 617,753 | 619,316 | 79,516 |
| Register of Deeds | 475,108 | (3,503) | 3,665 | 475,270 | 556,152 | 555,831 | 80,561 |
| Planning | 477,874 | (769) | 1,426 | 478,531 | 481,706 | 481,499 | 2,968 |
| Geographical Information Systems | 35,470 | 0 | 39 | 35,509 | 56,850 | 56,850 | 21,341 |
| County Buildings | 1,641,258 | (72,933) | 107,970 | 1,676,295 | 1,747,094 | 1,915,843 | 239,548 |
| Other Facilities | 286,746 | 0 | 0 | 286,746 | 211,746 | 286,746 | 0 |
| Preservation of Records | 154,018 | (1,096) | 3,342 | 156,264 | 163,801 | 171,069 | 14,805 |
| Risk Management | 813,946 | 0 | 0 | 813,946 | 1,869,118 | 899,118 | 85,172 |
| <u>Finance</u> | | | | | | | |
| Accounting and Budgeting | 799,952 | 0 | 2,240 | 802,192 | 816,985 | 811,909 | 9,717 |
| Purchasing | 611,497 | (1,000) | 491 | 610,988 | 629,389 | 629,044 | 18,056 |
| Property Assessor's Office | 1,684,588 | (2,628) | 58,788 | 1,740,748 | 1,839,113 | 1,830,880 | 90,132 |
| County Trustee's Office | 641,336 | (9,097) | 1,215 | 633,454 | 700,542 | 702,813 | 69,359 |
| County Clerk's Office | 1,845,656 | (711) | 61,362 | 1,906,307 | 1,682,569 | 2,146,513 | 240,206 |

(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 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Finance (Cont.)</u> | | | | | | | |
| Data Processing | \$ 152,496 | \$ (118,793) | \$ 128,682 | \$ 162,385 | \$ 182,111 | \$ 175,089 | \$ 12,704 |
| Other Finance | 752,054 | 0 | 0 | 752,054 | 762,500 | 762,500 | 10,446 |
| <u>Administration of Justice</u> | | | | | | | |
| Circuit Court Judge | 11,574 | 0 | 0 | 11,574 | 13,350 | 13,099 | 1,525 |
| Circuit Court Clerk | 1,812,378 | (728) | 7,107 | 1,818,757 | 1,811,494 | 1,838,068 | 19,311 |
| General Sessions Court | 552,859 | 0 | 0 | 552,859 | 581,175 | 581,008 | 28,149 |
| General Sessions Judge | 612,962 | 0 | 764 | 613,726 | 643,462 | 643,239 | 29,513 |
| Drug Court | 17,132 | 0 | 0 | 17,132 | 27,000 | 27,000 | 9,868 |
| Chancery Court | 628,699 | (514) | 972 | 629,157 | 645,505 | 634,802 | 5,645 |
| Juvenile Court | 777,338 | 0 | 1,500 | 778,838 | 842,168 | 842,001 | 63,163 |
| Juvenile Court Judge | 3,000 | 0 | 0 | 3,000 | 3,000 | 3,000 | 0 |
| District Attorney General | 315,428 | 0 | 19 | 315,447 | 387,833 | 387,833 | 72,386 |
| Office of Public Defender | 114,857 | 0 | 0 | 114,857 | 162,500 | 162,500 | 47,643 |
| Judicial Commissioners | 68,158 | 0 | 0 | 68,158 | 71,362 | 71,362 | 3,204 |
| Other Administration of Justice | 45,929 | 0 | 0 | 45,929 | 106,000 | 106,000 | 60,071 |
| Courtroom Security | 367,221 | (4,908) | 0 | 362,313 | 419,390 | 431,670 | 69,357 |
| Victim Assistance Programs | 72,896 | 0 | 0 | 72,896 | 77,539 | 72,896 | 0 |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | 11,684,542 | (74,821) | 191,372 | 11,801,093 | 12,585,195 | 12,147,886 | 346,793 |
| Inmate Telephone Contract Grant | 375,209 | 0 | 0 | 375,209 | 0 | 0 | (375,209) |
| Administration of the Sexual Offender Registry | 6,596 | (150) | 2,530 | 8,976 | 10,500 | 10,500 | 1,524 |
| Jail | 10,197,193 | (95,100) | 446,608 | 10,548,701 | 10,986,899 | 11,136,296 | 587,595 |
| Workhouse | 98,818 | (101) | 0 | 98,717 | 111,937 | 111,937 | 13,220 |
| Juvenile Services | 590,286 | 0 | 0 | 590,286 | 706,160 | 706,160 | 115,874 |
| Fire Prevention and Control | 2,095,421 | (302,646) | 0 | 1,792,775 | 1,792,775 | 1,792,775 | 0 |
| Civil Defense | 746,538 | (333) | 0 | 746,205 | 795,880 | 795,391 | 49,186 |
| Rescue Squad | 1,167,879 | (116,933) | 0 | 1,050,946 | 1,050,946 | 1,050,946 | 0 |
| Disaster Relief | 0 | 0 | 0 | 0 | 128,526 | 58,745 | 58,745 |
| County Coroner/Medical Examiner | 540,637 | 0 | 251 | 540,888 | 510,888 | 540,888 | 0 |

(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 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Public Safety (Cont.)</u> | | | | | | | |
| Other Public Safety | \$ 315,655 | \$ (1,659) | \$ 60,674 | \$ 374,670 | \$ 322,591 | \$ 385,091 | \$ 10,421 |
| <u>Public Health and Welfare</u> | | | | | | | |
| Local Health Center | 6,268,642 | (58,240) | 68,423 | 6,278,825 | 7,183,740 | 7,674,382 | 1,395,557 |
| Rabies and Animal Control | 523,594 | (3,057) | 21,827 | 542,364 | 551,510 | 548,691 | 6,327 |
| Ambulance/Emergency Medical Services | 131,450 | 0 | 16,500 | 147,950 | 369,000 | 369,000 | 221,050 |
| Other Local Health Services | 26,000 | 0 | 0 | 26,000 | 26,000 | 26,000 | 0 |
| Regional Mental Health Center | 95,587 | 0 | 0 | 95,587 | 98,187 | 98,187 | 2,600 |
| Aid to Dependent Children | 28,850 | 0 | 0 | 28,850 | 28,850 | 28,850 | 0 |
| Other Local Welfare Services | 23,250 | 0 | 0 | 23,250 | 19,500 | 25,000 | 1,750 |
| Other Public Health and Welfare | 60,000 | 0 | 0 | 60,000 | 60,000 | 60,000 | 0 |
| <u>Social, Cultural, and Recreational Services</u> | | | | | | | |
| Libraries | 891,365 | (100) | 3,078 | 894,343 | 905,728 | 954,747 | 60,404 |
| Parks and Fair Boards | 692,344 | (1,788) | 0 | 690,556 | 715,719 | 1,513,342 | 822,786 |
| <u>Agriculture and Natural Resources</u> | | | | | | | |
| Agricultural Extension Service | 252,475 | (15,431) | 0 | 237,044 | 176,219 | 176,219 | (60,825) |
| Forest Service | 1,000 | 0 | 0 | 1,000 | 1,000 | 1,000 | 0 |
| Soil Conservation | 53,839 | 0 | 0 | 53,839 | 85,531 | 101,531 | 47,692 |
| <u>Other Operations</u> | | | | | | | |
| Tourism | 5,000 | 0 | 0 | 5,000 | 5,000 | 5,000 | 0 |
| Industrial Development | 464,360 | 0 | 0 | 464,360 | 713,940 | 963,940 | 499,580 |
| Other Economic and Community Development | 53,923 | 0 | 0 | 53,923 | 167,594 | 167,594 | 113,671 |
| Veterans' Services | 39,938 | 0 | 0 | 39,938 | 21,900 | 51,900 | 11,962 |
| Employee Benefits | 164,008 | (10) | 7,750 | 171,748 | 384,000 | 384,000 | 212,252 |
| COVID-19 Grant #1 | 23,797 | 0 | 0 | 23,797 | 0 | 23,797 | 0 |
| COVID-19 Grant #2 | 15,396 | 0 | 0 | 15,396 | 0 | 15,396 | 0 |
| COVID-19 Grant #3 | 185,577 | 0 | 0 | 185,577 | 0 | 185,577 | 0 |
| COVID-19 Grant #4 | 1,705 | 0 | 0 | 1,705 | 0 | 1,705 | 0 |
| COVID-19 Grant #5 | 20,195 | 0 | 0 | 20,195 | 0 | 20,195 | 0 |
| COVID-19 Grant #6 | 656,168 | 0 | 0 | 656,168 | 0 | 656,168 | 0 |

(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 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| <u>Expenditures (Cont.)</u> | | | | | | | |
| <u>Other Operations (Cont.)</u> | | | | | | | |
| Miscellaneous | \$ 72,269 | \$ 0 | \$ 0 | \$ 72,269 | \$ 97,870 | \$ 97,870 | \$ 25,601 |
| <u>Instruction</u> | | | | | | | |
| Career and Technical Education Program | 10,550 | 0 | 0 | 10,550 | 10,550 | 10,550 | 0 |
| Other | 199,895 | 0 | 0 | 199,895 | 200,000 | 200,000 | 105 |
| <u>Principal on Debt</u> | | | | | | | |
| General Government | 616,550 | 0 | 0 | 616,550 | 0 | 619,740 | 3,190 |
| <u>Interest on Debt</u> | | | | | | | |
| General Government | 66,906 | 0 | 0 | 66,906 | 0 | 77,241 | 10,335 |
| <u>Other Debt Service</u> | | | | | | | |
| General Government | 0 | 0 | 0 | 0 | 22,000 | 0 | 0 |
| <u>Capital Projects</u> | | | | | | | |
| Social, Cultural, and Recreation Projects | 2,750 | 0 | 0 | 2,750 | 0 | 999,120 | 996,370 |
| Public Utility Projects | 4,904 | (4,904) | 0 | 0 | 0 | 0 | 0 |
| <u>Capital Projects - Donated</u> | | | | | | | |
| Capital Projects Donated to Other Entities | 122,081 | (52,300) | 0 | 69,781 | 0 | 69,781 | 0 |
| Total Expenditures | \$ 56,745,306 | \$ (947,741) | \$ 1,210,832 | \$ 57,008,397 | \$ 59,855,845 | \$ 63,619,860 | \$ 6,611,463 |
| Excess (Deficiency) of Revenues | | | | | | | |
| Over Expenditures | \$ 2,274,273 | \$ 947,741 | \$ (1,210,832) | \$ 2,011,182 | \$ (1,525,758) | \$ (3,499,544) | \$ 5,510,726 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers Out | \$ (1,915,939) | \$ 0 | \$ 0 | \$ (1,915,939) | \$ (945,939) | \$ (1,915,939) | \$ 0 |
| Total Other Financing Sources | \$ (1,915,939) | \$ 0 | \$ 0 | \$ (1,915,939) | \$ (945,939) | \$ (1,915,939) | \$ 0 |
| Net Change in Fund Balance | | | | | | | |
| Fund Balance, July 1, 2019 | \$ 358,334 | \$ 947,741 | \$ (1,210,832) | \$ 95,243 | \$ (2,471,697) | \$ (5,415,483) | \$ 5,510,726 |
| | 14,218,870 | (947,741) | 0 | 13,271,129 | 9,959,045 | 9,959,045 | 3,312,084 |
| Fund Balance, June 30, 2020 | | | | | | | |
| | \$ 14,577,204 | \$ 0 | \$ (1,210,832) | \$ 13,366,372 | \$ 7,487,348 | \$ 4,543,562 | \$ 8,822,810 |

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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 5,989,617 | \$ 0 | \$ 0 | \$ 5,989,617 | \$ 6,000,510 | \$ 6,040,510 | \$ (50,893) |
| Licenses and Permits | 250,988 | 0 | 0 | 250,988 | 250,000 | 250,000 | 988 |
| Charges for Current Services | 92 | 0 | 0 | 92 | 0 | 0 | 92 |
| Other Local Revenues | 92,788 | 0 | 0 | 92,788 | 64,501 | 64,501 | 28,287 |
| State of Tennessee | 4,099,004 | 0 | 0 | 4,099,004 | 4,273,411 | 4,273,411 | (174,407) |
| Federal Government | 9,445 | 0 | 0 | 9,445 | 9,445 | 9,445 | 0 |
| Other Governments and Citizens Groups | 207,398 | 0 | 0 | 207,398 | 91,561 | 91,561 | 115,837 |
| Total Revenues | \$ 10,649,332 | \$ 0 | \$ 0 | \$ 10,649,332 | \$ 10,689,428 | \$ 10,729,428 | \$ (80,096) |
| <u>Expenditures</u> | | | | | | | |
| <u>Highways</u> | | | | | | | |
| Administration | \$ 370,110 | \$ 0 | \$ 4,797 | \$ 374,907 | \$ 391,679 | \$ 396,156 | \$ 21,249 |
| Highway and Bridge Maintenance | 5,860,868 | 0 | 18,871 | 5,879,739 | 6,528,400 | 6,487,680 | 607,941 |
| Operation and Maintenance of Equipment | 448,909 | (9,419) | 3,084 | 442,574 | 560,000 | 594,940 | 152,366 |
| Asphalt Plant Operations | 1,635,694 | 0 | 59 | 1,635,753 | 2,010,000 | 2,010,000 | 374,247 |
| Traffic Control | 50,316 | (5,868) | 0 | 44,448 | 45,000 | 45,000 | 552 |
| Other Charges | 264,904 | 0 | 0 | 264,904 | 265,000 | 265,000 | 96 |
| COVID-19 Grant #1 | 1,303 | 0 | 0 | 1,303 | 0 | 1,303 | 0 |
| Capital Outlay | 1,817,386 | (1,251,337) | 125,874 | 691,923 | 790,000 | 700,000 | 8,077 |
| <u>Principal on Debt</u> | | | | | | | |
| Highways and Streets | 75,887 | 0 | 0 | 75,887 | 0 | 75,887 | 0 |
| <u>Interest on Debt</u> | | | | | | | |
| Highways and Streets | 14,113 | 0 | 0 | 14,113 | 0 | 14,113 | 0 |
| <u>Capital Projects</u> | | | | | | | |
| Highway and Street Capital Projects | 165,391 | 0 | 634,609 | 800,000 | 800,000 | 800,000 | 0 |
| Total Expenditures | \$ 10,704,881 | \$ (1,266,624) | \$ 787,294 | \$ 10,225,551 | \$ 11,390,079 | \$ 11,390,079 | \$ 1,164,528 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (55,549) | \$ 1,266,624 | \$ (787,294) | \$ 423,781 | \$ (700,651) | \$ (660,651) | \$ 1,084,432 |

(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 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|---------------------------------------|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1,792 | \$ 1,792 | \$ (1,792) |
| Total Other Financing Sources | \$ 0 | \$ 0 | \$ 0 | \$ 0 | 1,792 | \$ 1,792 | \$ (1,792) |
| Net Change in Fund Balance | \$ (55,549) | \$ 1,266,624 | \$ (787,294) | \$ 423,781 | \$ (698,859) | \$ (658,859) | \$ 1,082,640 |
| Fund Balance, July 1, 2019 | 7,740,974 | (1,266,624) | 0 | 6,474,350 | 7,646,605 | 7,646,605 | (1,172,255) |
| Fund Balance, June 30, 2020 | \$ 7,685,425 | \$ 0 | \$ (787,294) | \$ 6,898,131 | \$ 6,947,746 | \$ 6,987,746 | \$ (89,615) |

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, 2020

| | <u>Governmental Activities</u> |
|---------------------------------------|------------------------------------|
| | <u>Internal Service Funds</u> |
| <u>ASSETS</u> | |
| Current Assets: | |
| Cash | \$ 104,548 |
| Equity in Pooled Cash and Investments | 264,429 |
| Accounts Receivable | 15,326 |
| Due from Other Funds | 1,256,088 |
| Due from Component Units | 9,215 |
| Total Assets | <u>\$ 1,649,606</u> |
| <u>LIABILITIES</u> | |
| Current Liabilities: | |
| Accounts Payable | \$ 42,766 |
| Claims and Judgments Payable | 255,015 |
| Total Liabilities | <u>\$ 297,781</u> |
| <u>NET POSITION</u> | |
| Unrestricted | <u>\$ 1,351,825</u> |
| Total Net Position | <u><u>\$ 1,351,825</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, 2020

| | <u>Governmental</u> <u>Activities</u> <u>Internal</u> <u>Service Funds</u> |
|---|---|
| <u>Operating Revenues</u> | |
| Self-Insurance Premiums | \$ 831,427 |
| Cobra Insurance Payments | 2,019 |
| Total Operating Revenues | <u>\$ 833,446</u> |
| <u>Operating Expenses</u> | |
| Handling Charges and Administrative Costs | \$ 29,931 |
| Dental Insurance | 257,203 |
| Audit Services | 42,926 |
| Liability Insurance | 318,604 |
| Medical Claims | 114,266 |
| Bank Charges | 142 |
| Trustee's Commission | 2 |
| Vehicle and Equipment Insurance | 62,953 |
| Workers' Compensation Insurance | 667,409 |
| Total Operating Expenses | <u>\$ 1,493,436</u> |
| Operating Income (Loss) | <u>\$ (659,990)</u> |
| Income (Loss) before Transfers | \$ (659,990) |
| Transfers In | <u>970,000</u> |
| Change in Net Position | \$ 310,010 |
| Net Position, July 1, 2019 | <u>1,041,815</u> |
| Net Position, June 30, 2020 | <u>\$ 1,351,825</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, 2020

| | Governmental Activities |
|---|----------------------------|
| | Internal |
| | Service Funds |
| | <hr/> |
| <u>Cash Flows from Operating Activities</u> | |
| Receipts for Self-Insurance Premiums | \$ 968,241 |
| Excess Risk Insurance Recovery | 254,454 |
| Payments to Insurers and Claims Payments | (1,650,950) |
| Payments for Administrative Costs | (73,001) |
| Net Cash Provided By (Used In) Operating Activities | <hr/> <u>\$ (501,256)</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | |
| Transfers In | <u>\$ 375,000</u> |
| Net Cash Provided By (Used In) Noncapital Financing Activities | <u>\$ 375,000</u> |
| Increase (Decrease) in Cash | \$ (126,256) |
| Cash, July 1, 2019 | <u>495,233</u> |
| Cash, June 30, 2020 | <u><u>\$ 368,977</u></u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u> | |
| <u>By (Used In) Operating Activities</u> | |
| Operating Income (Loss) | \$ (659,990) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | |
| Changes in Assets and Liabilities: | |
| (Increase) Decrease in Current Excess Risk Insurance Recovery | 17,445 |
| (Increase) Decrease in Receivables (non-transfers) | 134,795 |
| Increase (Decrease) in Other Current Liabilities (non-transfers) | 6,494 |
| Net Cash Provided By (Used In) Operating Activities | <hr/> <u>\$ (501,256)</u> |
| <u>Reconciliation of Cash With the Statement of Net Position</u> | |
| Cash Per Net Position | \$ 104,548 |
| Equity in Pooled Cash and Investments Per Net Position | <u>264,429</u> |
| Cash, June 30, 2020 | <u><u>\$ 368,977</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, 2020

| | <u>Agency Funds</u> |
|---------------------------------------|-----------------------------|
| <u>ASSETS</u> | |
| Cash | \$ 11,259,070 |
| Equity in Pooled Cash and Investments | 1,211,988 |
| Accounts Receivable | 6,822 |
| Due from Other Governments | 6,928,142 |
| Property Taxes Receivable | 30,654,410 |
| Allowance for Uncollectible Taxes | <u>(911,336)</u> |
| Total Assets | <u><u>\$ 49,149,096</u></u> |
| <u>LIABILITIES</u> | |
| Accrued Payroll | \$ 1,388 |
| Payroll Deductions Payable | 679 |
| Due to Other Taxing Units | 37,533,697 |
| Due to Litigants, Heirs, and Others | 11,320,287 |
| Due to Joint Ventures | <u>293,045</u> |
| Total Liabilities | <u><u>\$ 49,149,096</u></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, 2020

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 financial statements of the Sullivan County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. 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 financial statements of the Sullivan County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

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. There were no debt issues contributed by the county to the school department during the year ended June 30, 2020. Other significant transactions between the primary government and the school department during the year include: \$611,341 paid from the General Purpose School Fund to the county's General Debt Service Fund as discussed in Note IV.G; \$465,117

paid from the General Purpose School Fund to the county General Fund for School Resource Officers, and \$300,000 billed by the school department to the county's General Fund for non-education use of school facilities.

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 two proprietary funds, both internal service funds. It has no enterprise funds to report.

Separate financial statements are provided for governmental funds, proprietary funds, and fiduciary funds. Major individual governmental funds are reported as separate columns in the fund financial statements. All other governmental funds are aggregated into a single column on the fund financial statements. The internal service funds and the fiduciary funds in total are reported in single columns by fund type.

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are

available. Sullivan County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund 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 for 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.

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, Kingsport, and Johnson City school systems’ share of educational revenues, 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 funds:

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

Education Capital Projects Fund – This fund is used to account for the receipt of debt issued by Sullivan County and contributed to the school department for building construction and renovation.

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

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

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 two proprietary funds. Operating revenues and expenses generally result from providing services in connection with the funds’ principal ongoing operations. The principal operating revenues

of the county's internal service funds are self-insurance premiums. Operating expenses for the internal service funds include various self-insured insurance program expenses and fiscal agent charges.

D. Assets, Liabilities, 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; the State Treasurer's Intermediate Term Investment Fund; 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 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 amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, 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. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit.

The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

Investments in the State Treasurer's Intermediate Term Investment Fund are reported at amortized cost using a floating net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to administer the pool under the same terms and conditions as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Intermediate Term Investment Fund complied with accounting principles generally accepted in the United State of America. Sullivan County had no investments in the State Treasurer's Intermediate Term Investment Fund during the year.

All other investments are reported at fair value. Other than investments in the pension stabilization trust discussed in Note IV.A, no investments required to be reported at fair value were held at the balance sheet date.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.54 percent of total taxes levied. Ambulance receivables are shown as gross 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 \$830,742 on the Statement of Net Position for the primary government consists mainly of a liability of \$383,010 for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.D., and a liability of \$440,769 for undrafted deposits for health insurance premiums. The balance in the Other Current Liabilities account totaling \$12,332 on the Statement of Net Position for the discretely presented Sullivan County School Department consists mainly of a liability of \$12,102 for a construction education program. Claims and judgments payable are discussed in Note V.A. Risk Management. The balance in Unearned Revenue on the Statement of Net Position for the discretely presented Sullivan County School Department consists of amounts totaling \$20,000,000 received from the City of Kingsport pursuant to an agreement to transfer title and ownership of Sullivan North High School to the city at a future date.

Retainage payable in the primary government's Other Capital Projects Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the Other Capital Projects Fund.

3. Inventories and Prepaid Items

Inventories of Sullivan County and the discretely presented Sullivan County School Department are recorded at cost or estimated cost, determined on the first-in, first-out method. Inventories of governmental funds are recorded as expenditures when consumed rather than when purchased. Inventories are offset in the nonspendable fund balance account in governmental funds.

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the

government-wide and fund financial statements. 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. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Sullivan County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS pursuant to an irrevocable agreement and may only be used for the benefit of the Sullivan County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Sullivan County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

5. 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 primary government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Capital assets are defined by the discretely presented school department as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition 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 |

6. 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 has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, pension changes in assumptions, pension contributions after the measurement date, pension changes in proportion, OPEB changes in experience, OPEB changes in assumptions, OPEB contributions after the measurement date, OPEB changes in proportion, and the deferred charge on refunding. 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 items are from the following sources: current and delinquent property taxes, pension changes in experience, pension changes in investment earnings, pension changes in proportion, OPEB changes in experience, OPEB changes in assumptions, OPEB changes in proportion, 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.

7. Compensated Absences

It is the county's and the school department's policy 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.

8. Long-term Debt and 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. 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.

9. 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.

The government-wide Statement of Net Position reports \$13,158,450 of restricted net position for the primary government, of which \$1,931,380 is restricted by enabling legislation.

As of June 30, 2020, Sullivan County had \$149,591,147 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, City of Kingsport School System, and City of Johnson City 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, the City of Kingsport School System, and Johnson City School System. In addition, Sullivan County had outstanding debt totaling \$4,515,000 on June 30, 2020, 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. Sullivan County had a nonexchange financial guarantee liability totaling \$2,157,942 on June 30, 2020, for capital purposes of a joint venture, the Tri-Cities Regional Airport. This nonexchange financial guarantee is also reported as a liability of Sullivan County, but the capital assets acquired are reported by the Tri-Cities Regional Airport. 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 assignments 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 \$952,259 and fund balance appropriated for use in the 2020-21 year budget totaling \$3,915,473. Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances of \$5,885,534 and

fund balance appropriated for use in the 2020-21 year budget totaling \$5,326,186.

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.

10. Prior-period Adjustment

The primary government's self-insured postemployment benefits (OPEB) plan liability was restated by \$3,235,717 from the prior year due to an error regarding the number of active employees eligible for future benefits under the plan. Certain employees were unrecognized in the prior actuarial valuation due to miscommunications regarding eligibility.

E. Pension Plans

Primary Government

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of Sullivan County's participation in the Public Employee Retirement Plan of the Tennessee Consolidated Retirement System (TCRS), and additions to/deductions from Sullivan County's fiduciary net position have been determined on the same basis as they are reported by the TCRS for the Public Employee Retirement Plan. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Public Employee Retirement Plan of TCRS. Investments are reported at fair value.

Discretely Presented Sullivan County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher Retirement Plan and the Teacher Legacy Pension Plan in the Tennessee Consolidated Retirement System, and additions to/deductions from fiduciary net position have been determined on the same basis as they are reported by the TCRS. For this purpose, benefits (including refunds of employee contributions) are recognized when due and payable in accordance with the benefit terms of the Teacher Retirement Plan and the Teacher Legacy Pension Plan. Investments are reported at fair value.

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by Sullivan County. For this purpose, Sullivan County recognizes benefit payments when due and payable in accordance with benefit terms. Sullivan County's OPEB plans are not administered through a trust.

Discretely Presented Sullivan County School Department

For purposes of measuring the net OPEB liability, deferred outflows of resources and deferred inflows of resources related to OPEB, and OPEB expense, have been determined on the same basis as they are reported by the discretely presented Sullivan County School Department. For this purpose, the school department recognizes benefit payments when due and payable in accordance with benefit terms. The school department's OPEB plans are not administered through a trust.

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 Other Capital Projects Fund, which adopts 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, 2020, Sullivan County and the discretely presented Sullivan County School Department reported the following encumbrances:

| Funds | Amount |
|-------------------------|--------------|
| Primary Government: | |
| Major Funds: | |
| General | \$ 1,210,832 |
| Highway/Public Works | 787,294 |
| Nonmajor Funds: | |
| Solid/Waste Sanitation | 13,899 |
| Ambulance Service | 130,942 |
| Drug Control | 250 |
| School Department: | |
| Major Fund: | |
| General Purpose School | 5,885,534 |
| Nonmajor Funds: | |
| School Federal Projects | 58,509 |
| Central Cafeteria | 562,392 |
| School Improvement | 392,577 |

B. Expenditures Exceeded Appropriations

Total expenditures and encumbrances exceeded total appropriations of the Central Cafeteria Fund by \$6,030. Expenditures and other financing uses exceeded appropriations approved by the county commission at the major category level (the legal level of control) in the following funds.

| Fund/Major Appropriation Category | Amount Overspent |
|---|---------------------|
| Primary Government: | |
| General: | |
| Inmate Telephone Contract Grant | \$ 375,209 |
| Agricultural Extension Service | 60,825 |
| Discretely Presented School Department: | |
| General Purpose School: | |
| Other Student Support | 21,913 |
| School Federal Projects: | |
| Regular Instruction Program | 143,905 |
| Transfers Out | 47,729 |

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

C. **Sheriff Department Purchases in Noncompliance with Governing Laws**

Purchases of \$375,209 were made for the sheriff's department during the year outside the administrative and budgetary control of the county government. These purchases were made from funds provided pursuant to an inmate telephone service agreement entered into by the sheriff and the telephone service provider. These transactions were made in violation of the private act governing purchases of Sullivan County and in violation of state laws governing appropriation of funds. Further details are presented in the Schedule of Findings and Questioned Costs in the Single Audit section of this report.

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, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. 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, 2020, Sullivan County had the following investments carried at amortized cost using a Stable Net Asset 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.

| <u>Investment</u> | <u>Weighted Average Maturity (days)</u> | <u>Amortized Cost</u> |
|-----------------------------------|---|---------------------------|
| State Treasurer's Investment Pool | 1 to 105 | \$ 13,724,881 |

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, 2020, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

Further information concerning the legal provisions, investment policies, investment types, and credit risks for the State Treasurer's Investment Pool can be obtained by reviewing the State of Tennessee Consolidated Annual Financial Report at <http://www.tn.gov/finance/rd-doa/fa-acffin-cafr.html>.

TCRS Stabilization Trust

Legal Provisions. The Sullivan County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member's funds are restricted for the payment of retirement benefits of that member's employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Sullivan County School Department may not impose any restrictions on investments placed by the trust on their behalf.

Investment Balances. Assets of the TCRS, including the Stabilization Reserve Trust, are invested in the Tennessee Retiree Group Trust (TRGT). The TRGT is not registered with the Securities and Exchange Commission (SEC) as an investment company. The State of Tennessee has not obtained a credit quality rating for the TRGT from a nationally recognized credit ratings agency. The fair value of investment positions in the TRGT is determined daily based on the fair value of the pool's underlying portfolio. Furthermore, TCRS had not obtained or provided any legally binding guarantees to support the value of participant shares during the fiscal year. There are no restrictions on the sale or redemption of shares.

Investments are reported at fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value of investments and interest dividend income. Interest income is recognized when earned. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2020, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

- Level 1 - Unadjusted quoted prices for identical assets or liabilities in active markets that can be accessed at the measurement date.
- Level 2 - Quoted prices for similar assets or liabilities in active markets; quoted prices for identical or similar assets or liabilities in markets that are not active; assets or liabilities that have a bid-ask spread price in an inactive dealer market, brokered market and principal-to-principal market; and Level 1 assets or liabilities that are adjusted.
- Level 3 - Valuations derived from valuation techniques in which significant inputs are unobservable.

Investments where fair value is measured using the Net Asset Value (“NAV”) per share have no readily determinable fair value and have been determined to be calculated consistent with FASB principles for investment companies.

Where inputs used in the measurement of fair value fall into different levels of the hierarchy, fair value of the instrument in its entirety is categorized based on the lowest level input that is significant to the valuation. This assessment requires professional judgement and as such management of the TRGT developed a fair value committee that worked in conjunction with the plan’s custodian and investment professionals to make these valuations. All assets held were valued individually and aggregated into classes to be represented in the table below.

Short-term securities generally include investments in money market-type securities reported at cost plus accrued interest.

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded

securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

U.S. Treasury Bills, Bonds, Notes and Futures classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Debt and debt derivative securities classified in Level 2 are valued using a bid-ask spread price from multiple independent brokers, dealers, or market principals, which are known to be actively involved in the market. Level 3 debt securities are valued using proprietary information, a single pricing source, or other unobservable inputs related to similar assets or liabilities.

Real estate investments classified in Level 3 are valued using the last valuations provided by external investment advisors or independent external appraisers. Generally, all direct real estate investments are appraised by a qualified independent appraiser(s) with the professional designation of Member of the Appraisal Institute (“MAI”), or its equivalent, every three (3) years beginning from the acquisition date of the property. The appraisals are performed using generally accepted valuation approaches applicable to the property type.

Investments in private mutual funds, traditional private equity funds, strategic lending funds and real estate funds that report using GAAP, the fair value, as well as the unfunded commitments, were determined using the prior quarter’s NAV, as reported by the fund managers, plus the current cash flows. These assets were then categorized by investment strategy. In instances where the fund investment reported using non-GAAP standards, the investment was valued using the same method, but was classified in Level 3.

At June 30, 2020, the Sullivan County School Department had the following investments held by the trust on its behalf.

| Investment | Weighted Average Maturity (days) | Maturities | Fair Value |
|--|---|------------|---------------|
| Investments at Fair Value: | | | |
| U.S. Equity | N/A | N/A | \$ 78,316 |
| Developed Market International Equity | N/A | N/A | 35,369 |
| Emerging Market International Equity | N/A | N/A | 10,105 |
| U.S. Fixed Income | N/A | N/A | 50,527 |
| Real Estate | N/A | N/A | 25,263 |
| Short-term Securities | N/A | N/A | 2,526 |
| NAV - Private Equity and Strategic Lending | N/A | N/A | 50,527 |
| Total | | | \$ 252,633 |

| Investment by Fair Value Level | Fair Value Measurements Using | | | | | NAV |
|---|-------------------------------|--|---|--|------------------|-----|
| | Fair Value 6-30-20 | Quoted Prices in Active Markets for Identical Assets (Level 1) | Significant Other Observable Inputs (Level 2) | Significant Unobservable Inputs (Level 3) | | |
| U.S. Equity | \$ 78,316 | \$ 78,316 | \$ 0 | \$ 0 | 0 | |
| Developed Market | | | | | | |
| International Equity | 35,369 | 35,369 | 0 | 0 | 0 | |
| Emerging Market | | | | | | |
| International Equity | 10,105 | 10,105 | 0 | 0 | 0 | |
| U.S. Fixed Income | 50,527 | 0 | 50,527 | 0 | 0 | |
| Real Estate | 25,263 | 0 | 0 | 25,263 | 0 | |
| Short-term Securities | 2,526 | 0 | 2,526 | 0 | 0 | |
| Private Equity and Strategic Lending | 50,527 | 0 | 0 | 0 | 50,527 | |
| Total | \$ 252,633 | \$ 123,790 | \$ 53,053 | \$ 25,263 | \$ 50,527 | |

Risks and Uncertainties. The trust's investments include various types of investment funds, which in turn invest in any combination of stock, bonds and other investments exposed to various risks, such as interest rate, credit, and market risk. Due to the level of risk associated with certain investment securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect the amounts reported for trust investments.

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Sullivan County School Department does not have the ability to limit trust 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. The Sullivan County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

Concentration of Credit Risk. Concentration of credit risk is the risk of loss attributed to the magnitude of the county's investment in a single issuer. Sullivan County School Department places no limit on the amount the county may invest in one issuer.

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will

not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Sullivan County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag19091.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2020, was as follows:

Primary Government

Governmental Activities:

| | Balance 7-1-19 | Increases | Decreases | Balance 6-30-20 |
|--|----------------------|---------------------|-----------------------|----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 2,172,683 | \$ 122,542 | \$ (7,353) | \$ 2,287,872 |
| Construction in Progress | 924,505 | 551,936 | (997,612) | 478,829 |
| Total Capital Assets Not Depreciated | \$ 3,097,188 | \$ 674,478 | \$ (1,004,965) | \$ 2,766,701 |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 37,578,745 | \$ 1,422,049 | \$ (97,561) | \$ 38,903,233 |
| Infrastructure | 21,158,820 | 0 | 0 | 21,158,820 |
| Other Capital Assets | 34,112,202 | 2,751,765 | (389,972) | 36,473,995 |
| Total Capital Assets Depreciated | \$ 92,849,767 | \$ 4,173,814 | \$ (487,533) | \$ 96,536,048 |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 15,698,756 | \$ 793,304 | \$ (29,620) | \$ 16,462,440 |
| Infrastructure | 11,504,447 | 528,691 | 0 | 12,033,138 |
| Other Capital Assets | 21,427,130 | 2,351,406 | (340,183) | 23,438,353 |
| Total Accumulated Depreciation | \$ 48,630,333 | \$ 3,673,401 | \$ (369,803) | \$ 51,933,931 |
| Total Capital Assets Depreciated, Net | \$ 44,219,434 | \$ 500,413 | \$ (117,730) | \$ 44,602,117 |
| Governmental Activities Capital Assets, Net | \$ 47,316,622 | \$ 1,174,891 | \$ (1,122,695) | \$ 47,368,818 |

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

Governmental Activities:

| | |
|--|--------------------------------|
| General Government | \$ 90,082 |
| Administration of Justice | 174,758 |
| Public Safety | 1,745,690 |
| Public Health and Welfare | 417,966 |
| Social, Cultural, and Recreational | 32,711 |
| Agriculture and Natural Resources | 77,102 |
| Highways | <u>1,135,092</u> |
| Total Depreciation Expense - Governmental Activities | <u><u>\$ 3,673,401</u></u> |

Discretely Presented Sullivan County School Department

Governmental Activities:

| | Balance 7-1-19 | Increases | Decreases | Balance 6-30-20 |
|---|-----------------------|-----------------------|-----------------------|-----------------------|
| Capital Assets Not Depreciated: | | | | |
| Land | \$ 5,624,082 | \$ 0 | \$ (3,525) (1) | \$ 5,620,557 |
| Construction in Progress | <u>26,768,075</u> | <u>35,270,159</u> | <u>(363,214)</u> | <u>61,675,020</u> |
| Total Capital Assets Not Depreciated | <u>\$ 32,392,157</u> | <u>\$ 35,270,159</u> | <u>\$ (366,739)</u> | <u>\$ 67,295,577</u> |
| Capital Assets Depreciated: | | | | |
| Buildings and Improvements | \$ 122,852,989 | \$ 632,266 | \$ (3,529,919) (1) | \$ 119,955,336 |
| Other Capital Assets | <u>9,254,331</u> | <u>178,081</u> | <u>(248,792)</u> | <u>9,183,620</u> |
| Total Capital Assets Depreciated | <u>\$ 132,107,320</u> | <u>\$ 810,347</u> | <u>\$ (3,778,711)</u> | <u>\$ 129,138,956</u> |
| Less Accumulated Depreciation For: | | | | |
| Buildings and Improvements | \$ 65,302,650 | \$ 2,508,548 | \$ (1,834,881) (1) | \$ 65,976,317 |
| Other Capital Assets | <u>7,943,119</u> | <u>268,964</u> | <u>(225,203)</u> | <u>7,986,880</u> |
| Total Accumulated Depreciation | <u>\$ 73,245,769</u> | <u>\$ 2,777,512</u> | <u>\$ (2,060,084)</u> | <u>\$ 73,963,197</u> |
| Total Capital Assets Depreciated, Net | <u>\$ 58,861,551</u> | <u>\$ (1,967,165)</u> | <u>\$ (1,718,627)</u> | <u>\$ 55,175,759</u> |
| Governmental Activities Capital Assets, Net | <u>\$ 91,253,708</u> | <u>\$ 33,302,994</u> | <u>\$ (2,085,366)</u> | <u>\$ 122,471,336</u> |

(1) Decreases to Land, Building and Improvements, and Accumulated Depreciation for Buildings and Improvements, were for the sale and disposal of Bluff City Middle School.

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

Governmental Activities:

| | |
|--|--------------------------------|
| Instruction | \$ 2,482,009 |
| Support Services | 191,077 |
| Operation of Non-instructional Services | <u>104,426</u> |
| Total Depreciation Expense – Governmental Activities | <u><u>\$ 2,777,512</u></u> |

C. Commitments for Construction and Land Purchase

Primary Government

At June 30, 2020, the General Fund had uncompleted construction contracts of approximately \$135,620 for construction and architectural services related to renovations to the county detention center. The Highway/Public Works Fund had uncompleted construction contracts of approximately \$483,019 for a bridge replacement. The Other Capital Projects Fund had uncompleted contracts of approximately \$3,615,813 for EMS facility construction and renovation. Funding for future expenditures of the Highway/Public Works Fund is being provided from state grant reimbursements. Funding for future expenditures of the General Fund and Other Capital Projects Fund is being provided from available fund balance.

Discretely Presented Sullivan County School Department

At June 30, 2020, the General Purpose School Fund had uncompleted construction contracts of \$4,864,000 for school construction related to a new high school. The Education Capital Projects Fund had uncompleted construction contracts of approximately \$22,921,472 for construction and architectural services related to a new middle school and a new high school. The School Improvement Fund had uncompleted contracts of approximately \$392,577 for school repairs and renovations. Funding for these future expenditures is being provided from available fund balances and from proceeds of funds for the future transfer of Sullivan North High School to the City of Kingsport. Proceeds for the transfer of the school have been received but are reported as unearned revenue pending the transfer of ownership to the city.

On December 22, 2016, the Sullivan County Board of Education entered an agreement to purchase 69 acres of land for the construction of a new middle school. Closing for 54 acres of the property occurred on May 26, 2017. At June 30, 2020, the Board of Education had paid \$10,000 of the agreed upon total of

\$426,440 for the remaining 15 acres. The balance, \$416,440, is reported as Committed for Education in the fund balance of the General Purpose School Fund at June 30, 2020. As discussed in Note V.J., the school department completed the purchase of the 15 acres on September 17, 2020.

D. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2020, was as follows:

Due to/from Other Funds:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|------------------------|---------------|
| Primary Government: | | |
| General | Nonmajor governmental | \$ 403,560 |
| Highway/Public Works | General | 9,445 |
| " | Nonmajor governmental | 526 |
| Internal Service | General | 1,208,212 |
| " | Highway/Public Works | 34,614 |
| " | Nonmajor governmental | 13,262 |
| Nonmajor governmental | General | 10,356 |
| " | Highway/Public Works | 191 |
| " | Nonmajor governmental | 58 |
| Discretely Presented School Department: | | |
| General Purpose School | Nonmajor governmental | 1,475,882 |
| Nonmajor governmental | General Purpose School | 175,642 |

These balances resulted from the time lag between the dates that interfund goods and services are provided or reimbursable expenditures occur and payments between funds are made.

Due to/from Primary Government and Component Unit:

| <u>Receivable Fund</u> | <u>Payable Fund</u> | <u>Amount</u> |
|---|---|---------------|
| Primary Government: | | |
| General | Component Unit: School Department: General Purpose School | \$ 473,385 |
| Internal Service | " | 9,215 |
| Nonmajor governmental | " | 1,926 |
| Component Unit: School Department: General Purpose School | | |
| | Primary Government: General | 300,000 |

Interfund Transfers:

Interfund transfers for the year ended June 30, 2020, consisted of the following amounts:

Primary Government

| Transfers Out | Transfers In | |
|-----------------------------|---------------------------|-----------------------|
| | General Debt Service Fund | Internal Service Fund |
| General Fund | \$ 945,939 | \$ 970,000 |
| Nonmajor Governmental Funds | 3,500,000 | 0 |
| Total | \$ 4,445,939 | \$ 970,000 |

Transfers to the General Debt Service Fund represent contributions towards debt service principal and interest requirements. Transfers to the Internal Service Fund represent amounts contributed for self-insured general liability, property, and workers compensation claims.

Discretely Presented Sullivan County School Department

| Transfers Out | Transfers In General Purpose School Fund |
|-----------------------------|---|
| Nonmajor governmental funds | \$ 220,126 |
| Total | \$ 220,126 |

These transfers included \$150,000 contributed toward debt retirement and \$70,126 for indirect costs.

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. Operating Lease

Sullivan County rents three vehicles and 80 tasers. The rent expenditures for the year ended June 30, 2020, were \$52,079 for the governmental funds. The lease agreements allow for termination at any point in time with early

termination charges made. The future minimum lease payments for these leases are as follows:

| Year Ending June 30 | Amount |
|---------------------------|-------------------|
| 2021 | \$ 52,138 |
| 2022 | 32,899 |
| 2023 | 23,280 |
| 2024 | <u>23,280</u> |
| Total | <u>\$ 131,597</u> |

F. Capital Leases

As of June 30, 2020, Sullivan County had the following outstanding capital leases.

| | Original Amount | Date Entered | Maturity Date | Interest Rate | Balance 6-30-20 |
|--|--------------------|-----------------|------------------|------------------|---------------------|
| <u>Payable through General Fund</u> | | | | | |
| Circuit Computers 2017 (1) | \$ 58,677 | 4-17-17 | 3-17-21 | 6% | \$ 8,438 |
| Clerk and Master Computers 2018 (1) | 21,067 | 5-24-18 | 3-24-22 | 6.5 | 9,840 |
| Sheriff Vehicles 2018 (2) | 355,937 | 6-10-18 | 6-10-21 | 4.75 | 88,064 |
| Court System Computers 2018 (1) | 33,501 | 8-15-18 | 6-15-23 | 6.5 | 21,274 |
| Circuit Servers 2018 (1) | 28,899 | 10-16-18 | 8-16-22 | 6.5 | 16,492 |
| Sheriff Vehicles 2019 | 1,474,199 | 1-15-19 | 3-15-22 | 3.79 | 741,165 |
| <u>Payable through Highway/Public Works Fund</u> | | | | | |
| Dump Trucks (3) | 494,574 | 11-30-17 | 11-1-23 | 4.26 | <u>255,415</u> |
| Total | | | | | <u>\$ 1,140,688</u> |

(1) Equipment purchases did not meet the threshold for capitalization and are not included in the table presented below.

(2) Original amount includes \$26,973 for a vehicle that was wrecked and totaled in current year. The remaining requirements have been reduced by \$7,230 to reflect the lease payoff for this vehicle through the primary government's Self-Insurance Fund.

(3) Original amount does not include \$132,000 received from the value of old equipment traded towards new equipment obtained through the capital lease.

Title to the equipment transfers to Sullivan County at the end of the lease period.

The assets acquired through capital leases outstanding at June 30, 2020, are as follows:

| | <u>Governmental Activities</u> |
|--------------------------------|------------------------------------|
| | <u>Primary Government</u> |
| Machinery and Equipment | \$ 2,429,737 |
| Less: Accumulated Depreciation | <u>(874,208)</u> |
| Total Book Value | <u><u>\$ 1,555,529</u></u> |

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2020, were as follows:

| <u>Year Ending June 30</u> | <u>Governmental Funds</u> |
|---|-------------------------------|
| 2021 | \$ 600,282 |
| 2022 | 502,149 |
| 2023 | 99,138 |
| 2024 | <u>8,134</u> |
| Total Minimum Lease Payments | \$ 1,209,703 |
| Less: Amount Representing Interest | <u>(69,015)</u> |
| Present Value of Minimum Lease Payments | <u><u>\$ 1,140,688</u></u> |

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, Other Loans, and Nonexchange Financial Guarantee

General Obligation Bonds - Sullivan County issues general obligation bonds 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. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 30 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Sullivan County issues other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department.

Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes, and other loans outstanding were issued for original terms of up to eight 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 notes, and other loans included in long-term debt as of June 30, 2020, will be retired from the General Debt Service Fund.

Nonexchange Financial Guarantee – Sullivan County has recorded a liability for a proportionate share of outstanding Aerospace Park Bonds issued by the Tri-Cities Airport Authority. The authority is a joint venture discussed in Note V.D. It is considered more likely than not that net revenues will not be generated by the aerospace park project in the foreseeable future. Consequently, it is expected that members of the joint venture will be required to pay this debt of the Airport Authority based on guaranty agreements entered into by the members. The total amount of bonds issued was \$8,500,000 and Sullivan County’s proportionate share of the guarantee is 26.95 percent, or \$2,290,750 of the original principal, plus interest. The bonds mature serially each May 1, ending in 2038. Interest rates vary from 3 percent to 4.5 percent with payments due semi-annually.

General obligation bonds, capital outlay notes, other loans, capital leases, and nonexchange financial guarantee outstanding as of June 30, 2020, for governmental activities are as follows:

| Type | Interest Rate | Final Maturity | Original Amount of Issue | Balance 6-30-20 |
|---|---------------|----------------|--------------------------|-----------------|
| General Obligation Bonds | 2.25 to 5% | 5-1-47 | \$ 139,485,000 | \$ 134,350,000 |
| General Obligation Bonds - Refunding | 2 to 5 | 4-1-28 | 31,135,000 | 19,510,000 |
| Direct Borrowing and Direct Placement: | | | | |
| Capital Outlay Note | 2.65 | 10-16-23 | 1,500,000 | 636,939 |
| Other Loans - Qualified School Construction Bonds | 0 to 1.515 | 8-1-27 | 20,553,000 | 8,258,543 |
| Other Loans - Energy Efficient Schools Initiative | 0 | 12-1-25 | 5,054,635 | 2,373,205 |
| Capital Leases | 3.25 to 6.5 | 11-1-23 | 2,466,854 | 1,140,688 |
| Nonexchange Financial Guarantee | 3 to 4.5 | 5-1-38 | 2,290,750 | 2,157,942 |

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.

In previous years, the county issued refunding bonds totaling \$6,265,000 for the benefit of the Sullivan County Economic Development Partnership (NETWORKS), a joint venture. The refunding bonds 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. During the year, the county paid \$652,263 in principal and interest on this debt. The other participating government reimbursed the county \$492,819. The county absorbed the remaining \$159,444 of the debt payments. The amount of the refunding bonds outstanding at June 30, 2020, was \$4,515,000.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2020, including interest payments and other loan fees, are presented in the following tables:

| Year Ending June 30 | Bonds | | |
|------------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2021 | \$ 6,155,000 | \$ 6,135,962 | \$ 12,290,962 |
| 2022 | 6,530,000 | 5,548,088 | 12,078,088 |
| 2023 | 6,875,000 | 5,530,322 | 12,405,322 |
| 2024 | 7,265,000 | 5,199,653 | 12,464,653 |
| 2025 | 5,550,000 | 4,848,777 | 10,398,777 |
| 2026-2030 | 22,495,000 | 21,080,953 | 43,575,953 |
| 2031-2035 | 23,570,000 | 17,025,694 | 40,595,694 |
| 2036-2040 | 27,855,000 | 12,498,506 | 40,353,506 |
| 2041-2045 | 32,660,000 | 6,694,275 | 39,354,275 |
| 2046-2047 | 14,905,000 | 834,225 | 15,739,225 |
| Total | <u>\$ 153,860,000</u> | <u>\$ 85,396,455</u> | <u>\$ 239,256,455</u> |

| Year Ending June 30 | Notes - Direct Placement | | |
|------------------------|--------------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2021 | \$ 155,876 | \$ 14,869 | \$ 170,745 |
| 2022 | 160,056 | 10,684 | 170,740 |
| 2023 | 164,348 | 6,387 | 170,735 |
| 2024 | 156,659 | 2,076 | 158,735 |
| Total | <u>\$ 636,939</u> | <u>\$ 34,016</u> | <u>\$ 670,955</u> |

| Year Ending June 30 | Other Loans - Direct Placement | | | |
|------------------------|--------------------------------|---------------------|-------------------|----------------------|
| | Principal | Interest | Other Fees | Total |
| 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 |
| 2026-2028 | 2,065,973 | 770,635 | 28,480 | 2,865,088 |
| Total | <u>\$ 10,631,748</u> | <u>\$ 3,222,500</u> | <u>\$ 126,173</u> | <u>\$ 13,980,421</u> |

The nonexchange financial guarantee will be retired from the General Debt Service Fund. The amount of the liability reported at June 30, 2020 is management's best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. The following tables reflect the annual requirements on the outstanding bonds and reconciles those amounts with the liability reflected for nonexchange financial guarantees.

Principal and Interest Requirements on Outstanding Aerospace Park Bonds:

| Year Ending June 30 | Principal | Interest | Total |
|------------------------|--------------|------------|--------------|
| 2021 | \$ 85,000 | \$ 77,650 | \$ 162,650 |
| 2022 | 90,000 | 73,825 | 163,825 |
| 2023 | 95,000 | 69,775 | 164,775 |
| 2024 | 95,000 | 65,500 | 160,500 |
| 2025 | 100,000 | 61,225 | 161,225 |
| 2026-2030 | 565,000 | 249,501 | 814,501 |
| 2031-2035 | 665,000 | 150,562 | 815,562 |
| 2036-2038 | 450,000 | 32,806 | 482,806 |
| Total | \$ 2,145,000 | \$ 780,844 | \$ 2,925,844 |

Calculation of Nonexchange Financial Guarantee Liability:

| | |
|---|---------------------|
| Principal Balance of Outstanding Aerospace Park Bonds, 6-30-20 | \$ 2,145,000 |
| Add: Interest Accrued on Bonds | <u>12,942</u> |
| Nonexchange Financial Guarantee Balance, 6-30-20 | <u>\$ 2,157,942</u> |

There is \$4,703,856 available in the debt service fund to service long-term debt. Bonded debt per capita totaled \$981 based on the 2010 census. Total debt per capita, including bonds, notes, other loans, capital leases, nonexchange financial guarantee, and unamortized premium on bonds, totaled \$1,117 based on the 2010 federal census.

During the year, the school department contributed \$611,341 to the General Debt Service Fund to be applied toward the retirement of school related debt.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2020, was as follows:

| | Bonds | Notes - Direct Placement | Other Loans - Direct Placement |
|-----------------------------|-----------------------|--------------------------------|---|
| Balance, July 1, 2019 | \$ 155,915,000 | \$ 788,744 | \$ 12,335,303 |
| Additions | 3,745,000 | 0 | 0 |
| Reductions | (5,800,000) | (151,805) | (1,703,555) |
| Balance, June 30, 2020 | <u>\$ 153,860,000</u> | <u>\$ 636,939</u> | <u>\$ 10,631,748</u> |
| Balance Due Within One Year | <u>\$ 6,155,000</u> | <u>\$ 155,876</u> | <u>\$ 1,706,723</u> |

| | Nonexchange Financial Guarantee | Capital Leases - Direct Placement |
|-----------------------------|---------------------------------------|--|
| Balance, July 1, 2019 | \$ 2,238,542 | \$ 1,847,250 |
| Additions | 12,942 | 0 |
| Reductions | (93,542) | (706,562) (1) |
| Balance, June 30, 2020 | <u>\$ 2,157,942</u> | <u>\$ 1,140,688</u> |
| Balance Due Within One Year | <u>\$ 97,942</u> | <u>\$ 558,759</u> |

(1) Reductions include \$14,125 to reflect the payoff of wrecked and totaled vehicle through the Self-Insurance Fund.

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

| | |
|--|-----------------------|
| Total Noncurrent Liabilities - Debt, June 30, 2020 | \$ 168,427,317 |
| Less: Balance Due Within One Year - Debt | (8,674,300) |
| Add: Unamortized Premium on Debt | <u>6,753,562</u> |
| Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A | <u>\$ 166,506,579</u> |

H. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2020, was as follows:

| Governmental Activities: | Compensated Absences | Other Post- Employment Benefits |
|-----------------------------|-------------------------|---------------------------------------|
| Balance, July 1, 2019 | \$ 2,149,126 | \$ 16,824,073 (1) |
| Additions | 2,247,661 | 9,631,525 |
| Reductions | (2,111,016) | (2,066,752) |
| Balance, June 30, 2020 | <u>\$ 2,285,771</u> | <u>\$ 24,388,846</u> |
| Balance Due Within One Year | <u>\$ 1,348,605</u> | <u>\$ 0</u> |

(1) Restated for prior-period adjustment to the self-insured OPEB plan. See Note I.D.10.

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|----------------------|
| Total Other Noncurrent Liabilities, June 30, 2020 | \$ 26,674,617 |
| Less: Balance Due Within One Year - Other | <u>(1,348,605)</u> |
| Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A | <u>\$ 25,326,012</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 Sullivan County School Department for the year ended June 30, 2020, was as follows:

| Governmental Activities: | Compensated Absences | Other Post- Employment Benefits |
|-----------------------------|-------------------------|---------------------------------------|
| Balance, July 1, 2019 | \$ 2,461,861 | \$ 67,686,234 |
| Additions | 744,154 | 8,516,994 |
| Reductions | (541,609) | (12,497,401) |
| Balance June 30, 2020 | <u>\$ 2,664,406</u> | <u>\$ 63,705,827</u> |
| Balance Due Within One Year | <u>\$ 586,169</u> | <u>\$ 0</u> |

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

| | |
|---|----------------------|
| Total Other Noncurrent Liabilities, June 30, 2020 | \$ 66,370,233 |
| Less: Balance Due Within One Year - Other | <u>(586,169)</u> |
| Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A | <u>\$ 65,784,064</u> |

These long-term obligations will be paid from the employing funds.

I. 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 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, 2020, were \$568,542 and \$233,286, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Donor-Restricted Endowments – Discretely Presented Sullivan County School Department

The Sullivan County School Department accounts for an endowment in a private purpose trust 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, 2020, expenditures totaled \$5,750. At June 30, 2020, net position of the endowment fund was \$110,595.

K. 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, 2020, was as follows:

| | Balance 7-1-19 | Issued | Paid | Balance 6-30-20 |
|--|-------------------|--------------|----------------|--------------------|
| Tax Anticipation Notes - General Fund | \$ 0 | \$ 1,400,000 | \$ (1,400,000) | \$ 0 |

V. OTHER INFORMATION

A. Risk Management

Sullivan County participates in the Local Government Group Insurance Fund (LGGIF), a public entity risk pool established to provide a program of health insurance coverage for employees of local governments and quasi-governmental entities that was established for the primary purpose of providing services for or on behalf of state and local governments. In accordance with Section 8-27-207, *Tennessee Code Annotated (TCA)*, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report for the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

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, *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 \$400,000 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.

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.

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 |
|-----------|---|---|----------------|----------------------------------|
| 2018-2019 | \$ 175,453 | \$ 1,284,259 | \$ (1,175,087) | \$ 284,625 |
| 2019-2020 | 284,625 | 1,048,966 | (1,078,576) | 255,015 |

Current year claims and estimates are presented net of excess risk insurance recovery of \$237,009.

Employee Insurance - General Fund

| | Beginning of Fiscal Year Liability | Current-year Claims and Estimates | Payments | Balance at Fiscal Year-end (prepaid) |
|-----------|---|---|--------------|---|
| 2018-2019 | \$ 0 | \$ 515,392 | \$ (515,392) | \$ 0 |
| 2019-2020 | 0 | 371,469 | (371,469) | 0 |

B. Contingent Liabilities

On February 20, 2014, Sullivan County issued \$2,975,000 of Airport Revenue and Tax Refunding Bonds for the Tri-Cities Airport (a joint venture described in Note V.D.). 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. The amount of the bonds outstanding at June 30, 2020, was \$1,080,000.

On March 29, 2018, Tri-Cities Regional Airport issued bonds in the amount of \$8,500,000. Sullivan County is contingently liable for 26.95 percent of the principal and interest on these bonds in the event pledged revenues of the Airport Authority are not sufficient to cover the payments. Sullivan County has recorded a liability for its share of these Aerospace Park bonds as discussed in Note IV.G.

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.

C. Change in Administration

Evelyn Rafalowski left the Office of Director of Schools on July 31, 2019, and was succeeded by David Cox on August 1, 2019.

D. 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 13-member voting board of directors comprising the four mayors, four members appointed by the Sullivan County mayor, three members appointed by the Kingsport mayor, and two members appointed by the Bristol mayor. Eleven other non-voting ex-officio members also serve on 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, 2020, 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 ElyJenn Health Services, LLC, 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 counties also pay 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

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

E. 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 Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Unicoi, and Washington. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center, and to further the economy and growth of the region served by the authority by developing, marketing, and promoting facilities for warehousing, distribution, light manufacturing, and agribusiness purposes. 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.

Sullivan County is a participant in the joint governance of the Alliance for Business and Training (AB&T) which administers funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. An interlocal consortium agreement between Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties established the Northeast Tennessee Workforce Development Board and the governing structure of AB&T. The county mayors represent each county in the consortium. The Sullivan County Mayor serves as the chief local elected county official of the consortium by the majority approval of the local elected county officials in the consortium agreement and approves appointments of board members of the workforce development board following a nomination process specified in the agreement. The board has no financial activity but provides oversight for workforce development programs

of the Development Area. Those programs are funded by grants passed through the state Department of Labor to AB&T.

Mayors of the participating counties, along with four members jointly appointed by the mayors serve as the governing board of AB&T. The consortium agreement calls for any liability for disallowed costs of the grant programs to be shared by member counties of the consortium based on each county's percent of the population of the local workforce development area. However, that contingent liability is to be mitigated by \$3 million of insurance coverage provided by AB&T to indemnify the counties pursuant to the consortium agreement.

Complete financial information for the Alliance for Business and Training can be obtained from the following address.

Alliance for Business and Training
386 Hwy 91
PO Box 249
Elizabethton, TN 37643

F. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 79.59 percent, the non-certified employees of the discretely presented school department comprise 20.41 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at:

www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at

age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria.

Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. A member who leaves employment may withdraw their employee contributions plus any accumulated interest.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

| | |
|--|------------------|
| Inactive Employees or Beneficiaries Currently | |
| Receiving Benefits | 1,177 |
| Inactive Employees Entitled to But Not Yet Receiving | |
| Benefits | 1,004 |
| Active Employees | 1,075 |
| Total | <u>3,256</u> |

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Sullivan County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2020, the employer contribution for Sullivan County was \$5,216,278 based on a rate of 12.57 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sullivan County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the

year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Sullivan County's net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

Mortality rates were based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

| Asset Class | Percentage Long-term Expected Real Rate of Return | | Percentage Target Allocations | |
|-----------------------|---|---|-------------------------------------|---|
| U.S. Equity | 5.69 | % | 31 | % |
| Developed Market | | | | |
| International Equity | 5.29 | | 14 | |
| Emerging Market | | | | |
| International Equity | 6.36 | | 4 | |
| Private Equity and | | | | |
| Strategic Lending | 5.79 | | 20 | |
| U.S. Fixed Income | 2.01 | | 20 | |
| Real Estate | 4.32 | | 10 | |
| Short-term Securities | 0.00 | | 1 | |
| Total | | | 100 | % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Sullivan County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

| | Increase (Decrease) | | |
|---|--------------------------------------|--|--|
| | Total Pension Liability (a) | Plan Fiduciary Net Position (b) | Net Pension Liability (Asset) (a)-(b) |
| Balance, July 1, 2018 | \$ 190,093,865 | \$ 195,569,458 | \$ (5,475,593) |
| Changes for the Year: | | | |
| Service Cost | \$ 3,231,201 | \$ 0 | \$ 3,231,201 |
| Interest | 13,649,859 | 0 | 13,649,859 |
| Differences Between Expected and Actual Experience | 1,589,385 | 0 | 1,589,385 |
| Contributions-Employer | 0 | 6,250,729 | (6,250,729) |
| Contributions-Employees | 0 | 825,252 | (825,252) |
| Net Investment Income | 0 | 14,445,869 | (14,445,869) |
| Benefit Payments, Including Refunds of Employee Contributions | (10,102,285) | (10,102,285) | 0 |
| Administrative Expense | 0 | (93,903) | 93,903 |
| Net Changes | \$ 8,368,160 | \$ 11,325,662 | \$ (2,957,502) |
| Balance, June 30, 2019 | \$ 198,462,025 | \$ 206,895,120 | \$ (8,433,095) |

Allocation of Agent Plan Changes in the Net Pension Liability (Asset)

| | | Total Pension Liability | Plan Fiduciary Net Position | Net Pension Liability (Asset) |
|--------------------|--------|-------------------------------|--------------------------------------|--|
| Primary Government | 79.59% | \$ 157,955,926 | \$ 164,667,826 | \$ (6,711,900) |
| School Department | 20.41% | 40,506,099 | 42,227,294 | (1,721,195) |
| Total | | \$ 198,462,025 | \$ 206,895,120 | \$ (8,433,095) |

Sensitivity of the Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the net pension liability (asset) of Sullivan County calculated using the discount rate of 7.25 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

| | 1% Decrease | Current Discount Rate | 1% Increase |
|--|----------------|-----------------------------|----------------|
| | 6.25% | 7.25% | 8.25% |

Net Pension Liability (Asset) \$ 15,762,496 \$ (8,433,095) \$ (28,669,430)

Pension Expense and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense. For the year ended June 30, 2020, Sullivan County recognized pension expense of \$4,198,459.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, Sullivan County reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 1,682,468 | \$ 308,869 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 2,399,255 |
| Changes in Assumptions | 1,103,702 | 0 |
| Contributions Subsequent to the Measurement Date of June 30, 2019 (1) | 5,216,278 | N/A |
| Total | <u>\$ 8,002,448</u> | <u>\$ 2,708,124</u> |

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2019,” will be recognized as a reduction (increase) to net pension liability (asset) in the following measurement period.

Allocation of Agent Plan Deferred Outflows of Resources and
Deferred Inflows of Resources

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--------------------|--------------------------------------|-------------------------------------|
| Primary Government | \$ 6,407,781 | \$ 2,155,396 |
| School Department | 1,594,667 | 552,728 |
| Total | <u>\$ 8,002,448</u> | <u>\$ 2,708,124</u> |

Amounts reported as deferred outflows of resources, with the exception of contributions subsequent to the measurement date, and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|--------------|
| 2021 | \$ 1,415,929 |
| 2022 | (1,201,069) |
| 2023 | (60,777) |
| 2024 | (76,038) |
| 2025 | 0 |
| Thereafter | 0 |

In the table shown above, positive amounts will increase pension expense while negative amounts will decrease pension expense.

Payable to the Pension Plan

At June 30, 2020, Sullivan County reported a payable of \$325,464 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Sullivan County School Department

Non-certified Employees

General Information About the Pension Plan

Plan Description. As noted above under the primary government, employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee Retirement

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 79.59 percent and the non-certified employees of the discretely presented school department comprise 20.41 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sullivan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan is closed to new membership. Teachers with membership in the TCRS after June 30, 2014, are provided with pensions through a legally separate plan referred to as the Teacher Retirement Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the

consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half percent and one percent. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement Plan, benefit terms and conditions, including COLA, can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2020, to the Teacher Retirement Plan were \$132,457, which is 2.03 percent of covered payroll. In addition, employer contributions of \$122,312, which is 1.97 percent of covered payroll were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liabilities (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$312,326) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .553292 percent. The proportion as of June 30, 2018, was .531369 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$100,113.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 12,950 | \$ 54,523 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 13,205 |
| Changes in Assumptions | 10,852 | 0 |
| Changes in Proportion of Net Pension Liability (Asset) | 29,968 | 9,247 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2019 | 132,457 | N/A |
| Total | <u>\$ 186,227</u> | <u>\$ 76,975</u> |

The school department's employer contributions of \$132,457, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase of net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|------------|
| 2021 | \$ (4,526) |
| 2022 | (6,546) |
| 2023 | (2,842) |
| 2024 | (954) |
| 2025 | (416) |
| Thereafter | (7,921) |

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

Mortality rates are based on actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

| Asset Class | Percentage Long-term Expected Real Rate of Return | % | Percentage Target Allocations | % |
|-----------------------|---|---|-------------------------------------|---|
| U.S. Equity | 5.69 | % | 31 | % |
| Developed Market | | | | |
| International Equity | 5.29 | | 14 | |
| Emerging Market | | | | |
| International Equity | 6.36 | | 4 | |
| Private Equity and | | | | |
| Strategic Lending | 5.79 | | 20 | |
| U.S. Fixed Income | 2.01 | | 20 | |
| Real Estate | 4.32 | | 10 | |
| Short-term Securities | 0.00 | | 1 | |
| | | | 100 | % |
| Total | | | 100 | % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease | Current Discount Rate | 1% Increase |
|--|-------------|-----------------------|-------------|
| | 6.25% | 7.25% | 8.25% |

Net Pension Liability (Asset) \$ 98,957 \$ (312,326) \$ (616,340)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan’s fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

Plan Description. Teachers of the Sullivan County School Department with membership in the TCRS before July 1, 2014, are provided with pensions through the Teacher Legacy Pension Plan, a cost-sharing multiple-employer pension plan administered by the TCRS. The Teacher Legacy Pension Plan closed to new membership on June 30, 2014, but will continue providing benefits to existing members and retirees. Beginning July 1, 2014, the Teacher Retirement Plan became effective for teachers employed by LEAs after June 30, 2014. The Teacher Retirement Plan is a separate cost-sharing, multiple-employer defined benefit plan. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of all employer pension plans in the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member’s highest five consecutive year average compensation and the member’s years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service related disability benefits are provided regardless of length of service. Five years of service is required for non-service related disability eligibility. The service related and non-service related disability benefits are determined in the same manner as a service retirement benefit but are

reduced ten percent and include projected service credits. A variety of death benefits is available under various eligibility criteria. Member and beneficiary annuitants are entitled to an automatic cost of living adjustment (COLA) after retirement. A COLA is granted each July for annuitants retired prior to the second of July of the previous year. The COLA is based on the change in the consumer price index (CPI) during the prior calendar year, capped at three percent, and applied to the current benefit. No COLA is granted if the change in the CPI is less than one-half percent. A one percent COLA is granted if the CPI change is between one-half and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Legacy Pension Plan, benefit terms and conditions, including COLAs can be adjusted on a prospective basis. Moreover, there are defined cost controls and unfunded liability controls that provide for the adjustment of benefit terms and conditions on an automatic basis.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sullivan County School Department for the year ended June 30, 2020, to the Teacher Legacy Pension Plan were \$3,380,682, which is 10.63 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Pension Liabilities (Assets), Pension Expense, and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions

Pension Liability (Assets). At June 30, 2020, the school department reported a liability (asset) of (\$10,002,338) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2019, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2019, the school department's proportion was .972820 percent. The proportion measured at June 30, 2018, was .976591 percent.

Pension Expense. For the year ended June 30, 2020, the school department recognized pension expense of \$1,166,869.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 486,988 | \$ 6,109,626 |
| Changes in Assumptions | 1,347,867 | 0 |
| Net Difference Between Projected and Actual Earnings on Pension Plan Investments | 0 | 2,857,860 |
| Changes in Proportion of Net Pension Liability (Asset) | 153,856 | 288,744 |
| LEA's Contributions Subsequent to the Measurement Date of June 30, 2019 | <u>3,380,682</u> | <u>N/A</u> |
| Total | <u>\$ 5,369,393</u> | <u>\$ 9,256,230</u> |

The school department's employer contributions of \$3,380,682 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as an increase in net pension asset in the year ending June 30, 2021. Other amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be recognized in pension expense as follows:

| Year Ending June 30 | Amount |
|------------------------|----------------|
| 2021 | \$ (2,208,859) |
| 2022 | (2,830,416) |
| 2023 | (1,280,081) |
| 2024 | (948,165) |
| 2025 | 0 |
| Thereafter | 0 |

In the table above, positive amounts will increase pension expense, while negative amounts will decrease pension expense.

Actuarial Assumptions. The total pension liability in the June 30, 2019, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

| | |
|---------------------------|--|
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4% |
| Investment Rate of Return | 7.25%, Net of Pension Plan Investment Expenses, Including Inflation |
| Cost of Living Adjustment | 2.25% |

Mortality rates are based actual experience including an adjustment for some anticipated improvement.

The actuarial assumptions used in the June 30, 2019, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2012, through June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience.

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees in conjunction with the June 30, 2016, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best-estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best-estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.5 percent. The best-estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

| Asset Class | Percentage Long-term Expected Real Rate of Return | % | Percentage Target Allocations | % |
|-----------------------|---|---|-------------------------------------|---|
| U.S. Equity | 5.69 | % | 31 | % |
| Developed Market | | | | |
| International Equity | 5.29 | | 14 | |
| Emerging Market | | | | |
| International Equity | 6.36 | | 4 | |
| Private Equity and | | | | |
| Strategic Lending | 5.79 | | 20 | |
| U.S. Fixed Income | 2.01 | | 20 | |
| Real Estate | 4.32 | | 10 | |
| Short-term Securities | 0.00 | | 1 | |
| | | | 100 | % |
| Total | | | 100 | % |

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.25 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.25 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.25 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (6.25 percent) or one percentage point higher (8.25 percent) than the current rate:

| School Department's Proportionate Share of the Net Pension Liability (Asset) | 1% Decrease | Current Discount Rate | 1% Increase |
|--|-------------|-----------------------|-------------|
| | 6.25% | 7.25% | 8.25% |

Net Pension Liability (Asset) \$ 20,451,891 \$ (10,002,338) \$ (34,227,832)

Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the Sullivan County School Department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$325,502 and teachers contributed \$417,358 to this deferred compensation pension plan.

G. Other Postemployment Benefits (OPEB)

Sullivan County and the discretely presented Sullivan County School Department provide OPEB benefits to its retirees under various plans. These include OPEB provided through a self-insured plan for the primary government and through state administered public entity risk pools for both the primary government and the discretely presented school department. For reporting purposes the plans are all considered single employer defined benefit OPEB plans based on criteria in Statement No. 75 of the Governmental Accounting Standards Board (GASB). All of the plans are funded on a pay-as-you-go basis and there are no assets accumulating in a trust that meets the criteria of paragraph 4 of GASB Statement No. 75.

OPEB Provided through Self-Insured Health Plan (Primary Government)

Plan Description. Sullivan County participates in a self-insured postemployment benefits plan administered by Blue Cross Blue Shield for its post-65 retirees. The plan provides Medicare supplemental insurance coverage.

Benefits Provided. For Medicare eligible retirees, the individual monthly premium was \$88. The county contributes all or a percentage of the Medicare supplemental self-insured plan full monthly funding level or the Medicare Advantage plan full monthly premium based on the retiree’s date of retirement and years of service at retirement. For post-65 retirees who retired on or before January 1, 2013, the county pays 100% of the premium for retirees with 10 or more years of service. For post-65 retirees who retired after January 1, 2013, the county pays 25% to 100% of the premium based on years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2020, the following employees were covered by the benefit terms:

| | |
|--|-----|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 203 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 0 |
| Active Employees | 765 |
| Total | 968 |

Total OPEB Liability

The plan’s total OPEB liability of \$11,563,556 was measured as of June 30, 2020, and was determined by an actuarial valuation as of July 1, 2019.

Actuarial Assumptions and other inputs. The total OPEB liability in the actuarial valuation was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|-----------------------------------|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.5% |
| Salary Increases | 3% |
| Discount Rate | 2.75% |
| Healthcare Cost Trend Rates | 4.50% |
| Retirees share of Benefit-related Cost | Discussed under Benefits Provided |

The discount rate of 2.75 percent is within .09 percent of the S&P Municipal Bond 20-year High Grade Index – SAPIHG.

Mortality rates were based on RP-2014 Blue Collar Mortality with Scale MP-2016 projected using generational techniques.

The actuarial assumptions used in the valuation were based on plan data and costs presented by the county with concurrence by the actuary.

Changes in the Total OPEB Liability

| | <u>Total OPEB Liability</u> |
|---|---------------------------------|
| Balance July 1, 2019 | \$ 7,159,243 |
| Prior Period Adjustment - See Note I.D.10 | <u>3,235,717</u> |
| Balance July 1, 2019 with Adjustment | <u>10,394,960</u> |
| Changes for the Year: | |
| Service Cost | \$ 712,318 |
| Interest | 330,746 |
| Difference between Expected and Actuarial Experience | (1,303,852) |
| Changes in Assumption and Other Inputs | 1,595,442 |
| Benefit Payments | <u>(166,058)</u> |
| Net Changes | <u>\$ 1,168,596</u> |
| Balance June 30, 2020 | <u>\$ 11,563,556</u> |

Changes in Assumptions. The discount rate changed from 3 percent as of the valuation date to 2.75 percent as of the measurement date of June 30, 2020. The health trend rate applicable to the 2020 plan year was revised from 6 percent to 4.5 percent. These changes in assumptions increased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized OPEB expense of \$862,068. At June 30, 2020, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | <u>Deferred Outflows of Resources</u> | <u>Deferred Inflows of Resources</u> |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 2,264,247 |
| Changes of Assumptions/Inputs | <u>1,367,522</u> | |
| Total | <u>\$ 1,367,522</u> | <u>\$ 2,264,247</u> |

Amounts reported as deferred outflows and deferred inflows of resources related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending</u> <u>June 30</u> | <u>Amount</u> |
|--------------------------------------|---------------|
| 2021 | \$ (180,996) |
| 2022 | (180,996) |
| 2023 | (180,996) |
| 2024 | (180,996) |
| 2025 | (180,996) |
| Thereafter | 8,255 |

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability calculated using the current discount rate, as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| <u>Discount Rate</u> | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|----------------|-----------------------------|----------------|
| | 1.75% | 2.75% | 3.75% |
| Total OPEB Liability | \$ 14,021,924 | \$ 11,563,556 | \$ 9,741,030 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability calculated using the current healthcare cost trend rate as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

| <u>Healthcare Cost Trend Rate</u> | 1% Decrease | Current Trend Rate | 1% Increase |
|-----------------------------------|----------------|--------------------------|----------------|
| | 3.5% | 4.5% | 5.5% |
| Total OPEB Liability | \$ 9,336,229 | \$ 11,563,556 | \$ 14,570,383 |

OPEB Provided through State Administered Public Entity Risk Pools

Pre-65 retirees of the Sullivan County primary government are provided healthcare benefits under the Local Government Plan (LGP). The school department provides healthcare benefits to its employees under the Local

Education Plan (LEP) until they reach Medicare eligibility. Employees of the school department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare.

The county and school department's total OPEB liability for each plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2019, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

| | |
|--|--|
| Actuarial Cost Method | Entry Age Normal |
| Inflation | 2.2% |
| Salary Increases | Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation |
| Discount Rate | 3.51% |
| Healthcare Cost Trend Rates | LGP and LEP: Based on the Getzen Model, with trend starting 6.03% for pre-65 retirees in the 2019 calendar year, and gradually decreasing over a 10 year period to an ultimate trend rate of 4.5% TN-M: The premium subsidies provided to retirees are assumed to remain unchanged for the entire projection; therefore, trend rates are not applicable |
| Retirees Share of Benefit Related Cost | Discussed under each plan |

The discount rate was 3.51 percent, based on an average rating of AA/Aa as shown in the Bond Buyer 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2019, valuations were the same as those employed in the July 1, 2018 Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30,

2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.62 percent as of the beginning of the measurement period to 3.51 percent as of the measurement date of June 30, 2019. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2020 plan year was revised from 6.75 percent to 6.03 percent.

Local Government OPEB Plan (Primary Government)

Plan description. Employees of Sullivan County are provided with pre-65 retiree health insurance benefits through the Local Government Plan (LGP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired employees and disability participants of local governments, who choose coverage, participate in the LGP.

Benefits provided. Sullivan County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with *Tennessee Code Annotated (TCA) 8-27-701* establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Sullivan County provides a direct subsidy for retirees with at least 25 years of service and who are at least 55 years of age. The subsidy ranges from \$266 to \$2,077 per month based on coverage selected.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

| | |
|--|------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 69 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 0 |
| Active Employees | 704 |
| Total | <u>773</u> |

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the current reporting period, the county paid \$706,738 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

| | <u>Primary Government</u> |
|--|-------------------------------|
| Balance July 1, 2018 | \$ 6,429,113 |
| Changes for the Year: | |
| Service Cost | \$ 406,514 |
| Interest | 236,743 |
| Difference between Expected and Actuarial Experience | 6,161,534 |
| Changes in Assumption and Other Inputs | 188,228 |
| Benefit Payments | <u>(596,842)</u> |
| Net Changes | <u>\$ 6,396,177</u> |
| Balance June 30, 2019 | <u>\$ 12,825,290</u> |

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the county recognized OPEB expense of \$737,982. At June 30, 2020, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 5,293,712 | \$ 5,130,290 |
| Changes of Assumptions/Inputs | 161,717 | 521,044 |
| Benefits Paid After the Measurement Date of June 30, 2019 | <u>706,738</u> | <u>0</u> |
| Total | <u>\$ 6,162,167</u> | <u>\$ 5,651,334</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30</u> | <u>Primary Government</u> |
|--------------------------------|-------------------------------|
| 2021 | \$ 94,725 |
| 2022 | 94,725 |
| 2023 | 94,725 |
| 2024 | 94,725 |
| 2025 | 94,725 |
| Thereafter | (669,530) |

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of the Total OPEB Liability to Changes in the Discount Rate. The following presents the total OPEB liability of the county calculated using the current discount rate as well as what the OPEB liability would be if it was calculated using a discount rate that is one percentage point lower or one percentage point higher than the current rate:

| <u>Discount Rate</u> | 1% Decrease 2.51% | Current Discount Rate 3.51% | 1% Increase 4.51% |
|--|-------------------------|--------------------------------------|-------------------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 13,901,453 | \$ 12,825,290 | \$ 11,831,700 |

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the total OPEB liability of the county calculated using the current healthcare cost trend rate, as well as what the OPEB liability would be if it was calculated using a trend rate that is one percentage point lower or one percentage point higher than the current rate:

| <u>Healthcar Cost Trend Rate</u> | 1% Decrease 5.03 to 3.5% | Current Trend Rate 6.03 to 4.5% | 1% Increase 7.03 to 5.5% |
|--|--------------------------------|--|--------------------------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 11,502,491 | \$ 12,825,290 | \$ 14,386,912 |

Closed Local Education (LEP) OPEB Plan (Discretely Presented School Department)

Plan description. Employees of the Sullivan County School Department who were hired prior to July 1, 2015, are provided with pre-65 retiree health insurance benefits through the closed Local Education Plan (LEP) administered by the Tennessee Department of Finance and Administration. All eligible pre-65 retired teachers, support staff, and disability participants of local education agencies, who choose coverage, participate in the LEP. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015.

Benefits provided. The Sullivan County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Sullivan County School Department provides a direct subsidy ranging from \$251 to \$587 per month toward the cost of insurance for retirees based on retirement date, years of service, and insurance coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

| | |
|--|---------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 172 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 0 |
| Active Employees | 887 |
| Total | <u><u>1,059</u></u> |

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$1,445,850 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

| | <u>Share of Collective Liability</u> | | |
|--|---|-----------------------------------|--------------------------------|
| | <u>Sullivan County</u> School Department 76.3219% | <u>State of</u> TN 23.6781% | <u>Total OPEB</u> Liability |
| Balance July 1, 2018 | \$ 23,123,680 | \$ 6,031,582 | \$ 29,155,262 |
| Changes for the Year: | | | |
| Service Cost | \$ 1,070,580 | \$ 332,136 | \$ 1,402,716 |
| Interest | 816,466 | 253,300 | 1,069,766 |
| Changes in Benefit Terms | (382,310) | (118,608) | (500,918) |
| Difference between Expected and Actuarial Experience | (1,218,352) | (377,982) | (1,596,334) |
| Changes in Proportion | (871,830) | 871,830 | 0 |
| Changes in Assumption and Other Inputs | (1,512,229) | (469,154) | (1,981,383) |
| Benefit Payments | (1,550,047) | (480,887) | (2,030,934) |
| Net Changes | <u>\$ (3,647,722)</u> | <u>\$ 10,635</u> | <u>\$ (3,637,087)</u> |
| Balance June 30, 2019 | <u>\$ 19,475,958</u> | <u>\$ 6,042,217</u> | <u>\$ 25,518,175</u> |

The Sullivan County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired

employees participating in the LEP. The Sullivan County School Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$410,477 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB Liability was 76.3219 percent and the State of Tennessee's Share was 23.6781 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$2,002,454, including the state's share of the expense. At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|--|---|--|
| Difference Between Expected and Actual Experience | \$ 2,595,343 | \$ 1,061,752 |
| Changes of Assumptions/Inputs | 545,090 | 1,864,730 |
| Changes in Proportion | 1,040,698 | 637,432 |
| Benefits Paid After the Measurement Date of June 30, 2019 | 1,445,850 | 0 |
| Total | <u>\$ 5,626,981</u> | <u>\$ 3,563,914</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending</u> <u>June 30</u> | <u>School</u> <u>Department</u> |
|--------------------------------------|------------------------------------|
| 2021 | \$ 87,241 |
| 2022 | 87,241 |
| 2023 | 87,241 |
| 2024 | 87,241 |
| 2025 | 87,241 |
| Thereafter | 181,012 |

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

| <u>Discount Rate</u> | Current Discount Rate |
|-------------------------|-----------------------------|
| 1% Decrease 2.51% | 1% Increase 4.51% |

| Proportionate Share of the Collective Total OPEB Liability | \$ 20,777,049 | \$ 19,475,958 | \$ 18,239,763 |
|--|---------------|---------------|---------------|
|--|---------------|---------------|---------------|

Sensitivity of proportionate share of the collective total OPEB liability to changes in the healthcare cost trend rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

| <u>Healthcare Cost Trend Rate</u> | Curent Rate |
|-----------------------------------|--------------------------------|
| 1% Decrease 5.03 to 3.5% | 1% Increase 7.03 to 5.5% |

| Proportionate Share of the Collective Total OPEB Liability | \$ 17,681,198 | \$ 19,475,958 | \$ 21,573,255 |
|--|---------------|---------------|---------------|
|--|---------------|---------------|---------------|

Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan description. Employees of the Sullivan County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2019, and was determined by an actuarial valuation as of that date.

Benefits provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with *TCA 8-27-209*, benefits of the TNM are established and amended by cooperation of insurance committees created by *TCA 8-27-201*, *8-27-301* and *8-27-701*. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Sullivan County School Department provides a direct subsidy to retirees who retired before July 1, 2012. The subsidy amounts to \$138 per month for noncertified retirees and \$88 per month for certified retirees. The school department does not provide a direct subsidy to retirees who retired after July 1, 2012. The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service. The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2019, the following employees were covered by the benefit terms:

| | <u>School Department</u> |
|--|------------------------------|
| Inactive Employees or Beneficiaries Currently Receiving Benefits | 584 |
| Inactive Employees Entitled to But Not Yet Receiving Benefits | 203 |
| Active Employees | 925 |
| Total | <u><u>1,712</u></u> |

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$737,120 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

| | <u>Share of Collective Liability</u> | | |
|--|--|------------------------|---------------------------------|
| | <u>Sullivan County School Department</u> | <u>State of TN</u> | <u>Total OPEB Liability</u> |
| | 88.995% | 11.005% | |
| Balance July 1, 2018 | \$ 44,562,554 | \$ 2,524,775 | \$ 47,087,329 |
| Changes for the Year: | | | |
| Service Cost | \$ 1,835,112 | \$ 226,928 | \$ 2,062,040 |
| Interest | 1,568,450 | 193,952 | 1,762,402 |
| Difference between Expected and Actuarial Experience | (3,471,449) | (429,275) | (3,900,724) |
| Changes in Proportion | (2,657,185) | 2,657,185 | 0 |
| Changes in Assumption and Other Inputs | 3,226,062 | 398,930 | 3,624,992 |
| Benefit Payments | (833,675) | (103,091) | (936,766) |
| Net Changes | <u>\$ (332,685)</u> | <u>\$ 2,944,629</u> | <u>\$ 2,611,944</u> |
| Balance June 30, 2019 | <u>\$ 44,229,869</u> | <u>\$ 5,469,404</u> | <u>\$ 49,699,273</u> |

The Sullivan County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Sullivan County School Department's proportionate share of the collective total OPEB Liability was based on a projection of the employers long-term share of benefit payments to the OPEB

plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$728,977 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB liability for the TNM plan was 88.995 percent and the State of Tennessee's Share was 11.005 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2020, the school department recognized OPEB expense of \$2,256,022, including the state's share of the expense.

At June 30, 2020, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

| | Deferred Outflows of Resources | Deferred Inflows of Resources |
|---|---|--|
| Difference Between Expected and Actual Experience | \$ 0 | \$ 3,904,672 |
| Changes of Assumptions/Inputs | 2,692,829 | 4,280,377 |
| Changes in Proportion | 73,664 | 2,525,442 |
| Benefits Paid After the Measurement Date of June 30, 2019 | <u>737,120</u> | <u>0</u> |
| Total | <u>\$ 3,503,613</u> | <u>\$ 10,710,491</u> |

Amounts reported as deferred inflows and deferred outflows of resources (excluding benefits paid after the measurement date) related to OPEB will be recognized in OPEB expense as follows:

| <u>Year Ending June 30</u> | <u>School Department</u> |
|--------------------------------|------------------------------|
| 2021 | \$ (1,876,517) |
| 2022 | (1,876,517) |
| 2023 | (1,876,517) |
| 2024 | (1,746,766) |
| 2025 | (540,647) |
| Thereafter | (27,034) |

In the table shown above, positive amounts will increase OPEB expense while negative amounts will decrease OPEB expense.

Sensitivity of proportionate share of the collective total OPEB liability to changes in the discount rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a discount rate that is one percentage point lower or one percentage point higher than the current discount rate.

| <u>Discount Rate</u> | 1% Decrease | Current Discount Rate | 1% Increase |
|----------------------|----------------|-----------------------------|----------------|
| | 2.51% | 3.51% | 1.51% |

| | | | |
|--|---------------|---------------|---------------|
| Proportionate Share of the Collective Total OPEB Liability | \$ 53,503,497 | \$ 44,229,869 | \$ 36,998,546 |
|--|---------------|---------------|---------------|

Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The premium subsidies provided to retirees in the TNM plan are assumed to remain unchanged for the entire projection period, therefore trend rates are not applicable to the plan calculations.

H. 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 the school department personnel.

I. 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. The county commission has adopted a resolution pursuant to Section 12-3-1212, *Tennessee Code Annotated*, requiring competitive bids on purchases exceeding \$15,000.

J. Subsequent Events

During June 2020, county commission authorized to issue general obligation bonds not to exceed \$4,000,000. These bonds have not been issued as of the date of this report.

On August 20, 2020, Sullivan County adopted Chapter 46, Private Acts of 2020 to provide for a central system of accounting, budgeting, and purchasing for all

county departments. The act requires implementation of the system to begin July 1, 2021, and to be completed no later than two years from that date.

On September 17, 2020, Sullivan County School Department paid \$416,440 to purchase 15 additional acres and fulfill the land purchase commitment as discussed in Note IV.C.

On October 28, 2020, Sullivan County issued \$76,190,000 in general obligation bonds.

On December 23, 2020, Sullivan County issued \$133,275 in capital leases for three vehicles for the sheriff's department.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

Sullivan County, Tennessee
Schedule of Changes in Net Pension Liability (Asset) and Related Ratios Based on
Participation in the Public Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|--|----------------|----------------|----------------|----------------|----------------|----------------|
| Total Pension Liability | | | | | | |
| Service Cost | \$ 2,831,605 | \$ 2,806,297 | \$ 2,762,316 | \$ 2,909,793 | \$ 3,111,626 | \$ 3,231,201 |
| Interest | 11,770,957 | 12,081,223 | 12,279,709 | 12,841,796 | 13,133,761 | 13,649,859 |
| Differences Between Actual and Expected Experience | (2,239,987) | (3,669,701) | 1,151,421 | (1,235,482) | 520,288 | 1,589,385 |
| Changes in Assumptions | 0 | 0 | 0 | 4,414,805 | 0 | 0 |
| Benefit Payments, Including Refunds of Employee Contributions | (8,067,161) | (8,333,619) | (8,721,095) | (8,971,754) | (9,431,004) | (10,102,285) |
| Net Change in Total Pension Liability | \$ 4,295,414 | \$ 2,884,200 | \$ 7,472,351 | \$ 9,959,158 | \$ 7,334,671 | \$ 8,368,160 |
| Total Pension Liability, Beginning | 158,148,071 | 162,443,485 | 165,327,685 | 172,800,036 | 182,759,194 | 190,093,865 |
| Total Pension Liability, Ending (a) | \$ 162,443,485 | \$ 165,327,685 | \$ 172,800,036 | \$ 182,759,194 | \$ 190,093,865 | \$ 198,462,025 |
| Plan Fiduciary Net Position | | | | | | |
| Contributions - Employer | \$ 5,101,066 | \$ 5,272,228 | \$ 5,523,734 | \$ 5,804,426 | \$ 6,108,827 | \$ 6,250,729 |
| Contributions - Employee | 181,889 | 314,187 | 411,340 | 552,979 | 686,023 | 825,252 |
| Net Investment Income | 23,440,229 | 4,990,588 | 4,355,091 | 18,784,625 | 15,094,052 | 14,445,869 |
| Benefit Payments, Including Refunds of Employee Contributions | (8,067,161) | (8,333,619) | (8,721,095) | (8,971,754) | (9,431,004) | (10,102,285) |
| Administrative Expense | (46,764) | (54,252) | (80,776) | (87,757) | (99,330) | (93,903) |
| Other | 0 | 0 | 0 | 13,231 | 0 | 0 |
| Net Change in Plan Fiduciary Net Position | \$ 20,609,259 | \$ 2,189,132 | \$ 1,488,294 | \$ 16,095,750 | \$ 12,358,568 | \$ 11,325,662 |
| Plan Fiduciary Net Position, Beginning | 142,828,455 | 163,437,714 | 165,626,846 | 167,115,140 | 183,210,890 | 195,569,458 |
| Plan Fiduciary Net Position, Ending (b) | \$ 163,437,714 | \$ 165,626,846 | \$ 167,115,140 | \$ 183,210,890 | \$ 195,569,458 | \$ 206,895,120 |
| Net Pension Liability (Asset), Ending (a - b) | \$ (994,229) | \$ (299,161) | \$ 5,684,896 | \$ (451,696) | \$ (5,475,593) | \$ (8,433,095) |
| Plan Fiduciary Net Position as a Percentage of Total Pension Liability | 100.61% | 100.18% | 96.71% | 100.25% | 102.88% | 104.25% |
| Covered Payroll | \$ 33,976,288 | \$ 33,926,820 | \$ 35,615,606 | \$ 37,303,498 | \$ 39,259,816 | \$ 40,145,966 |
| Net Pension Liability (Asset) as a Percentage of Covered Payroll | (2.93%) | (0.88%) | 15.96% | (1.21)% | (13.95)% | (21.01)% |

Note: Ten years of data will be presented when available.

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-2

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Public
Employee Pension Plan of TCRS
Primary Government
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Actuarially Determined Contribution | \$ 5,101,066 | \$ 5,272,228 | \$ 5,523,734 | \$ 5,804,426 | \$ 6,108,827 | \$ 6,250,729 | \$ 5,216,278 |
| Less Contributions in Relation to the Actuarially Determined Contribution | (5,101,066) | (5,272,228) | (5,523,734) | (5,804,426) | (6,108,827) | (6,250,729) | (5,216,278) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 33,976,288 | \$ 33,926,820 | \$ 35,615,606 | \$ 37,303,498 | \$ 39,259,816 | \$ 40,145,966 | \$ 41,512,792 |
| Contributions as a Percentage of Covered Payroll | 15.01% | 15.54% | 15.51% | 15.56% | 15.56% | 15.57% | 12.57% |

Note: Ten years of data will be presented when available.

Note: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-3

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Retirement Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

| | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|--------------|--------------|--------------|--------------|--------------|--------------|
| Contractually Required Contribution | \$ 85,668 | \$ 112,024 | \$ 164,636 | \$ 185,741 | \$ 113,586 | \$ 132,457 |
| Less Contributions in Relation to the Contractually Required Contribution | (85,668) | (112,024) | (164,636) | (185,741) | (113,586) | (132,457) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 2,141,724 | \$ 2,800,606 | \$ 4,119,746 | \$ 4,643,519 | \$ 5,883,347 | \$ 6,528,341 |
| Contributions as a Percentage of Covered Payroll | 4.00% | 4.00% | 4.00% | 4.00% | 1.93% | 2.03% |

Note: Ten years of data will be presented when available.

Exhibit F-4

Sullivan County, Tennessee
Schedule of Contributions Based on Participation in the Teacher
Legacy Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 | 2020 |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|
| Contractually Required Contribution | \$ 3,498,250 | \$ 3,295,803 | \$ 3,340,997 | \$ 3,193,092 | \$ 3,105,091 | \$ 3,412,056 | \$ 3,380,682 |
| Less Contributions in Relation to the Contractually Required Contribution | (3,498,250) | (3,295,803) | (3,340,997) | (3,193,092) | (3,105,091) | (3,412,056) | (3,380,682) |
| Contribution Deficiency (Excess) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Covered Payroll | \$ 39,394,704 | \$ 36,458,004 | \$ 36,957,928 | \$ 35,317,964 | \$ 34,176,999 | \$ 32,635,697 | \$ 31,803,254 |
| Contributions as a Percentage of Covered Payroll | 8.88% | 9.04% | 9.04% | 9.04% | 9.09% | 10.45% | 10.63% |

Note: Ten years of data will be presented when available.

Exhibit F-5

Sullivan County, Tennessee
Schedule of Proportionate Share of the Net Pension Asset
in the Teacher Retirement Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

| | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|--------------|--------------|--------------|--------------|--------------|
| School Department's Proportion of the Net Pension Liability/Asset | 1.030791% | 0.636495% | 0.627100% | 0.531369% | 0.553292% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (41,468) | \$ (66,261) | \$ (165,450) | \$ (240,991) | \$ (312,326) |
| Covered Payroll | \$ 2,141,724 | \$ 2,800,606 | \$ 4,119,746 | \$ 4,643,519 | \$ 5,883,347 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (1.94)% | (2.37)% | (4.02)% | (5.19)% | (5.31)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 127.46% | 121.88% | 126.81% | 126.97% | 123.07% |

Note: Ten years of data will be presented when available.

Exhibit F-6

Sullivan County, Tennessee
Schedule of Proportionate Share of the Net Pension Liability (Asset)
in the Teacher Legacy Pension Plan of TCRS
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

| | 2014 | 2015 | 2016 | 2017 | 2018 | 2019 |
|---|---------------|---------------|---------------|---------------|----------------|-----------------|
| School Department's Proportion of the Net Pension Liability/Asset | 1.003689% | 0.973901% | 1.023823% | 0.999217% | 0.976591% | 0.972820% |
| School Department's Proportionate Share of the Net Pension Liability (Asset) | \$ (163,095) | \$ 398,943 | \$ 6,398,324 | \$ (326,927) | \$ (3,436,541) | \$ (10,002,338) |
| Covered Payroll | \$ 39,394,704 | \$ 36,458,004 | \$ 36,957,928 | \$ 35,317,964 | \$ 34,176,999 | \$ 32,635,697 |
| School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll | (0.41)% | 1.09% | 17.31% | (0.93)% | (10.06)% | (30.65)% |
| Plan Fiduciary Net Position as a Percentage of the Total Pension Liability | 100.08% | 99.81% | 97.14% | 100.14% | 101.49% | 104.28% |

Note: Ten years of data will be presented when available.

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Government Plan
Primary Government
For the Fiscal Year Ended June 30

| | 2017 | 2018 | 2019 |
|--|----------------------|---------------------|----------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 674,447 | \$ 616,388 | \$ 406,514 |
| Interest | 388,266 | 466,207 | 236,743 |
| Changes in Benefit Terms | 0 | (195,447) | 0 |
| Differences Between Actual and Expected Experience | 0 | (6,555,370) | 6,161,534 |
| Changes in Assumptions or Other Inputs | (665,298) | (105,484) | 188,228 |
| Benefit Payments | (527,853) | (553,006) | (596,842) |
| Net Change in Total OPEB Liability | \$ (130,438) | \$ (6,326,712) | \$ 6,396,177 |
| Total OPEB Liability, Beginning | 12,886,263 | 12,755,825 | 6,429,113 |
| Total OPEB Liability, Ending | <u>\$ 12,755,825</u> | <u>\$ 6,429,113</u> | <u>\$ 12,825,290</u> |
| | | | |
| Covered Employee Payroll | \$ 29,584,358 | \$ 31,066,331 | \$ 32,783,306 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 43.12% | 20.69% | 39.12% |

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

| | |
|------|-------|
| 2016 | 2.92% |
| 2017 | 3.56% |
| 2018 | 3.62% |
| 2019 | 3.51% |

(b) The assumed initial trend rate applicable to plan years was revised as follows:

| |
|--------------------------------------|
| 2019 plan year - from 5.4% to 6.75% |
| 2020 plan year - from 6.75% to 6.03% |

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Exhibit F-8

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Medicare Supplement Plan
Primary Government
For the Fiscal Year Ended June 30.

| | 2018 | 2019 | 2020 |
|--|---------------------|---------------------|----------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 53,667 | \$ 55,277 | \$ 712,318 |
| Interest | 269,599 | 212,962 | 330,746 |
| Differences Between Actual and Expected Experience | (1,814,613) | 0 | (1,303,852) |
| Changes in Assumptions or Other Inputs | 0 | 0 | 1,595,442 |
| Benefit Payments | (247,972) | (302,641) | (166,058) |
| Net Change in Total OPEB Liability | \$ (1,739,319) | \$ (34,402) | \$ 1,168,596 |
| Total OPEB Liability, Beginning | 8,932,964 | 7,193,645 | 7,159,243 |
| Prior-period Adjustment - See Note I.D.10 | 0 | 0 | 3,235,717 |
| Total OPEB Liability, Ending | <u>\$ 7,193,645</u> | <u>\$ 7,159,243</u> | <u>\$ 11,563,556</u> |
| | | | |
| Covered Employee Payroll | N/A | N/A | N/A |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | N/A | N/A | N/A |

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

| | |
|------|-------|
| 2017 | 3.00% |
| 2018 | 3.00% |
| 2019 | 3.00% |
| 2020 | 2.75% |

(b) The assumed initial trend rate applicable to plan years was revised as follows:

For the 2019 plan - 6.0%
 For the 2020 plan - from 6.0% to 4.5%

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Local Education Plan
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

| | 2017 | 2018 | 2019 |
|---|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 1,381,882 | \$ 1,286,273 | \$ 1,402,716 |
| Interest | 887,727 | 1,027,885 | 1,069,766 |
| Changes in Benefit Terms | 0 | (4,787,153) | (500,918) |
| Differences Between Actual and Expected Experience | 0 | 4,430,982 | (1,596,334) |
| Changes in Assumptions or Other Inputs | (1,114,613) | 930,622 | (1,981,383) |
| Benefit Payments | (2,535,201) | (2,640,476) | (2,030,934) |
| Net Change in Total OPEB Liability | \$ (1,380,205) | \$ 248,133 | \$ (3,637,087) |
| Total OPEB Liability, Beginning | 30,287,334 | 28,907,129 | 29,155,262 |
| Total OPEB Liability, Ending | <u>\$ 28,907,129</u> | <u>\$ 29,155,262</u> | <u>\$ 25,518,175</u> |
| Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability | \$ 7,281,908 | \$ 6,031,582 | \$ 6,042,217 |
| Employer Proportionate Share of the Total OPEB Liability | 21,625,221 | 23,123,680 | 19,475,958 |
| Covered Employee Payroll | \$ 51,009,548 | \$ 51,286,184 | \$ 50,914,137 |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | 42.39% | 45.09% | 38.25% |

Notes:

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

| | |
|------|-------|
| 2016 | 2.92% |
| 2017 | 3.56% |
| 2018 | 3.62% |
| 2019 | 3.51% |

(b) The assumed initial trend rate applicable to plan years was revised as follows:

| | |
|----------------|-----------------------|
| 2019 plan year | - from 5.4% to 6.75% |
| 2020 plan year | - from 6.75% to 6.03% |

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

Sullivan County, Tennessee
Schedule of Changes in the Total OPEB Liability and Related Ratios - Tennessee Plan - Medicare
Discretely Presented Sullivan County School Department
For the Fiscal Year Ended June 30

| | 2017 | 2018 | 2019 |
|---|----------------------|----------------------|----------------------|
| Total OPEB Liability | | | |
| Service Cost | \$ 2,726,590 | \$ 2,209,974 | \$ 2,062,040 |
| Interest | 1,535,988 | 1,783,198 | 1,762,402 |
| Differences Between Actual and Expected Experience | 0 | (1,727,090) | (3,900,724) |
| Changes in Assumptions or Other Inputs | (5,404,726) | (2,627,201) | 3,624,992 |
| Benefit Payments | (844,602) | (862,842) | (936,766) |
| Net Change in Total OPEB Liability | \$ (1,986,750) | \$ (1,223,961) | \$ 2,611,944 |
| Total OPEB Liability, Beginning | 50,298,040 | 48,311,290 | 47,087,329 |
| Total OPEB Liability, Ending | \$ 48,311,290 | \$ 47,087,329 | \$ 49,699,273 |
| Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability | \$ 2,661,131 | \$ 2,524,775 | \$ 5,469,404 |
| Employer Proportionate Share of the Total OPEB Liability | 45,650,159 | 44,562,554 | 44,229,869 |
| Covered Employee Payroll | N/A | N/A | N/A |
| Net OPEB Liability as a Percentage of Covered Employee Payroll | N/A | N/A | N/A |

Notes:

Note 1: Ten years of data will be presented when available.

Note 2: Changes in assumptions.

(a) The following are the discount rates used in each period:

| | |
|------|-------|
| 2016 | 2.92% |
| 2017 | 3.56% |
| 2018 | 3.62% |
| 2019 | 3.51% |

Note 3: No assets are accumulated in a trust that meets the criteria in paragraph 4 of GASB Statement No. 75.

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2020

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2020 were calculated based on the July 1, 2018, actuarial valuation.

Methods and assumptions used to determine contribution rates:

| | |
|-------------------------------|--|
| Actuarial Cost Method | Entry Age Normal |
| Amortization Method | Level Dollar, Closed (Not to Exceed 20 Years) |
| Remaining Amortization Period | Varies by Year |
| Asset Valuation | 10-Year Smoothed Within a 20% Corridor to Market Value |
| Inflation | 2.5% |
| Salary Increases | Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, averaging 4%. |
| Investment Rate of Return | 7.25%, Net of Investment Expense, Including Inflation |
| Retirement Age | Pattern of Retirement Determined by Experience Study |
| Mortality | Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement |
| Cost of Living Adjustments | 2.25% |

Changes of assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

**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.

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.

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.

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, 2020

| | Special Revenue Funds | | | | Capital Projects Funds | |
|--|--------------------------------|----------------------|-----------------|--|--------------------------------|--------------|
| | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitu - tional Officers - Fees | General Capital Projects | |
| <u>ASSETS</u> | | | | | | |
| Cash | \$ 350 | \$ 0 | \$ 0 | \$ 162,423 | \$ 162,773 | \$ 0 |
| Equity in Pooled Cash and Investments | 1,053,747 | 2,022,522 | 289,300 | 0 | 3,365,569 | 210,621 |
| Accounts Receivable | 82,406 | 2,717,655 | 0 | 143,023 | 2,943,084 | 0 |
| Allowance for Uncollectibles | 0 | (950,893) | 0 | 0 | (950,893) | 0 |
| Due from Other Governments | 6,832 | 3,562 | 0 | 0 | 10,394 | 0 |
| Due from Other Funds | 10,605 | 0 | 0 | 0 | 10,605 | 0 |
| Due from Component Units | 1,926 | 0 | 0 | 0 | 1,926 | 0 |
| Property Taxes Receivable | 784,537 | 0 | 0 | 0 | 784,537 | 3,840,105 |
| Allowance for Uncollectible Property Taxes | (23,324) | 0 | 0 | 0 | (23,324) | (114,165) |
| Total Assets | \$ 1,917,079 | \$ 3,792,846 | \$ 289,300 | \$ 305,446 | \$ 6,304,671 | \$ 3,936,561 |
| <u>LIABILITIES</u> | | | | | | |
| Accounts Payable | \$ 3,402 | \$ 444,202 | \$ 0 | \$ 0 | \$ 447,604 | \$ 0 |
| Accrued Payroll | 27,901 | 160,291 | 0 | 0 | 188,192 | 0 |
| Payroll Deductions Payable | 6,588 | 45,292 | 0 | 0 | 51,880 | 0 |
| Contracts Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Retainage Payable | 0 | 0 | 0 | 0 | 0 | 0 |
| Due to Other Funds | 6,732 | 105,228 | 0 | 305,446 | 417,406 | 0 |
| Total Liabilities | \$ 44,623 | \$ 755,013 | \$ 0 | \$ 305,446 | \$ 1,105,082 | \$ 0 |

(Continued)

Exhibit G-1

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

| | Special Revenue Funds | | | | | Capital Projects Funds |
|---|--------------------------------|----------------------|-------------------|--|---------------------|--------------------------------|
| | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | | | |
| Deferred Current Property Taxes | \$ 739,333 | \$ 0 | \$ 0 | \$ 0 | \$ 739,333 | \$ 3,618,843 |
| Deferred Delinquent Property Taxes | 16,150 | 0 | 0 | 0 | 16,150 | 79,053 |
| Other Deferred/Unavailable Revenue | 0 | 1,416,183 | 0 | 0 | 1,416,183 | 0 |
| Total Deferred Inflows of Resources | <u>\$ 755,483</u> | <u>\$ 1,416,183</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 2,171,666</u> | <u>\$ 3,697,896</u> |
| <u>FUND BALANCES</u> | | | | | | |
| Restricted: | | | | | | |
| Restricted for Public Safety | \$ 0 | \$ 0 | \$ 289,300 | \$ 0 | \$ 289,300 | \$ 0 |
| Restricted for Capital Projects | 0 | 0 | 0 | 0 | 0 | 238,665 |
| Committed: | | | | | | |
| Committed for Public Health and Welfare | 1,116,973 | 1,621,650 | 0 | 0 | 2,738,623 | 0 |
| Total Fund Balances | <u>\$ 1,116,973</u> | <u>\$ 1,621,650</u> | <u>\$ 289,300</u> | <u>\$ 0</u> | <u>\$ 3,027,923</u> | <u>\$ 238,665</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 1,917,079</u> | <u>\$ 3,792,846</u> | <u>\$ 289,300</u> | <u>\$ 305,446</u> | <u>\$ 6,304,671</u> | <u>\$ 3,936,561</u> |

(Continued)

Exhibit G-1

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

| <u>ASSETS</u> | <u>Capital Projects Funds (Cont.)</u> | | Total |
|--|---------------------------------------|---------------------|-----------------------------------|
| | Other Capital Projects | Total | Nonmajor Governmental Funds |
| Cash | \$ 0 | \$ 0 | \$ 162,773 |
| Equity in Pooled Cash and Investments | 4,039,325 | 4,249,946 | 7,615,515 |
| Accounts Receivable | 0 | 0 | 2,943,084 |
| Allowance for Uncollectibles | 0 | 0 | (950,893) |
| Due from Other Governments | 0 | 0 | 10,394 |
| Due from Other Funds | 0 | 0 | 10,605 |
| Due from Component Units | 0 | 0 | 1,926 |
| Property Taxes Receivable | 0 | 3,840,105 | 4,624,642 |
| Allowance for Uncollectible Property Taxes | 0 | (114,165) | (137,489) |
| Total Assets | <u>\$ 4,039,325</u> | <u>\$ 7,975,886</u> | <u>\$ 14,280,557</u> |
| <u>LIABILITIES</u> | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 447,604 |
| Accrued Payroll | 0 | 0 | 188,192 |
| Payroll Deductions Payable | 0 | 0 | 51,880 |
| Contracts Payable | 132,020 | 132,020 | 132,020 |
| Retainage Payable | 6,949 | 6,949 | 6,949 |
| Due to Other Funds | 0 | 0 | 417,406 |
| Total Liabilities | <u>\$ 138,969</u> | <u>\$ 138,969</u> | <u>\$ 1,244,051</u> |

(Continued)

Exhibit G-1

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

| | <u>Capital Projects Funds (Cont.)</u> | | Total |
|---|---------------------------------------|---------------------|----------------------|
| | <u>Other</u> | <u>Total</u> | <u>Nonmajor</u> |
| | <u>Capital</u> | | <u>Governmental</u> |
| | <u>Projects</u> | | <u>Funds</u> |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | |
| Deferred Current Property Taxes | \$ 0 | \$ 3,618,843 | \$ 4,358,176 |
| Deferred Delinquent Property Taxes | 0 | 79,053 | 95,203 |
| Other Deferred/Unavailable Revenue | 0 | 0 | 1,416,183 |
| Total Deferred Inflows of Resources | <u>\$ 0</u> | <u>\$ 3,697,896</u> | <u>\$ 5,869,562</u> |
| <u>FUND BALANCES</u> | | | |
| Restricted: | | | |
| Restricted for Public Safety | \$ 0 | \$ 0 | \$ 289,300 |
| Restricted for Capital Projects | 3,900,356 | 4,139,021 | 4,139,021 |
| Committed: | | | |
| Committed for Public Health and Welfare | 0 | 0 | 2,738,623 |
| Total Fund Balances | <u>\$ 3,900,356</u> | <u>\$ 4,139,021</u> | <u>\$ 7,166,944</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 4,039,325</u> | <u>\$ 7,975,886</u> | <u>\$ 14,280,557</u> |

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, 2020

| | Special Revenue Funds | | | | | Capital Projects Funds |
|---------------------------------------|--------------------------------|----------------------|-------------------|--|---------------------|--------------------------------|
| | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitu - tional Officers - Fees | Total | General Capital Projects |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 752,486 | \$ 0 | \$ 0 | \$ 0 | \$ 752,486 | \$ 3,686,235 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 122,916 | 0 | 122,916 | 0 |
| Charges for Current Services | 316,007 | 6,673,577 | 0 | 20,836 | 7,010,420 | 0 |
| Other Local Revenues | 126,774 | 1,786 | 0 | 0 | 128,560 | 0 |
| State of Tennessee | 174,404 | 464,127 | 0 | 0 | 638,531 | 0 |
| Federal Government | 0 | 260,716 | 5,812 | 0 | 266,528 | 0 |
| Other Governments and Citizens Groups | 85,858 | 12,792 | 0 | 0 | 98,650 | 0 |
| Total Revenues | \$ 1,455,529 | \$ 7,412,998 | \$ 128,728 | \$ 20,836 | \$ 9,018,091 | \$ 3,686,235 |
| <u>Expenditures</u> | | | | | | |
| Current: | | | | | | |
| General Government | \$ 0 | \$ 0 | \$ 0 | \$ 900 | \$ 900 | \$ 0 |
| Finance | 0 | 0 | 0 | 3,373 | 3,373 | 73,118 |
| Administration of Justice | 0 | 0 | 0 | 16,118 | 16,118 | 0 |
| Public Safety | 0 | 0 | 91,410 | 445 | 91,855 | 0 |
| Public Health and Welfare | 1,704,435 | 7,391,224 | 0 | 0 | 9,095,659 | 0 |
| Other Operations | 658 | 226,012 | 0 | 0 | 226,670 | 0 |
| Debt Service: | | | | | | |
| Other Debt Service | 0 | 0 | 0 | 0 | 0 | 0 |
| Capital Projects | 0 | 0 | 0 | 0 | 0 | 225,000 |
| Total Expenditures | \$ 1,705,093 | \$ 7,617,236 | \$ 91,410 | \$ 20,836 | \$ 9,434,575 | \$ 298,118 |

(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 | Capital Projects Funds |
|--|--------------------------------|----------------------|-----------------|--|--------------|--------------------------------|
| | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitu - tional Officers - Fees | | General Capital Projects |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (249,564) | \$ (204,238) | \$ 37,318 | \$ 0 | \$ (416,484) | \$ 3,388,117 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Bonds Issued | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Premiums on Debt Sold | 0 | 0 | 0 | 0 | 0 | 0 |
| Transfers Out | 0 | 0 | 0 | 0 | 0 | (3,500,000) |
| Total Other Financing Sources (Uses) | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ (3,500,000) |
| Net Change in Fund Balances | \$ (249,564) | \$ (204,238) | \$ 37,318 | \$ 0 | \$ (416,484) | \$ (111,883) |
| Fund Balance, July 1, 2019 | 1,366,537 | 1,825,888 | 251,982 | 0 | 3,444,407 | 350,548 |
| Fund Balance, June 30, 2020 | \$ 1,116,973 | \$ 1,621,650 | \$ 289,300 | \$ 0 | \$ 3,027,923 | \$ 238,665 |

(Continued)

Exhibit G-2

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

| | <u>Capital Projects Funds (Cont.)</u> | | Total Nonmajor Governmental Funds |
|---------------------------------------|---------------------------------------|---------------------|--|
| | Other Capital Projects | Total | |
| <u>Revenues</u> | | | |
| Local Taxes | \$ 0 | \$ 3,686,235 | \$ 4,438,721 |
| Fines, Forfeitures, and Penalties | 0 | 0 | 122,916 |
| Charges for Current Services | 0 | 0 | 7,010,420 |
| Other Local Revenues | 0 | 0 | 128,560 |
| State of Tennessee | 0 | 0 | 638,531 |
| Federal Government | 0 | 0 | 266,528 |
| Other Governments and Citizens Groups | 0 | 0 | 98,650 |
| Total Revenues | <u>\$ 0</u> | <u>\$ 3,686,235</u> | <u>\$ 12,704,326</u> |
| <u>Expenditures</u> | | | |
| Current: | | | |
| General Government | \$ 0 | \$ 0 | \$ 900 |
| Finance | 0 | 73,118 | 76,491 |
| Administration of Justice | 0 | 0 | 16,118 |
| Public Safety | 0 | 0 | 91,855 |
| Public Health and Welfare | 0 | 0 | 9,095,659 |
| Other Operations | 0 | 0 | 226,670 |
| Debt Service: | | | |
| Other Debt Service | 86,074 | 86,074 | 86,074 |
| Capital Projects | 138,969 | 363,969 | 363,969 |
| Total Expenditures | <u>\$ 225,043</u> | <u>\$ 523,161</u> | <u>\$ 9,957,736</u> |

(Continued)

Exhibit G-2

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

| | <u>Capital Projects Funds (Cont.)</u> | | Total Nonmajor Governmental Funds |
|--|---------------------------------------|--------------|--|
| | Other Capital Projects | Total | |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (225,043) | \$ 3,163,074 | \$ 2,746,590 |
| <u>Other Financing Sources (Uses)</u> | | | |
| Bonds Issued | \$ 3,745,000 | \$ 3,745,000 | \$ 3,745,000 |
| Premiums on Debt Sold | 242,963 | 242,963 | 242,963 |
| Transfers Out | 0 | (3,500,000) | (3,500,000) |
| Total Other Financing Sources (Uses) | \$ 3,987,963 | \$ 487,963 | \$ 487,963 |
| Net Change in Fund Balances | \$ 3,762,920 | \$ 3,651,037 | \$ 3,234,553 |
| Fund Balance, July 1, 2019 | 137,436 | 487,984 | 3,932,391 |
| Fund Balance, June 30, 2020 | \$ 3,900,356 | \$ 4,139,021 | \$ 7,166,944 |

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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 752,486 | \$ 0 | \$ 0 | \$ 752,486 | \$ 754,030 | \$ 754,030 | \$ (1,544) |
| Charges for Current Services | 316,007 | 0 | 0 | 316,007 | 325,000 | 325,000 | (8,993) |
| Other Local Revenues | 126,774 | 0 | 0 | 126,774 | 195,100 | 195,100 | (68,326) |
| State of Tennessee | 174,404 | 0 | 0 | 174,404 | 123,000 | 123,000 | 51,404 |
| Other Governments and Citizens Groups | 85,858 | 0 | 0 | 85,858 | 100,000 | 100,000 | (14,142) |
| Total Revenues | \$ 1,455,529 | \$ 0 | \$ 0 | \$ 1,455,529 | \$ 1,497,130 | \$ 1,497,130 | \$ (41,601) |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Health and Welfare</u> | | | | | | | |
| Sanitation Education/Information | \$ 7,660 | \$ 0 | \$ 0 | \$ 7,660 | \$ 26,000 | \$ 26,000 | \$ 18,340 |
| Transfer Stations | 1,696,775 | (217,217) | 13,899 | 1,493,457 | 1,988,463 | 1,987,805 | 494,348 |
| <u>Other Operations</u> | | | | | | | |
| COVID-19 Grant #6 | 658 | 0 | 0 | 658 | 0 | 658 | 0 |
| Total Expenditures | \$ 1,705,093 | \$ (217,217) | \$ 13,899 | \$ 1,501,775 | \$ 2,014,463 | \$ 2,014,463 | \$ 512,688 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (249,564) | \$ 217,217 | \$ (13,899) | \$ (46,246) | \$ (517,333) | \$ (517,333) | \$ 471,087 |
| Net Change in Fund Balance | \$ (249,564) | \$ 217,217 | \$ (13,899) | \$ (46,246) | \$ (517,333) | \$ (517,333) | \$ 471,087 |
| Fund Balance, July 1, 2019 | 1,366,537 | (217,217) | 0 | 1,149,320 | 1,449,948 | 1,449,948 | (300,628) |
| Fund Balance, June 30, 2020 | \$ 1,116,973 | \$ 0 | \$ (13,899) | \$ 1,103,074 | \$ 932,615 | \$ 932,615 | \$ 170,459 |

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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 6,673,577 | \$ 0 | \$ 0 | \$ 6,673,577 | \$ 7,608,163 | \$ 7,608,163 | \$ (934,586) |
| Other Local Revenues | 1,786 | 0 | 0 | 1,786 | 1 | 1 | 1,785 |
| State of Tennessee | 464,127 | 0 | 0 | 464,127 | 272,088 | 272,088 | 192,039 |
| Federal Government | 260,716 | 0 | 0 | 260,716 | 0 | 0 | 260,716 |
| Other Governments and Citizens Groups | 12,792 | 0 | 0 | 12,792 | 32,000 | 32,000 | (19,208) |
| Total Revenues | \$ 7,412,998 | \$ 0 | \$ 0 | \$ 7,412,998 | \$ 7,912,252 | \$ 7,912,252 | \$ (499,254) |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Health and Welfare</u> | | | | | | | |
| Ambulance/Emergency Medical Services | \$ 7,391,224 | \$ (11,649) | \$ 130,942 | \$ 7,510,517 | \$ 7,880,000 | \$ 8,203,988 | \$ 693,471 |
| <u>Other Operations</u> | | | | | | | |
| COVID-19 Grant #6 | 226,012 | 0 | 0 | 226,012 | 0 | 226,012 | 0 |
| Total Expenditures | \$ 7,617,236 | \$ (11,649) | \$ 130,942 | \$ 7,736,529 | \$ 7,880,000 | \$ 8,430,000 | \$ 693,471 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (204,238) | \$ 11,649 | \$ (130,942) | \$ (323,531) | \$ 32,252 | \$ (517,748) | \$ 194,217 |
| Net Change in Fund Balance | \$ (204,238) | \$ 11,649 | \$ (130,942) | \$ (323,531) | \$ 32,252 | \$ (517,748) | \$ 194,217 |
| Fund Balance, July 1, 2019 | 1,825,888 | (11,649) | 0 | 1,814,239 | 1,029,775 | 1,029,775 | 784,464 |
| Fund Balance, June 30, 2020 | \$ 1,621,650 | \$ 0 | \$ (130,942) | \$ 1,490,708 | \$ 1,062,027 | \$ 512,027 | \$ 978,681 |

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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Fines, Forfeitures, and Penalties | \$ 122,916 | \$ 0 | \$ 0 | \$ 122,916 | \$ 88,710 | \$ 88,710 | \$ 34,206 |
| Federal Government | 5,812 | 0 | 0 | 5,812 | 31,290 | 31,290 | (25,478) |
| Total Revenues | \$ 128,728 | \$ 0 | \$ 0 | \$ 128,728 | \$ 120,000 | \$ 120,000 | \$ 8,728 |
| <u>Expenditures</u> | | | | | | | |
| <u>Public Safety</u> | | | | | | | |
| Sheriff's Department | \$ 91,410 | \$ (250) | \$ 250 | \$ 91,410 | \$ 120,000 | \$ 120,000 | \$ 28,590 |
| Total Expenditures | \$ 91,410 | \$ (250) | \$ 250 | \$ 91,410 | \$ 120,000 | \$ 120,000 | \$ 28,590 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 37,318 | \$ 250 | \$ (250) | \$ 37,318 | \$ 0 | \$ 0 | \$ 37,318 |
| Net Change in Fund Balance | \$ 37,318 | \$ 250 | \$ (250) | \$ 37,318 | \$ 0 | \$ 0 | \$ 37,318 |
| Fund Balance, July 1, 2019 | 251,982 | (250) | 0 | 251,732 | 239,452 | 239,452 | 12,280 |
| Fund Balance, June 30, 2020 | \$ 289,300 | \$ 0 | \$ (250) | \$ 289,050 | \$ 239,452 | \$ 239,452 | \$ 49,598 |

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Local Taxes | \$ 3,686,235 | \$ 0 | \$ 3,686,235 | \$ 3,595,270 | \$ 3,595,270 | \$ 90,965 |
| Total Revenues | \$ 3,686,235 | \$ 0 | \$ 3,686,235 | \$ 3,595,270 | \$ 3,595,270 | \$ 90,965 |
| <u>Expenditures</u> | | | | | | |
| <u>Finance</u> | | | | | | |
| Other Finance | \$ 73,118 | \$ 0 | \$ 73,118 | \$ 85,000 | \$ 85,000 | \$ 11,882 |
| <u>Capital Projects</u> | | | | | | |
| Public Safety Projects | 225,000 | (225,000) | 0 | 0 | 0 | 0 |
| Total Expenditures | \$ 298,118 | \$ (225,000) | \$ 73,118 | \$ 85,000 | \$ 85,000 | \$ 11,882 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 3,388,117 | \$ 225,000 | \$ 3,613,117 | \$ 3,510,270 | \$ 3,510,270 | \$ 102,847 |
| <u>Other Financing Sources (Uses)</u> | | | | | | |
| Transfers Out | \$ (3,500,000) | \$ 0 | \$ (3,500,000) | \$ (3,500,000) | \$ (3,500,000) | \$ 0 |
| Total Other Financing Sources | \$ (3,500,000) | \$ 0 | \$ (3,500,000) | \$ (3,500,000) | \$ (3,500,000) | \$ 0 |
| Net Change in Fund Balance | \$ (111,883) | \$ 225,000 | \$ 113,117 | \$ 10,270 | \$ 10,270 | \$ 102,847 |
| Fund Balance, July 1, 2019 | 350,548 | (225,000) | 125,548 | 128,759 | 128,759 | (3,211) |
| Fund Balance, June 30, 2020 | \$ 238,665 | \$ 0 | \$ 238,665 | \$ 139,029 | \$ 139,029 | \$ 99,636 |

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, 2020

| | Actual | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|-----------------------|-----------------------|-----------------------|--|
| | | Original | Final | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 8,832,073 | \$ 8,696,446 | \$ 8,696,446 | \$ 135,627 |
| Other Local Revenues | 1,089,702 | 1,232,159 | 1,232,159 | (142,457) |
| Other Governments and Citizens Groups | 611,341 | 817,260 | 611,341 | 0 |
| Total Revenues | <u>\$ 10,533,116</u> | <u>\$ 10,745,865</u> | <u>\$ 10,539,946</u> | <u>\$ (6,830)</u> |
| <u>Expenditures</u> | | | | |
| <u>Finance</u> | | | | |
| Other Finance | \$ 176,083 | \$ 210,000 | \$ 210,000 | \$ 33,917 |
| <u>Principal on Debt</u> | | | | |
| General Government | 3,220,000 | 3,535,000 | 3,220,000 | 0 |
| Education | 4,435,360 | 4,283,555 | 4,435,360 | 0 |
| <u>Interest on Debt</u> | | | | |
| General Government | 1,056,658 | 1,118,581 | 1,056,659 | 1 |
| Education | 5,810,048 | 5,791,105 | 5,810,049 | 1 |
| <u>Other Debt Service</u> | | | | |
| General Government | 162,050 | 4,000 | 164,250 | 2,200 |
| Education | 19,938 | 20,539 | 20,539 | 601 |
| Total Expenditures | <u>\$ 14,880,137</u> | <u>\$ 14,962,780</u> | <u>\$ 14,916,857</u> | <u>\$ 36,720</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ (4,347,021)</u> | <u>\$ (4,216,915)</u> | <u>\$ (4,376,911)</u> | <u>\$ 29,890</u> |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Refunding Debt Issued | \$ 0 | \$ 4,445,939 | \$ 0 | \$ 0 |
| Transfers In | 4,445,939 | 0 | 4,445,939 | 0 |
| Total Other Financing Sources | <u>\$ 4,445,939</u> | <u>\$ 4,445,939</u> | <u>\$ 4,445,939</u> | <u>\$ 0</u> |
| Net Change in Fund Balance | \$ 98,918 | \$ 229,024 | \$ 69,028 | \$ 29,890 |
| Fund Balance, July 1, 2019 | <u>4,604,938</u> | <u>4,602,787</u> | <u>4,602,787</u> | <u>2,151</u> |
| Fund Balance, June 30, 2020 | <u>\$ 4,703,856</u> | <u>\$ 4,831,811</u> | <u>\$ 4,671,815</u> | <u>\$ 32,041</u> |

Proprietary Funds

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

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

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

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2020

| | <u>Internal Service Funds</u> | | |
|---------------------------------------|-------------------------------|---|--|
| | <u>Self- Insurance</u> | <u>Employee Insurance - General</u> | <u>Total Proprietary Funds</u> |
| <u>ASSETS</u> | | | |
| Current Assets: | | | |
| Cash | \$ 83,771 | \$ 20,777 | \$ 104,548 |
| Equity in Pooled Cash and Investments | 97,671 | 166,758 | 264,429 |
| Accounts Receivable | 15,326 | 0 | 15,326 |
| Due from Other Funds | 976,933 | 279,155 | 1,256,088 |
| Due from Component Units | 9,215 | 0 | 9,215 |
| Total Assets | <u>\$ 1,182,916</u> | <u>\$ 466,690</u> | <u>\$ 1,649,606</u> |
| <u>LIABILITIES</u> | | | |
| Current Liabilities: | | | |
| Accounts Payable | \$ 40,311 | \$ 2,455 | \$ 42,766 |
| Claims and Judgments Payable | 255,015 | 0 | 255,015 |
| Total Liabilities | <u>\$ 295,326</u> | <u>\$ 2,455</u> | <u>\$ 297,781</u> |
| <u>NET POSITION</u> | | | |
| Unrestricted | <u>\$ 887,590</u> | <u>\$ 464,235</u> | <u>\$ 1,351,825</u> |
| Total Net Position | <u>\$ 887,590</u> | <u>\$ 464,235</u> | <u>\$ 1,351,825</u> |

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, 2020

| | <u>Internal Service Funds</u> | | |
|---|-------------------------------|---|---------------------|
| | <u>Self- Insurance</u> | <u>Employee Insurance - General</u> | <u>Total</u> |
| <u>Operating Revenues</u> | | | |
| Self-Insurance Premiums | \$ 372,925 | \$ 458,502 | \$ 831,427 |
| Cobra Insurance Payments | 0 | 2,019 | 2,019 |
| Total Operating Revenues | <u>\$ 372,925</u> | <u>\$ 460,521</u> | <u>\$ 833,446</u> |
| <u>Operating Expenses</u> | | | |
| Handling Charges and Administrative Costs | \$ 0 | \$ 29,931 | \$ 29,931 |
| Dental Insurance | 0 | 257,203 | 257,203 |
| Audit Services | 42,926 | 0 | 42,926 |
| Liability Insurance | 318,604 | 0 | 318,604 |
| Medical Claims | 0 | 114,266 | 114,266 |
| Bank Charges | 142 | 0 | 142 |
| Trustee's Commission | 2 | 0 | 2 |
| Vehicle and Equipment Insurance | 62,953 | 0 | 62,953 |
| Workers' Compensation Insurance | 667,409 | 0 | 667,409 |
| Total Operating Expenses | <u>\$ 1,092,036</u> | <u>\$ 401,400</u> | <u>\$ 1,493,436</u> |
| Operating Income (Loss) | <u>\$ (719,111)</u> | <u>\$ 59,121</u> | <u>\$ (659,990)</u> |
| Income (Loss) before Transfers | \$ (719,111) | \$ 59,121 | \$ (659,990) |
| Transfers In | 970,000 | 0 | 970,000 |
| Change in Net Position | \$ 250,889 | \$ 59,121 | \$ 310,010 |
| Net Position, July 1, 2019 | <u>636,701</u> | <u>405,114</u> | <u>1,041,815</u> |
| Net Position, June 30, 2020 | <u>\$ 887,590</u> | <u>\$ 464,235</u> | <u>\$ 1,351,825</u> |

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2020

| | <u>Internal Service Funds</u> | | |
|---|-------------------------------|------------------------------------|---------------------|
| | Self- Insurance | Employee Insurance - General | Total |
| <u>Cash Flows from Operating Activities</u> | | | |
| Receipts for Self-Insurance Premiums | \$ 393,693 | \$ 574,548 | \$ 968,241 |
| Excess Risk Insurance Recovery | 254,454 | 0 | 254,454 |
| Payments to Insurers and Claims Payments | (1,281,774) | (369,176) | (1,650,950) |
| Payments for Administrative Costs | (43,070) | (29,931) | (73,001) |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (676,697)</u> | <u>\$ 175,441</u> | <u>\$ (501,256)</u> |
| <u>Cash Flows from Noncapital Financing Activities</u> | | | |
| Transfers In | \$ 375,000 | \$ 0 | \$ 375,000 |
| Net Cash Provided By (Used In) Noncapital Financing Activities | <u>\$ 375,000</u> | <u>\$ 0</u> | <u>\$ 375,000</u> |
| Increase (Decrease) in Cash | \$ (301,697) | \$ 175,441 | \$ (126,256) |
| Cash, July 1, 2019 | 483,139 | 12,094 | 495,233 |
| Cash, June 30, 2020 | <u>\$ 181,442</u> | <u>\$ 187,535</u> | <u>\$ 368,977</u> |
| <u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u> | | | |
| Operating Income (Loss) | \$ (719,111) | \$ 59,121 | \$ (659,990) |
| Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities: | | | |
| Changes in Assets and Liabilities: | | | |
| (Increase) Decrease in Excess Risk Insurance Recovery Receivable | 17,445 | 0 | 17,445 |
| (Increase) Decrease in Operating Receivables | 20,768 | 114,027 | 134,795 |
| Increase (Decrease) in Current Liabilities | 4,201 | 2,293 | 6,494 |
| Net Cash Provided By (Used In) Operating Activities | <u>\$ (676,697)</u> | <u>\$ 175,441</u> | <u>\$ (501,256)</u> |
| <u>Reconciliation of Cash With the Statement of Net Position</u> | | | |
| Cash Per Net Position | \$ 83,771 | \$ 20,777 | \$ 104,548 |
| Equity in Pooled Cash and Investments Per Net Position | 97,671 | 166,758 | 264,429 |
| Cash, June 30, 2020 | <u>\$ 181,442</u> | <u>\$ 187,535</u> | <u>\$ 368,977</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, City School ADA - Kingsport Fund, and City School ADA – Johnson City Fund – These three 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.

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, general sessions, and law 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, 2020

| | Agency Funds | | | | |
|--|--------------------------|------------------------------------|--------------------------------------|---|--|
| | Cities - Sales Tax | City School ADA - Bristol | City School ADA - Kingsport | City School ADA - Johnson City | Constitu - tional Officers - Agency |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 11,259,070 |
| Equity in Pooled Cash and Investments | 0 | 312,549 | 548,498 | 7,495 | 0 |
| Accounts Receivable | 0 | 217 | 379 | 5 | 6,207 |
| Due from Other Governments | 4,223,286 | 988,239 | 1,689,130 | 20,825 | 0 |
| Property Taxes Receivable | 0 | 11,084,081 | 19,313,340 | 256,989 | 0 |
| Allowance for Uncollectible Property Taxes | 0 | (329,523) | (574,173) | (7,640) | 0 |
| Total Assets | <u>\$ 4,223,286</u> | <u>\$ 12,055,563</u> | <u>\$ 20,977,174</u> | <u>\$ 277,674</u> | <u>\$ 11,265,277</u> |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Payroll Deductions Payable | 0 | 0 | 0 | 0 | 0 |
| Due to Other Taxing Units | 4,223,286 | 12,055,563 | 20,977,174 | 277,674 | 0 |
| Due to Litigants, Heirs, and Others | 0 | 0 | 0 | 0 | 11,265,277 |
| Due to Joint Ventures | 0 | 0 | 0 | 0 | 0 |
| Total Liabilities | <u>\$ 4,223,286</u> | <u>\$ 12,055,563</u> | <u>\$ 20,977,174</u> | <u>\$ 277,674</u> | <u>\$ 11,265,277</u> |

(Continued)

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds (Cont.)

| | <u>Agency Funds (Cont.)</u> | | |
|--|---------------------------------------|--|----------------------|
| | <u>Judicial District Drug</u> | <u>District Attorney General</u> | <u>Total</u> |
| <u>ASSETS</u> | | | |
| Cash | \$ 0 | \$ 0 | \$ 11,259,070 |
| Equity in Pooled Cash and Investments | 288,436 | 55,010 | 1,211,988 |
| Accounts Receivable | 14 | 0 | 6,822 |
| Due from Other Governments | 6,662 | 0 | 6,928,142 |
| Property Taxes Receivable | 0 | 0 | 30,654,410 |
| Allowance for Uncollectible Property Taxes | 0 | 0 | (911,336) |
| Total Assets | <u>\$ 295,112</u> | <u>\$ 55,010</u> | <u>\$ 49,149,096</u> |
| <u>LIABILITIES</u> | | | |
| Accrued Payroll | \$ 1,388 | \$ 0 | \$ 1,388 |
| Payroll Deductions Payable | 679 | 0 | 679 |
| Due to Other Taxing Units | 0 | 0 | 37,533,697 |
| Due to Litigants, Heirs, and Others | 0 | 55,010 | 11,320,287 |
| Due to Joint Ventures | 293,045 | 0 | 293,045 |
| Total Liabilities | <u>\$ 295,112</u> | <u>\$ 55,010</u> | <u>\$ 49,149,096</u> |

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2020

| | Beginning Balance | Additions | Deductions | Ending Balance |
|---|----------------------|----------------------|----------------------|----------------------|
| <u>Cities - Sales Tax Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 0 | \$ 24,684,815 | \$ 24,684,815 | \$ 0 |
| Due from Other Governments | 4,297,542 | 4,223,286 | 4,297,542 | 4,223,286 |
| Total Assets | \$ 4,297,542 | \$ 28,908,101 | \$ 28,982,357 | \$ 4,223,286 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 4,297,542 | \$ 28,908,101 | \$ 28,982,357 | \$ 4,223,286 |
| Total Liabilities | \$ 4,297,542 | \$ 28,908,101 | \$ 28,982,357 | \$ 4,223,286 |
| <u>City School ADA - Bristol Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 410,067 | \$ 16,355,947 | \$ 16,453,465 | \$ 312,549 |
| Accounts Receivable | 218 | 217 | 218 | 217 |
| Due from Other Governments | 989,598 | 988,239 | 989,598 | 988,239 |
| Taxes Receivable | 11,343,434 | 11,084,081 | 11,343,434 | 11,084,081 |
| Allowance for Uncollectible Taxes | (345,913) | (329,523) | (345,913) | (329,523) |
| Total Assets | \$ 12,397,404 | \$ 28,098,961 | \$ 28,440,802 | \$ 12,055,563 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 12,397,404 | \$ 28,098,961 | \$ 28,440,802 | \$ 12,055,563 |
| Total Liabilities | \$ 12,397,404 | \$ 28,098,961 | \$ 28,440,802 | \$ 12,055,563 |
| <u>City School ADA - Kingsport Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 687,072 | \$ 28,498,876 | \$ 28,637,450 | \$ 548,498 |
| Accounts Receivable | 366 | 379 | 366 | 379 |
| Due from Other Governments | 1,671,035 | 1,689,130 | 1,671,035 | 1,689,130 |
| Taxes Receivable | 19,032,947 | 19,313,340 | 19,032,947 | 19,313,340 |
| Allowance for Uncollectible Taxes | (580,401) | (574,173) | (580,401) | (574,173) |
| Total Assets | \$ 20,811,019 | \$ 48,927,552 | \$ 48,761,397 | \$ 20,977,174 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 20,811,019 | \$ 48,927,552 | \$ 48,761,397 | \$ 20,977,174 |
| Total Liabilities | \$ 20,811,019 | \$ 48,927,552 | \$ 48,761,397 | \$ 20,977,174 |

(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>City School ADA - Johnson City Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 12,493 | \$ 379,004 | \$ 384,002 | \$ 7,495 |
| Accounts Receivable | 4 | 5 | 4 | 5 |
| Due from Other Governments | 15,564 | 20,825 | 15,564 | 20,825 |
| Taxes Receivable | 218,898 | 256,989 | 218,898 | 256,989 |
| Allowance for Uncollectible Taxes | (6,675) | (7,640) | (6,675) | (7,640) |
| Total Assets | \$ 240,284 | \$ 649,183 | \$ 611,793 | \$ 277,674 |
| <u>Liabilities</u> | | | | |
| Due to Other Taxing Units | \$ 240,284 | \$ 649,183 | \$ 611,793 | \$ 277,674 |
| Total Liabilities | \$ 240,284 | \$ 649,183 | \$ 611,793 | \$ 277,674 |
| <u>Constitutional Officers - Agency Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 9,706,701 | \$ 31,578,382 | \$ 30,026,013 | \$ 11,259,070 |
| Accounts Receivable | 0 | 6,207 | 0 | 6,207 |
| Total Assets | \$ 9,706,701 | \$ 31,584,589 | \$ 30,026,013 | \$ 11,265,277 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 9,706,701 | \$ 31,584,589 | \$ 30,026,013 | \$ 11,265,277 |
| Total Liabilities | \$ 9,706,701 | \$ 31,584,589 | \$ 30,026,013 | \$ 11,265,277 |
| <u>Judicial District Drug Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 87,053 | \$ 473,271 | \$ 271,888 | \$ 288,436 |
| Accounts Receivable | 0 | 14 | 0 | 14 |
| Due from Other Governments | 9,277 | 6,662 | 9,277 | 6,662 |
| Total Assets | \$ 96,330 | \$ 479,947 | \$ 281,165 | \$ 295,112 |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 428 | \$ 0 | \$ 428 | \$ 0 |
| Accrued Payroll | 0 | 1,388 | 0 | 1,388 |
| Payroll Deductions Payable | 0 | 679 | 0 | 679 |
| Due to Joint Ventures | 95,902 | 477,880 | 280,737 | 293,045 |
| Total Liabilities | \$ 96,330 | \$ 479,947 | \$ 281,165 | \$ 295,112 |

(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>District Attorney General Fund</u> | | | | |
| <u>Assets</u> | | | | |
| Equity in Pooled Cash and Investments | \$ 60,943 | \$ 21,794 | \$ 27,727 | \$ 55,010 |
| Total Assets | \$ 60,943 | \$ 21,794 | \$ 27,727 | \$ 55,010 |
| <u>Liabilities</u> | | | | |
| Due to Litigants, Heirs, and Others | \$ 60,943 | \$ 21,794 | \$ 27,727 | \$ 55,010 |
| Total Liabilities | \$ 60,943 | \$ 21,794 | \$ 27,727 | \$ 55,010 |
| <u>Totals - All Agency Funds</u> | | | | |
| <u>Assets</u> | | | | |
| Cash | \$ 9,706,701 | \$ 31,578,382 | \$ 30,026,013 | \$ 11,259,070 |
| Equity in Pooled Cash and Investments | 1,257,628 | 70,413,707 | 70,459,347 | 1,211,988 |
| Accounts Receivable | 588 | 6,822 | 588 | 6,822 |
| Due from Other Governments | 6,983,016 | 6,928,142 | 6,983,016 | 6,928,142 |
| Taxes Receivable | 30,595,279 | 30,654,410 | 30,595,279 | 30,654,410 |
| Allowance for Uncollectible Taxes | (932,989) | (911,336) | (932,989) | (911,336) |
| Total Assets | \$ 47,610,223 | \$ 138,670,127 | \$ 137,131,254 | \$ 49,149,096 |
| <u>Liabilities</u> | | | | |
| Accounts Payable | \$ 428 | \$ 0 | \$ 428 | \$ 0 |
| Accrued Payroll | 0 | 1,388 | 0 | 1,388 |
| Payroll Deductions Payable | 0 | 679 | 0 | 679 |
| Due to Joint Ventures | 95,902 | 477,880 | 280,737 | 293,045 |
| Due to Other Taxing Units | 37,746,249 | 106,583,797 | 106,796,349 | 37,533,697 |
| Due to Litigants, Heirs, and Others | 9,767,644 | 31,606,383 | 30,053,740 | 11,320,287 |
| Total Liabilities | \$ 47,610,223 | \$ 138,670,127 | \$ 137,131,254 | \$ 49,149,096 |

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, four 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.

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.

Central Cafeteria Fund – The Central Cafeteria Fund is used to account for the cafeteria operations in each of the schools.

Other Education Special Revenue Fund – This fund is used to account for the operations of the prepaid pre-kindergarten childcare program.

School Improvement Fund – This fund is used to account for transactions involving school maintenance and building improvements.

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, 2020

| Functions/Programs | Expenses | Program Revenues | | | Net (Expense) |
|---|----------------------|----------------------------|---|---|--|
| | | Charges for Services | Operating Grants and Contributions | Capital Grants and Contributions | Revenue and Changes in Net Position Total Governmental Activities |
| Governmental Activities: | | | | | |
| Instruction | \$ 54,439,511 | \$ 35,750 | \$ 4,890,950 | \$ 0 | \$ (49,512,811) |
| Support Services | 30,834,087 | 328,794 | 1,400,341 | 0 | (29,104,952) |
| Operation of Non-instructional Services | 5,644,226 | 760,642 | 3,838,746 | 0 | (1,044,838) |
| Total Governmental Activities | \$ 90,917,824 | \$ 1,125,186 | \$ 10,130,037 | \$ 0 | \$ (79,662,601) |
| General Revenues: | | | | | |
| Taxes: | | | | | |
| Property Taxes Levied for General Purposes | | | | \$ | 24,222,604 |
| Local Option Sales Tax | | | | | 12,996,227 |
| Grants and Contributions Not Restricted for Specific Programs | | | | | 44,801,799 |
| Miscellaneous | | | | | 134,240 |
| Gain on Investments | | | | | 7,958 |
| Gain on Sale of Capital Assets | | | | | 186,475 |
| Total General Revenues | | | | \$ | 82,349,303 |
| Change in Net Position | | | | \$ | 2,686,702 |
| Net Position, July 1, 2019 | | | | | 89,882,564 |
| Net Position, June 30, 2020 | | | | \$ | 92,569,266 |

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2020

| | Major Funds | | Nonmajor Funds | Total Governmental Funds |
|--|------------------------------|----------------------------------|-------------------------------------|--------------------------------|
| | General Purpose School | Education Capital Projects | Other Govern- mental Funds | |
| <u>ASSETS</u> | | | | |
| Cash | \$ 2,881 | \$ 0 | \$ 131,819 | \$ 134,700 |
| Equity in Pooled Cash and Investments | 22,056,192 | 22,895,620 | 3,452,717 | 48,404,529 |
| Inventories | 95,516 | 0 | 76,366 | 171,882 |
| Accounts Receivable | 23,991 | 0 | 343,929 | 367,920 |
| Due from Other Governments | 2,366,211 | 0 | 477,788 | 2,843,999 |
| Due from Other Funds | 1,475,882 | 0 | 175,642 | 1,651,524 |
| Due from Primary Government | 300,000 | 0 | 0 | 300,000 |
| Property Taxes Receivable | 25,212,932 | 0 | 0 | 25,212,932 |
| Allowance for Uncollectible Property Taxes | (749,563) | 0 | 0 | (749,563) |
| Restricted Assets | 252,633 | 0 | 0 | 252,633 |
| Total Assets | <u>\$ 51,036,675</u> | <u>\$ 22,895,620</u> | <u>\$ 4,658,261</u> | <u>\$ 78,590,556</u> |
| <u>LIABILITIES</u> | | | | |
| Accounts Payable | \$ 30,639 | \$ 0 | \$ 3,144 | \$ 33,783 |
| Payroll Deductions Payable | 320,703 | 0 | 13,610 | 334,313 |
| Due to Other Funds | 175,642 | 0 | 1,475,882 | 1,651,524 |
| Due to Primary Government | 484,526 | 0 | 0 | 484,526 |
| Due to State of Tennessee | 2,122 | 0 | 0 | 2,122 |
| Other Current Liabilities | 12,102 | 0 | 230 | 12,332 |
| Unearned/Unavailable Revenue | 0 | 20,000,000 | 0 | 20,000,000 |
| Total Liabilities | <u>\$ 1,025,734</u> | <u>\$ 20,000,000</u> | <u>\$ 1,492,866</u> | <u>\$ 22,518,600</u> |

(Continued)

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

| | Major Funds | | Nonmajor | Total |
|---|------------------------|----------------------------|--|----------------------|
| | General Purpose School | Education Capital Projects | Funds Other Govern- mental Funds | |
| <u>DEFERRED INFLOWS OF RESOURCES</u> | | | | |
| Deferred Current Property Taxes | \$ 23,760,195 | \$ 0 | \$ 0 | \$ 23,760,195 |
| Deferred Delinquent Property Taxes | 519,041 | 0 | 0 | 519,041 |
| Other Deferred/Unavailable Revenue | 1,138,485 | 0 | 0 | 1,138,485 |
| Total Deferred Inflows of Resources | <u>\$ 25,417,721</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 25,417,721</u> |
| <u>FUND BALANCES</u> | | | | |
| Nonspendable: | | | | |
| Inventory | \$ 95,515 | \$ 0 | \$ 76,366 | \$ 171,881 |
| Restricted: | | | | |
| Restricted for Education | 57,050 | 0 | 2,644,647 | 2,701,697 |
| Restricted for Capital Projects | 0 | 2,895,620 | 0 | 2,895,620 |
| Restricted for Hybrid Retirement Stabilization Funds | 252,633 | 0 | 0 | 252,633 |
| Committed: | | | | |
| Committed for Education | 416,440 | 0 | 444,382 | 860,822 |
| Assigned: | | | | |
| Assigned for Education | 5,979,826 | 0 | 0 | 5,979,826 |
| Assigned for Capital Outlay | 5,231,894 | 0 | 0 | 5,231,894 |
| Unassigned | 12,559,862 | 0 | 0 | 12,559,862 |
| Total Fund Balances | <u>\$ 24,593,220</u> | <u>\$ 2,895,620</u> | <u>\$ 3,165,395</u> | <u>\$ 30,654,235</u> |
| Total Liabilities, Deferred Inflows of Resources, and Fund Balances | <u>\$ 51,036,675</u> | <u>\$ 22,895,620</u> | <u>\$ 4,658,261</u> | <u>\$ 78,590,556</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, 2020

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) | | \$ | 30,654,235 |
| (1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds. | | | |
| Add: land | \$ | 5,620,557 | |
| Add: construction in progress | | 61,675,020 | |
| Add: buildings and improvements net of accumulated depreciation | | 53,979,019 | |
| Add: other capital assets net of accumulated depreciation | | <u>1,196,740</u> | 122,471,336 |
| (2) Other long-term assets are not available to pay for current period expenditures and therefore are deferred in the governmental funds. | | | 1,657,526 |
| (3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds. | | | |
| Less: compensated absences payable | \$ | (2,664,406) | |
| Less: other postemployment benefits liability | | <u>(63,705,827)</u> | (66,370,233) |
| (4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years. | | | |
| Add: deferred outflows of resources related to pensions | \$ | 7,150,287 | |
| Less: deferred inflows of resources related to pensions | | (9,885,933) | |
| Add: deferred outflows of resources related to OPEB | | 9,130,594 | |
| Less: deferred inflows of resources related to OPEB | | <u>(14,274,405)</u> | (7,879,457) |
| (5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds. | | | |
| Add: net pension asset - agent plan | \$ | 1,721,195 | |
| Add: net pension asset - teacher retirement plan | | 312,326 | |
| Add: net pension asset - teacher legacy pension plan | | <u>10,002,338</u> | <u>12,035,859</u> |
| Net position of governmental activities (Exhibit A) | | | <u>\$ 92,569,266</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, 2020

| | Major Funds | | Nonmajor | Total |
|---|------------------------|----------------------------|--------------------------|------------------------|
| | General Purpose School | Education Capital Projects | Other Governmental Funds | |
| <u>Revenues</u> | | | | |
| Local Taxes | \$ 37,224,835 | \$ 0 | \$ 0 | \$ 37,224,835 |
| Licenses and Permits | 4,348 | 0 | 0 | 4,348 |
| Charges for Current Services | 321,581 | 0 | 797,423 | 1,119,004 |
| Other Local Revenues | 290,370 | 0 | 48,010 | 338,380 |
| State of Tennessee | 44,137,672 | 0 | 39,683 | 44,177,355 |
| Federal Government | 182,747 | 0 | 9,802,232 | 9,984,979 |
| Other Governments and Citizens Groups | 4,400 | 0 | 116 | 4,516 |
| Total Revenues | <u>\$ 82,165,953</u> | <u>\$ 0</u> | <u>\$ 10,687,464</u> | <u>\$ 92,853,417</u> |
| <u>Expenditures</u> | | | | |
| Current: | | | | |
| Instruction | \$ 46,508,383 | \$ 0 | \$ 4,217,443 | \$ 50,725,826 |
| Support Services | 28,840,208 | 0 | 1,534,505 | 30,374,713 |
| Operation of Non-Instructional Services | 791,737 | 0 | 4,751,355 | 5,543,092 |
| Capital Outlay | 1,626,617 | 0 | 576,241 | 2,202,858 |
| Debt Service: | | | | |
| Other Debt Service | 611,341 | 0 | 0 | 611,341 |
| Capital Projects | 0 | 33,308,983 | 0 | 33,308,983 |
| Total Expenditures | <u>\$ 78,378,286</u> | <u>\$ 33,308,983</u> | <u>\$ 11,079,544</u> | <u>\$ 122,766,813</u> |
| Excess (Deficiency) of Revenues | | | | |
| Over Expenditures | <u>\$ 3,787,667</u> | <u>\$ (33,308,983)</u> | <u>\$ (392,080)</u> | <u>\$ (29,913,396)</u> |

(Continued)

Exhibit K-4

Sullivan County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Sullivan County School Department (Cont.)

| | Major Funds | | Nonmajor | Total |
|---------------------------------------|------------------------|----------------------------|--------------------------|----------------------|
| | General Purpose School | Education Capital Projects | Other Governmental Funds | |
| <u>Other Financing Sources (Uses)</u> | | | | |
| Insurance Recovery | \$ 0 | \$ 0 | \$ 78,132 | \$ 78,132 |
| Transfers In | 220,126 | 0 | 0 | 220,126 |
| Transfers Out | 0 | 0 | (220,126) | (220,126) |
| Total Other Financing Sources (Uses) | <u>\$ 220,126</u> | <u>\$ 0</u> | <u>\$ (141,994)</u> | <u>\$ 78,132</u> |
| Net Change in Fund Balances | \$ 4,007,793 | \$ (33,308,983) | \$ (534,074) | \$ (29,835,264) |
| Fund Balance, July 1, 2019 | <u>20,585,427</u> | <u>36,204,603</u> | <u>3,699,469</u> | <u>60,489,499</u> |
| Fund Balance, June 30, 2020 | <u>\$ 24,593,220</u> | <u>\$ 2,895,620</u> | <u>\$ 3,165,395</u> | <u>\$ 30,654,235</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, 2020

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) | | \$ (29,835,264) |
| | | |
| (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 | \$ 35,717,292 | |
| Less: current-year depreciation expense | <u>(2,777,512)</u> | 32,939,780 |
| | | |
| (2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position. | | |
| Less: net book value of assets disposed | | (1,722,152) |
| | | |
| (3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds. | | |
| Less: deferred delinquent property taxes/other deferred June 30, 2019 | \$ (1,535,321) | |
| Add: deferred delinquent property taxes/other deferred June 30, 2020 | <u>1,657,526</u> | 122,205 |
| | | |
| (4) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds. | | |
| Change in compensated absences payable | \$ (202,545) | |
| Change in other postemployment benefits liability | 3,980,407 | |
| Change in net pension asset/liability | 7,186,550 | |
| Change in deferred outflows related to pensions | (1,311,817) | |
| Change in deferred inflows related to pensions | (3,520,315) | |
| Change in deferred outflows related to OPEB | 1,586,862 | |
| Change in deferred inflows related to OPEB | <u>(6,537,009)</u> | <u>1,182,133</u> |
| | | |
| Change in net position of governmental activities (Exhibit B) | | <u>\$ 2,686,702</u> |

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2020

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|---------------------------------------|-------------------------------|----------------------|--|-----------------------|--|
| | School Federal Projects | Central Cafeteria | Other Education Special Revenue | School Improvement | |
| <u>ASSETS</u> | | | | | |
| Cash | \$ 0 | \$ 131,819 | \$ 0 | \$ 0 | \$ 131,819 |
| Equity in Pooled Cash and Investments | 696,058 | 1,664,302 | 46,891 | 1,045,466 | 3,452,717 |
| Inventories | 0 | 76,366 | 0 | 0 | 76,366 |
| Accounts Receivable | 0 | 343,929 | 0 | 0 | 343,929 |
| Due from Other Governments | 477,788 | 0 | 0 | 0 | 477,788 |
| Due from Other Funds | 175,642 | 0 | 0 | 0 | 175,642 |
| Total Assets | \$ 1,349,488 | \$ 2,216,416 | \$ 46,891 | \$ 1,045,466 | \$ 4,658,261 |
| <u>LIABILITIES</u> | | | | | |
| Accounts Payable | \$ 521 | \$ 373 | \$ 2,250 | \$ 0 | \$ 3,144 |
| Payroll Deductions Payable | 13,600 | 10 | 0 | 0 | 13,610 |
| Due to Other Funds | 913,341 | 412,282 | 259 | 150,000 | 1,475,882 |
| Other Current Liabilities | 0 | 230 | 0 | 0 | 230 |
| Total Liabilities | \$ 927,462 | \$ 412,895 | \$ 2,509 | \$ 150,000 | \$ 1,492,866 |
| <u>FUND BALANCES</u> | | | | | |
| Nonspendable: | | | | | |
| Inventory | \$ 0 | \$ 76,366 | \$ 0 | \$ 0 | \$ 76,366 |
| Restricted: | | | | | |
| Restricted for Education | 222,026 | 1,527,155 | 0 | 895,466 | 2,644,647 |
| Committed: | | | | | |
| Committed for Education | 200,000 | 200,000 | 44,382 | 0 | 444,382 |
| Total Fund Balances | \$ 422,026 | \$ 1,803,521 | \$ 44,382 | \$ 895,466 | \$ 3,165,395 |
| Total Liabilities and Fund Balances | \$ 1,349,488 | \$ 2,216,416 | \$ 46,891 | \$ 1,045,466 | \$ 4,658,261 |

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, 2020

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|--|-------------------------------|----------------------|--|-----------------------|--|
| | School Federal Projects | Central Cafeteria | Other Education Special Revenue | School Improvement | |
| <u>Revenues</u> | | | | | |
| Charges for Current Services | \$ 0 | \$ 761,673 | \$ 35,750 | \$ 0 | \$ 797,423 |
| Other Local Revenues | 0 | 48,010 | 0 | 0 | 48,010 |
| State of Tennessee | 0 | 39,683 | 0 | 0 | 39,683 |
| Federal Government | 6,003,285 | 3,798,947 | 0 | 0 | 9,802,232 |
| Other Governments and Citizens Groups | 0 | 116 | 0 | 0 | 116 |
| Total Revenues | <u>\$ 6,003,285</u> | <u>\$ 4,648,429</u> | <u>\$ 35,750</u> | <u>\$ 0</u> | <u>\$ 10,687,464</u> |
| <u>Expenditures</u> | | | | | |
| Current: | | | | | |
| Instruction | \$ 4,217,443 | \$ 0 | \$ 0 | \$ 0 | \$ 4,217,443 |
| Support Services | 1,534,505 | 0 | 0 | 0 | 1,534,505 |
| Operation of Non-Instructional Services | 0 | 4,712,762 | 38,593 | 0 | 4,751,355 |
| Capital Outlay | 0 | 0 | 0 | 576,241 | 576,241 |
| Total Expenditures | <u>\$ 5,751,948</u> | <u>\$ 4,712,762</u> | <u>\$ 38,593</u> | <u>\$ 576,241</u> | <u>\$ 11,079,544</u> |
| Excess (Deficiency) of Revenues Over Expenditures | <u>\$ 251,337</u> | <u>\$ (64,333)</u> | <u>\$ (2,843)</u> | <u>\$ (576,241)</u> | <u>\$ (392,080)</u> |
| <u>Other Financing Sources (Uses)</u> | | | | | |
| Insurance Recovery | \$ 0 | \$ 0 | \$ 0 | \$ 78,132 | \$ 78,132 |
| Transfers Out | (70,126) | 0 | 0 | (150,000) | (220,126) |
| Total Other Financing Sources (Uses) | <u>\$ (70,126)</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ (71,868)</u> | <u>\$ (141,994)</u> |

(Continued)

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 (Cont.)

| | Special Revenue Funds | | | | Total Nonmajor Governmental Funds |
|-----------------------------|-------------------------------|----------------------|--|-----------------------|--|
| | School Federal Projects | Central Cafeteria | Other Education Special Revenue | School Improvement | |
| Net Change in Fund Balances | \$ 181,211 | \$ (64,333) | \$ (2,843) | \$ (648,109) | \$ (534,074) |
| Fund Balance, July 1, 2019 | 240,815 | 1,867,854 | 47,225 | 1,543,575 | 3,699,469 |
| Fund Balance, June 30, 2020 | \$ 422,026 | \$ 1,803,521 | \$ 44,382 | \$ 895,466 | \$ 3,165,395 |

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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|----------------------|----------------------|--|
| | | | | | Original | Final | |
| | | | | | | | |
| <u>Revenues</u> | | | | | | | |
| Local Taxes | \$ 37,224,835 | \$ 0 | \$ 0 | \$ 37,224,835 | \$ 35,133,583 | \$ 35,133,583 | \$ 2,091,252 |
| Licenses and Permits | 4,348 | 0 | 0 | 4,348 | 4,000 | 4,000 | 348 |
| Charges for Current Services | 321,581 | 0 | 0 | 321,581 | 16,000 | 316,000 | 5,581 |
| Other Local Revenues | 290,370 | 0 | 0 | 290,370 | 1,165,350 | 1,165,350 | (874,980) |
| State of Tennessee | 44,137,672 | 0 | 0 | 44,137,672 | 43,202,692 | 43,750,765 | 386,907 |
| Federal Government | 182,747 | 0 | 0 | 182,747 | 200,000 | 200,000 | (17,253) |
| Other Governments and Citizens Groups | 4,400 | 0 | 0 | 4,400 | 330,000 | 42,606 | (38,206) |
| Total Revenues | \$ 82,165,953 | \$ 0 | \$ 0 | \$ 82,165,953 | \$ 80,051,625 | \$ 80,612,304 | \$ 1,553,649 |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 38,286,993 | \$ (260,316) | \$ 490,368 | \$ 38,517,045 | \$ 41,175,834 | \$ 41,356,440 | \$ 2,839,395 |
| Special Education Program | 5,393,664 | (5,202) | 3,157 | 5,391,619 | 5,424,250 | 5,554,250 | 162,631 |
| Career and Technical Education Program | 2,827,726 | (17,608) | 297,687 | 3,107,805 | 3,150,819 | 3,208,319 | 100,514 |
| <u>Support Services</u> | | | | | | | |
| Health Services | 899,154 | (110) | 1,563 | 900,607 | 955,729 | 969,829 | 69,222 |
| Other Student Support | 2,124,767 | 0 | 0 | 2,124,767 | 2,073,254 | 2,102,854 | (21,913) |
| Regular Instruction Program | 2,719,614 | (1,077) | 23,562 | 2,742,099 | 3,058,380 | 3,058,380 | 316,281 |
| Special Education Program | 501,624 | 0 | 0 | 501,624 | 531,203 | 535,203 | 33,579 |
| Career and Technical Education Program | 169,464 | (1,500) | 0 | 167,964 | 171,115 | 172,315 | 4,351 |
| Other Programs | 473,339 | 0 | 0 | 473,339 | 0 | 473,339 | 0 |
| Board of Education | 1,183,585 | (54) | 0 | 1,183,531 | 1,725,834 | 1,725,834 | 542,303 |
| Director of Schools | 459,694 | 0 | 0 | 459,694 | 484,814 | 489,414 | 29,720 |
| Office of the Principal | 5,321,063 | 0 | 0 | 5,321,063 | 5,867,950 | 5,867,950 | 546,887 |
| Fiscal Services | 400,524 | 0 | 0 | 400,524 | 461,850 | 464,350 | 63,826 |
| Human Services/Personnel | 308,858 | (76) | 383 | 309,165 | 310,000 | 351,400 | 42,235 |
| Operation of Plant | 6,600,442 | (56,000) | 57,926 | 6,602,368 | 6,899,100 | 6,909,100 | 306,732 |
| Maintenance of Plant | 3,013,994 | (64,148) | 126,946 | 3,076,792 | 3,675,998 | 3,680,798 | 604,006 |
| Transportation | 4,664,086 | (131,950) | 0 | 4,532,136 | 5,241,819 | 5,241,819 | 709,683 |

(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 7/1/2019 | Add: Encumbrances 6/30/2020 | 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> | | | | | | | |
| Community Services | \$ 13,034 | \$ 0 | \$ 0 | \$ 13,034 | \$ 30,798 | \$ 30,798 | \$ 17,764 |
| Early Childhood Education | 778,703 | (6,255) | 4,709 | 777,157 | 725,222 | 806,706 | 29,549 |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | 1,626,617 | (5,834,200) | 4,879,233 | 671,650 | 650,000 | 672,000 | 350 |
| <u>Principal on Debt</u> | | | | | | | |
| Education | 0 | 0 | 0 | 0 | 575,000 | 0 | 0 |
| <u>Interest on Debt</u> | | | | | | | |
| Education | 0 | 0 | 0 | 0 | 55,000 | 0 | 0 |
| <u>Other Debt Service</u> | | | | | | | |
| Education | 611,341 | 0 | 0 | 611,341 | 0 | 630,000 | 18,659 |
| Total Expenditures | \$ 78,378,286 | \$ (6,378,496) | \$ 5,885,534 | \$ 77,885,324 | \$ 83,243,969 | \$ 84,301,098 | \$ 6,415,774 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 3,787,667 | \$ 6,378,496 | \$ (5,885,534) | \$ 4,280,629 | \$ (3,192,344) | \$ (3,688,794) | \$ 7,969,423 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers In | \$ 220,126 | \$ 0 | \$ 0 | \$ 220,126 | \$ 200,000 | \$ 200,000 | \$ 20,126 |
| Total Other Financing Sources | \$ 220,126 | \$ 0 | \$ 0 | \$ 220,126 | \$ 200,000 | \$ 200,000 | \$ 20,126 |
| Net Change in Fund Balance | \$ 4,007,793 | \$ 6,378,496 | \$ (5,885,534) | \$ 4,500,755 | \$ (2,992,344) | \$ (3,488,794) | \$ 7,989,549 |
| Fund Balance, July 1, 2019 | 20,585,427 | (6,378,496) | 0 | 14,206,931 | 6,250,961 | 6,250,961 | 7,955,970 |
| Fund Balance, June 30, 2020 | \$ 24,593,220 | \$ 0 | \$ (5,885,534) | \$ 18,707,686 | \$ 3,258,617 | \$ 2,762,167 | \$ 15,945,519 |

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
School Federal Projects Fund
For the Year Ended June 30, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Federal Government | \$ 6,003,285 | \$ 0 | \$ 0 | \$ 6,003,285 | \$ 6,065,098 | \$ 6,065,098 | \$ (61,813) |
| Total Revenues | \$ 6,003,285 | \$ 0 | \$ 0 | \$ 6,003,285 | \$ 6,065,098 | \$ 6,065,098 | \$ (61,813) |
| <u>Expenditures</u> | | | | | | | |
| <u>Instruction</u> | | | | | | | |
| Regular Instruction Program | \$ 2,052,218 | \$ (21,417) | \$ 51,700 | \$ 2,082,501 | \$ 2,147,892 | \$ 2,147,892 | \$ 65,391 |
| Special Education Program | 1,938,297 | 0 | 0 | 1,938,297 | 2,136,572 | 2,136,572 | 198,275 |
| Career and Technical Education Program | 226,928 | (19,065) | 6,809 | 214,672 | 192,458 | 224,458 | 9,786 |
| <u>Support Services</u> | | | | | | | |
| Other Student Support | 318,069 | 0 | 0 | 318,069 | 441,484 | 409,484 | 91,415 |
| Regular Instruction Program | 704,755 | 0 | 0 | 704,755 | 560,850 | 560,850 | (143,905) |
| Special Education Program | 490,006 | 0 | 0 | 490,006 | 491,336 | 491,336 | 1,330 |
| Transportation | 21,675 | 0 | 0 | 21,675 | 72,109 | 72,109 | 50,434 |
| Total Expenditures | \$ 5,751,948 | \$ (40,482) | \$ 58,509 | \$ 5,769,975 | \$ 6,042,701 | \$ 6,042,701 | \$ 272,726 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ 251,337 | \$ 40,482 | \$ (58,509) | \$ 233,310 | \$ 22,397 | \$ 22,397 | \$ 210,913 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Transfers Out | \$ (70,126) | \$ 0 | \$ 0 | \$ (70,126) | \$ (22,397) | \$ (22,397) | \$ (47,729) |
| Total Other Financing Sources | \$ (70,126) | \$ 0 | \$ 0 | \$ (70,126) | \$ (22,397) | \$ (22,397) | \$ (47,729) |
| Net Change in Fund Balance | \$ 181,211 | \$ 40,482 | \$ (58,509) | \$ 163,184 | \$ 0 | \$ 0 | \$ 163,184 |
| Fund Balance, July 1, 2019 | 240,815 | (40,482) | 0 | 200,333 | 0 | 0 | 200,333 |
| Fund Balance, June 30, 2020 | \$ 422,026 | \$ 0 | \$ (58,509) | \$ 363,517 | \$ 0 | \$ 0 | \$ 363,517 |

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|--------------|--|
| | | | | | Original | Final | |
| <u>Revenues</u> | | | | | | | |
| Charges for Current Services | \$ 761,673 | \$ 0 | \$ 0 | \$ 761,673 | \$ 1,207,500 | \$ 1,207,500 | \$ (445,827) |
| Other Local Revenues | 48,010 | 0 | 0 | 48,010 | 3,500 | 3,500 | 44,510 |
| State of Tennessee | 39,683 | 0 | 0 | 39,683 | 50,000 | 50,000 | (10,317) |
| Federal Government | 3,798,947 | 0 | 0 | 3,798,947 | 3,726,610 | 3,726,610 | 72,337 |
| Other Governments and Citizens Groups | 116 | 0 | 0 | 116 | 2,000 | 2,000 | (1,884) |
| Total Revenues | \$ 4,648,429 | \$ 0 | \$ 0 | \$ 4,648,429 | \$ 4,989,610 | \$ 4,989,610 | \$ (341,181) |
| <u>Expenditures</u> | | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | | |
| Food Service | \$ 4,712,762 | \$ (279,514) | \$ 562,392 | \$ 4,995,640 | \$ 4,989,610 | \$ 4,989,610 | \$ (6,030) |
| Total Expenditures | \$ 4,712,762 | \$ (279,514) | \$ 562,392 | \$ 4,995,640 | \$ 4,989,610 | \$ 4,989,610 | \$ (6,030) |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (64,333) | \$ 279,514 | \$ (562,392) | \$ (347,211) | \$ 0 | \$ 0 | \$ (347,211) |
| Net Change in Fund Balance | \$ (64,333) | \$ 279,514 | \$ (562,392) | \$ (347,211) | \$ 0 | \$ 0 | \$ (347,211) |
| Fund Balance, July 1, 2019 | 1,867,854 | (279,514) | 0 | 1,588,340 | 1,601,839 | 1,601,839 | (13,499) |
| Fund Balance, June 30, 2020 | \$ 1,803,521 | \$ 0 | \$ (562,392) | \$ 1,241,129 | \$ 1,601,839 | \$ 1,601,839 | \$ (360,710) |

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, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|---|-------------------|-------------------|--|
| | | | | Original | Final | |
| <u>Revenues</u> | | | | | | |
| Charges for Current Services | \$ 35,750 | \$ 0 | \$ 35,750 | \$ 200,000 | \$ 200,000 | \$ (164,250) |
| State of Tennessee | 0 | 0 | 0 | 40,000 | 40,000 | (40,000) |
| Total Revenues | <u>\$ 35,750</u> | <u>\$ 0</u> | <u>\$ 35,750</u> | <u>\$ 240,000</u> | <u>\$ 240,000</u> | <u>\$ (204,250)</u> |
| <u>Expenditures</u> | | | | | | |
| <u>Operation of Non-Instructional Services</u> | | | | | | |
| Early Childhood Education | \$ 38,593 | \$ (12,525) | \$ 26,068 | \$ 235,896 | \$ 235,896 | \$ 209,828 |
| Total Expenditures | <u>\$ 38,593</u> | <u>\$ (12,525)</u> | <u>\$ 26,068</u> | <u>\$ 235,896</u> | <u>\$ 235,896</u> | <u>\$ 209,828</u> |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (2,843) | \$ 12,525 | \$ 9,682 | \$ 4,104 | \$ 4,104 | \$ 5,578 |
| Net Change in Fund Balance | \$ (2,843) | \$ 12,525 | \$ 9,682 | \$ 4,104 | \$ 4,104 | \$ 5,578 |
| Fund Balance, July 1, 2019 | 47,225 | (12,525) | 34,700 | 43,910 | 43,910 | (9,210) |
| Fund Balance, June 30, 2020 | <u>\$ 44,382</u> | <u>\$ 0</u> | <u>\$ 44,382</u> | <u>\$ 48,014</u> | <u>\$ 48,014</u> | <u>\$ (3,632)</u> |

Exhibit K-12

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
School Improvement Fund
For the Year Ended June 30, 2020

| | Actual (GAAP Basis) | Less: Encumbrances 7/1/2019 | Add: Encumbrances 6/30/2020 | Actual Revenues/ Expenditures (Budgetary Basis) | Budgeted Amounts | | Variance with Final Budget - Positive (Negative) |
|--|---------------------------|-----------------------------------|-----------------------------------|---|------------------|----------------|--|
| | | | | | Original | Final | |
| Total Revenues | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Expenditures</u> | | | | | | | |
| <u>Capital Outlay</u> | | | | | | | |
| Regular Capital Outlay | \$ 576,241 | \$ (388,844) | \$ 392,577 | \$ 579,974 | \$ 1,475,000 | \$ 1,475,000 | \$ 895,026 |
| Total Expenditures | \$ 576,241 | \$ (388,844) | \$ 392,577 | \$ 579,974 | \$ 1,475,000 | \$ 1,475,000 | \$ 895,026 |
| Excess (Deficiency) of Revenues Over Expenditures | \$ (576,241) | \$ 388,844 | \$ (392,577) | \$ (579,974) | \$ (1,475,000) | \$ (1,475,000) | \$ 895,026 |
| <u>Other Financing Sources (Uses)</u> | | | | | | | |
| Insurance Recovery | \$ 78,132 | \$ 0 | \$ 0 | \$ 78,132 | \$ 0 | \$ 0 | \$ 78,132 |
| Transfers In | 0 | 0 | 0 | 0 | 1,625,000 | 1,625,000 | (1,625,000) |
| Transfers Out | (150,000) | 0 | 0 | (150,000) | (150,000) | (150,000) | 0 |
| Total Other Financing Sources | \$ (71,868) | \$ 0 | \$ 0 | \$ (71,868) | \$ 1,475,000 | \$ 1,475,000 | \$ (1,546,868) |
| Net Change in Fund Balance | \$ (648,109) | \$ 388,844 | \$ (392,577) | \$ (651,842) | \$ 0 | \$ 0 | \$ (651,842) |
| Fund Balance, July 1, 2019 | 1,543,575 | (388,844) | 0 | 1,154,731 | 763,964 | 763,964 | 390,767 |
| Fund Balance, June 30, 2020 | \$ 895,466 | \$ 0 | \$ (392,577) | \$ 502,889 | \$ 763,964 | \$ 763,964 | \$ (261,075) |

Exhibit K-13

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
June 30, 2020

| | Private- Purpose Trust Fund |
|---------------------------------------|--------------------------------------|
| | <u>Endowment Fund</u> |
| <u>ASSETS</u> | |
| Equity in Pooled Cash and Investments | \$ 110,595 |
| Accounts Receivable | <u>2,875</u> |
| Total Assets | <u><u>\$ 113,470</u></u> |
| <u>LIABILITIES</u> | |
| Accounts Payable | \$ 2,875 |
| Total Liabilities | <u>\$ 2,875</u> |
| <u>NET POSITION</u> | |
| Unrestricted | \$ 110,595 |
| Total Net Position | <u><u>\$ 110,595</u></u> |

Exhibit K-14

Sullivan County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
For the Year Ended June 30, 2020

| | Private- Purpose Trust Fund |
|-----------------------------|--------------------------------------|
| | <u>Endowment Fund</u> |
| <u>ADDITIONS</u> | |
| Investment Income | \$ 2,565 |
| Total Additions | <u>\$ 2,565</u> |
| <u>DEDUCTIONS</u> | |
| Education: | |
| Scholarships: | \$ 5,750 |
| Total Deductions | <u>\$ 5,750</u> |
| Change in Net Position | \$ (3,185) |
| Net Position, July 1, 2019 | <u>113,780</u> |
| Net Position, June 30, 2020 | <u><u>\$ 110,595</u></u> |

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, Bonds, and Nonexchange Financial Guarantee
 For the Year Ended June 30, 2020

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-19 | Issued or Other Increases During Period | Matured During Period | Outstanding 6-30-20 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|---|-----------------------------|------------------------|
| NOTES PAYABLE | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| School Roof | \$ 1,500,000 | 2.65% | 10-12-15 | 10-16-23 | \$ 788,744 | \$ 0 | \$ 151,805 | \$ 636,939 |
| Total Notes Payable | | | | | \$ 788,744 | \$ 0 | \$ 151,805 | \$ 636,939 |
| 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 | \$ 6,947,637 | \$ 0 | \$ 965,928 | \$ 5,981,709 |
| Qualified School Construction Bonds, Series 2010 (1) | 5,073,000 | 0 | 10-7-10 | 8-1-27 | 2,593,381 | 0 | 316,547 | 2,276,834 |
| Energy Efficient Schools Initiative | 5,054,635 | 0 | 5-16-11 | 12-1-25 | 2,794,285 | 0 | 421,080 | 2,373,205 |
| Total Other Loans Payable | | | | | \$ 12,335,303 | \$ 0 | \$ 1,703,555 | \$ 10,631,748 |
| CAPITAL LEASES PAYABLE | | | | | | | | |
| <u>Payable through General Fund</u> | | | | | | | | |
| Jail Camera System | 459,900 | 3.25 | 12-29-15 | 1-20-20 | \$ 94,872 | \$ 0 | \$ 94,872 | \$ 0 |
| Circuit Computers 2017 | 58,677 | 6 | 4-17-17 | 3-17-21 | 24,575 | 0 | 16,137 | 8,438 |
| Sheriff Vehicles | 208,036 | 3.4 | 5-18-17 | 5-18-20 | 52,850 | 0 | 52,850 | 0 |
| Clerk and Master Computers 2018 | 21,067 | 6.5 | 5-24-18 | 3-24-22 | 14,981 | 0 | 5,141 | 9,840 |
| Sheriff Vehicles 2018 (2) | 355,937 | 4.75 | 6-10-18 | 6-10-21 | 186,244 | 0 | 98,180 | 88,064 |
| Court System Computers 2018 | 33,501 | 6.5 | 8-15-18 | 6-15-23 | 27,494 | 0 | 6,220 | 21,274 |
| Circuit Servers 2018 | 28,899 | 6.5 | 10-16-18 | 8-16-22 | 23,357 | 0 | 6,865 | 16,492 |
| Sheriff Vehicles 2019 | 1,474,199 | 3.79 | 1-15-19 | 3-15-22 | 1,091,575 | 0 | 350,410 | 741,165 |
| Total Payable through General Fund | | | | | \$ 1,515,948 | \$ 0 | \$ 630,675 | \$ 885,273 |
| <u>Payable through Highway/Public Works Fund</u> | | | | | | | | |
| Dump Trucks 2018 | 494,574 | 4.26 | 11-30-17 | 11-1-23 | \$ 331,302 | \$ 0 | \$ 75,887 | \$ 255,415 |
| Total Payable through Highway/Public Works Fund | | | | | \$ 331,302 | \$ 0 | \$ 75,887 | \$ 255,415 |
| Total Capital Leases Payable | | | | | \$ 1,847,250 | \$ 0 | \$ 706,562 | \$ 1,140,688 |

(Continued)

Exhibit L-1

Sullivan County, Tennessee

Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, Bonds, and Nonexchange Financial Guarantee (Cont.)

| Description of Indebtedness | Original Amount of Issue | Interest Rate | Date of Issue | Last Maturity Date | Outstanding 7-1-19 | Issued or Other Increases During Period | Matured During Period | Outstanding 6-30-20 |
|--|--------------------------------|------------------|---------------------|--------------------------|-----------------------|---|-----------------------------|------------------------|
| BONDS PAYABLE | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| General Obligation Refunding Bonds, Series 2015A | \$ 24,870,000 | 2 to 5% | 3-30-15 | 4-1-26 | \$ 17,600,000 | \$ 0 | \$ 2,605,000 | \$ 14,995,000 |
| General Obligation Refunding Bonds, Series 2015C | 6,265,000 | 2 to 3.35 | 3-30-15 | 4-1-28 | 5,030,000 | 0 | 515,000 | 4,515,000 |
| General Obligation Bonds, Series 2017 | 135,740,000 | 3 to 5 | 3-30-17 | 5-1-47 | 133,285,000 | 0 | 2,580,000 | 130,705,000 |
| General Obligation Bonds, Series 2019 | 3,745,000 | 2.25 to 5 | 12-5-19 | 6-1-39 | 0 | 3,745,000 | 100,000 | 3,645,000 |
| Total Bonds Payable | | | | | <u>\$ 155,915,000</u> | <u>\$ 3,745,000</u> | <u>\$ 5,800,000</u> | <u>\$ 153,860,000</u> |
| NONEXCHANGE FINANCIAL GUARANTEE | | | | | | | | |
| <u>Payable through General Debt Service Fund</u> | | | | | | | | |
| Airport Authority 2018 Aerospace Park Bonds | 2,290,750 | 3 to 4.5 | 3-29-18 | 5-1-38 | \$ 2,238,542 | \$ 12,942 | \$ 93,542 | \$ 2,157,942 |
| Total Payable through General Debt Service Fund | | | | | <u>\$ 2,238,542</u> | <u>\$ 12,942</u> | <u>\$ 93,542</u> | <u>\$ 2,157,942</u> |
| Total Nonexchange Financial Guarantee | | | | | <u>\$ 2,238,542</u> | <u>\$ 12,942</u> | <u>\$ 93,542</u> | <u>\$ 2,157,942</u> |

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

(2) Amount matured includes \$14,125 paid from Self-Insurance Fund for current year and remaining principal requirements on totaled vehicle.

Exhibit L-2

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

| Year Ending June 30 | Notes | | |
|---------------------------|-------------------|------------------|-------------------|
| | Principal | Interest | Total |
| 2021 | \$ 155,876 | \$ 14,869 | \$ 170,745 |
| 2022 | 160,056 | 10,684 | 170,740 |
| 2023 | 164,348 | 6,387 | 170,735 |
| 2024 | 156,659 | 2,076 | 158,735 |
| Total | <u>\$ 636,939</u> | <u>\$ 34,016</u> | <u>\$ 670,955</u> |

| Year Ending June 30 | Other Loans | | | |
|---------------------------|----------------------|---------------------|-------------------|----------------------|
| | Principal | Interest | Other Fees | Total |
| 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 | <u>\$ 10,631,748</u> | <u>\$ 3,222,500</u> | <u>\$ 126,173</u> | <u>\$ 13,980,421</u> |

| Year Ending June 30 | Capital Leases | | |
|---------------------------|---------------------|------------------|---------------------|
| | Principal | Interest | Total |
| 2021 | \$ 558,759 | \$ 41,523 | \$ 600,282 |
| 2022 | 479,215 | 22,934 | 502,149 |
| 2023 | 94,912 | 4,226 | 99,138 |
| 2024 | 7,802 | 332 | 8,134 |
| Total | <u>\$ 1,140,688</u> | <u>\$ 69,015</u> | <u>\$ 1,209,703</u> |

(Continued)

Exhibit L-2

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

| Year Ending June 30 | Bonds | | |
|---------------------------|-----------------------|----------------------|-----------------------|
| | Principal | Interest | Total |
| 2021 | \$ 6,155,000 | \$ 6,135,962 | \$ 12,290,962 |
| 2022 | 6,530,000 | 5,548,088 | 12,078,088 |
| 2023 | 6,875,000 | 5,530,322 | 12,405,322 |
| 2024 | 7,265,000 | 5,199,653 | 12,464,653 |
| 2025 | 5,550,000 | 4,848,777 | 10,398,777 |
| 2026 | 5,250,000 | 4,583,318 | 9,833,318 |
| 2027 | 4,405,000 | 4,355,017 | 8,760,017 |
| 2028 | 4,525,000 | 4,219,918 | 8,744,918 |
| 2029 | 4,075,000 | 4,042,850 | 8,117,850 |
| 2030 | 4,240,000 | 3,879,850 | 8,119,850 |
| 2031 | 4,365,000 | 3,754,150 | 8,119,150 |
| 2032 | 4,535,000 | 3,583,050 | 8,118,050 |
| 2033 | 4,715,000 | 3,405,237 | 8,120,237 |
| 2034 | 4,900,000 | 3,220,313 | 8,120,313 |
| 2035 | 5,055,000 | 3,062,944 | 8,117,944 |
| 2036 | 5,220,000 | 2,900,581 | 8,120,581 |
| 2037 | 5,390,000 | 2,726,375 | 8,116,375 |
| 2038 | 5,610,000 | 2,514,225 | 8,124,225 |
| 2039 | 5,830,000 | 2,293,425 | 8,123,425 |
| 2040 | 5,805,000 | 2,063,900 | 7,868,900 |
| 2041 | 6,040,000 | 1,831,700 | 7,871,700 |
| 2042 | 6,280,000 | 1,590,100 | 7,870,100 |
| 2043 | 6,530,000 | 1,338,900 | 7,868,900 |
| 2044 | 6,770,000 | 1,102,188 | 7,872,188 |
| 2045 | 7,040,000 | 831,387 | 7,871,387 |
| 2046 | 7,320,000 | 549,788 | 7,869,788 |
| 2047 | 7,585,000 | 284,437 | 7,869,437 |
| Total | <u>\$ 153,860,000</u> | <u>\$ 85,396,455</u> | <u>\$ 239,256,455</u> |

(Continued)

Exhibit L-2

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

| Year Ending June 30 | Nonexchange Financial Guarantee | | |
|---|---------------------------------|-------------------|---------------------|
| | Principal | Interest | Total |
| Principal and Interest Requirements on Outstanding Aerospace Park Bonds: | | | |
| 2021 | \$ 85,000 | \$ 77,650 | \$ 162,650 |
| 2022 | 90,000 | 73,825 | 163,825 |
| 2023 | 95,000 | 69,775 | 164,775 |
| 2024 | 95,000 | 65,500 | 160,500 |
| 2025 | 100,000 | 61,225 | 161,225 |
| 2026 | 105,000 | 56,725 | 161,725 |
| 2027 | 110,000 | 53,575 | 163,575 |
| 2028 | 115,000 | 50,138 | 165,138 |
| 2029 | 115,000 | 46,400 | 161,400 |
| 2030 | 120,000 | 42,663 | 162,663 |
| 2031 | 125,000 | 38,763 | 163,763 |
| 2032 | 130,000 | 34,700 | 164,700 |
| 2033 | 135,000 | 30,312 | 165,312 |
| 2034 | 135,000 | 25,756 | 160,756 |
| 2035 | 140,000 | 21,031 | 161,031 |
| 2036 | 145,000 | 16,131 | 161,131 |
| 2037 | 150,000 | 11,056 | 161,056 |
| 2038 | 155,000 | 5,619 | 160,619 |
| Total | <u>\$ 2,145,000</u> | <u>\$ 780,844</u> | <u>\$ 2,925,844</u> |

Calculation of Nonexchange Financial Guarantee Liability:

| | |
|--|----------------------------|
| Principal Balance | \$ 2,145,000 |
| Add: Accrued Interest | <u>12,942</u> |
| Sullivan County's Nonexchange Financial Guarantee Liability 6-30-20 | <u><u>\$ 2,157,942</u></u> |

Exhibit L-3

Sullivan County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2020

| <u>From Fund</u> | <u>To Fund</u> | <u>Purpose</u> | <u>Amount</u> |
|--|------------------------|-------------------|---------------------|
| <u>PRIMARY GOVERNMENT</u> | | | |
| General | General Debt Service | Tax credit rebate | \$ 245,939 |
| " | " | Debt retirement | 700,000 |
| " | Self-Insurance | Operations | 970,000 |
| General Capital Projects | General Debt Service | Debt retirement | <u>3,500,000</u> |
| Total Transfers Primary Government | | | <u>\$ 5,415,939</u> |
| <u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u> | | | |
| School Federal Projects | General Purpose School | Indirect cost | \$ 70,126 |
| School Improvement | " | Debt retirement | <u>150,000</u> |
| Total Transfers Discretely Presented Sullivan County School Department | | | <u>\$ 220,126</u> |

Exhibit L-4

Sullivan County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2020

| Official | Authorization for Salary | Salary Paid During Period | Bond | Surety |
|--|---|---------------------------|------------|--|
| County Mayor | Section 8-24-102, <i>TCA</i> | \$ 124,537 (1) | \$ 100,000 | Cincinnati Insurance Company |
| Highway Commissioner | Section 8-24-102, <i>TCA</i> | 118,607 | 100,000 | Western Surety Company |
| Director of Schools: | | | | |
| Evelyn Rafalowski (7-1-19 through 7-31-19) | State Board of Education and County Board of Education | 11,167 (2) | 100,000 | Cincinnati Insurance Company |
| David Cox (8-1-19 through 6-30-20) | State Board of Education and County Board of Education | 124,680 (3) | 100,000 | " |
| Trustee | Section 8-24-102, <i>TCA</i> | 101,611 | 5,200,598 | " |
| Assessor of Property | Section 8-24-102, <i>TCA</i> | 101,611 | 50,000 | " |
| Director of Accounts and Budgets | County Commission | 101,611 | 100,000 | " |
| Purchasing Agent | Section 261, Private Acts of 1947, as amended | 83,439 | 100,000 | " |
| County Clerk | Section 8-24-102, <i>TCA</i> | 101,611 | 100,000 | " |
| Circuit, General Sessions, and Law Courts Clerk | Section 8-24-102, <i>TCA</i> | 101,611 | 100,000 | " |
| Clerk and Master | Section 8-24-102, <i>TCA</i> , and Chancery Court Judge | 101,611 (4) | 150,000 | Western Surety Company |
| Register of Deeds | Section 8-24-102, <i>TCA</i> | 101,611 | 100,000 | Cincinnati Insurance Company |
| Sheriff | Section 8-24-102, <i>TCA</i> , and County Commission | 119,407 (5) | 100,000 | " |
| Employee Blanket Bonds - All County and School Department Employees: | | | | |
| Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund) | | | 250,000 | Princeton Excess and Surplus Lines Insurance Company |

(1) Does not include vehicle allowance of \$7,800.

(2) Does not include vehicle allowance of \$650 and career ladder supplement of \$1,000.

(3) Does not include vehicle allowance of \$8,953, home office allowance of \$200, career ladder supplement of \$1,000, and moving expense allowance of \$10,000.

(4) Does not include special commissioner fees of \$10,611.

(5) Includes a \$6,835 supplement as workhouse superintendent and a \$800 law enforcement training supplement.

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2020

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-------------------|--------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Local Taxes</u> | | | | | | |
| <u>County Property Taxes</u> | | | | | | |
| Current Property Tax | \$ 30,045,111 | \$ 704,587 | \$ 0 | \$ 0 | \$ 0 | \$ 2,781,287 |
| Trustee's Collections - Prior Year | 696,568 | 16,752 | 0 | 0 | 0 | 66,130 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 343,342 | 8,258 | 0 | 0 | 0 | 32,596 |
| Interest and Penalty | 246,458 | 5,774 | 0 | 0 | 0 | 23,372 |
| Pickup Taxes | 553,323 | 13,125 | 0 | 0 | 0 | 51,234 |
| Payments in-Lieu-of Taxes - T.V.A. | 5,905 | 0 | 0 | 0 | 0 | 0 |
| Payments in-Lieu-of Taxes - Local Utilities | 673,141 | 0 | 0 | 0 | 0 | 0 |
| <u>County Local Option Taxes</u> | | | | | | |
| Local Option Sales Tax | 1,755,376 | 0 | 0 | 0 | 0 | 2,500,000 |
| Litigation Tax - General | 290,654 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Office of Public Defender | 132,175 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 4,718 | 0 | 0 | 0 | 0 | 0 |
| Litigation Tax - Courthouse Security | 351,546 | 0 | 0 | 0 | 0 | 0 |
| Business Tax | 2,539,376 | 0 | 0 | 0 | 0 | 0 |
| Mixed Drink Tax | 12,993 | 0 | 0 | 0 | 0 | 0 |
| Mineral Severance Tax | 0 | 0 | 0 | 0 | 0 | 151,479 |
| <u>Statutory Local Taxes</u> | | | | | | |
| Bank Excise Tax | 170,079 | 3,990 | 0 | 0 | 0 | 15,748 |
| Wholesale Beer Tax | 0 | 0 | 0 | 0 | 0 | 367,771 |
| Total Local Taxes | \$ 37,820,765 | \$ 752,486 | \$ 0 | \$ 0 | \$ 0 | \$ 5,989,617 |
| <u>Licenses and Permits</u> | | | | | | |
| <u>Licenses</u> | | | | | | |
| Cable TV Franchise | \$ 367,213 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 250,988 |

(Continued)

Exhibit L-5

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-------------------|--------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Licenses and Permits (Cont.)</u> | | | | | | |
| <u>Permits</u> | | | | | | |
| Beer Permits | \$ 475 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Building Permits | 120,379 | 0 | 0 | 0 | 0 | 0 |
| Total Licenses and Permits | \$ 488,067 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 250,988 |
| <u>Fines, Forfeitures, and Penalties</u> | | | | | | |
| <u>Circuit Court</u> | | | | | | |
| Fines | \$ 20,807 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Officers Costs | 64,490 | 0 | 0 | 0 | 0 | 0 |
| Drug Court Fees | 4,913 | 0 | 0 | 0 | 0 | 0 |
| Jail Fees | 55,993 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Circuit Court | 55,454 | 0 | 0 | 0 | 0 | 0 |
| <u>Criminal Court</u> | | | | | | |
| DUI Treatment Fines | 23,731 | 0 | 0 | 0 | 0 | 0 |
| <u>General Sessions Court</u> | | | | | | |
| Fines | 75,807 | 0 | 0 | 0 | 0 | 0 |
| Fines for Littering | 185 | 0 | 0 | 0 | 0 | 0 |
| Officers Costs | 149,521 | 0 | 0 | 0 | 0 | 0 |
| Game and Fish Fines | 144 | 0 | 0 | 0 | 0 | 0 |
| Drug Control Fines | 0 | 0 | 0 | 13,852 | 0 | 0 |
| Drug Court Fees | 24,361 | 0 | 0 | 0 | 0 | 0 |
| Victims Assistance Assessments | 74,485 | 0 | 0 | 0 | 0 | 0 |
| <u>Juvenile Court</u> | | | | | | |
| Fines | 2,860 | 0 | 0 | 0 | 0 | 0 |
| <u>Chancery Court</u> | | | | | | |
| Officers Costs | 4,377 | 0 | 0 | 0 | 0 | 0 |
| Data Entry Fee - Chancery Court | 19,041 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit L-5

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-------------------|----------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | | | | |
| <u>Judicial District Drug Program</u> | | | | | | |
| Drug Task Force Forfeitures and Seizures | \$ 0 | \$ 0 | \$ 0 | 99,521 | \$ 0 | 0 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | | | | |
| Proceeds from Confiscated Property | 0 | 0 | 0 | 9,543 | 0 | 0 |
| Other Fines, Forfeitures, and Penalties | 1,845 | 0 | 0 | 0 | 0 | 0 |
| Total Fines, Forfeitures, and Penalties | \$ 578,014 | \$ 0 | \$ 0 | 122,916 | \$ 0 | 0 |
| <u>Charges for Current Services</u> | | | | | | |
| <u>General Service Charges</u> | | | | | | |
| Tipping Fees | \$ 0 | \$ 316,007 | \$ 0 | \$ 0 | \$ 0 | 0 |
| Patient Charges | 319,349 | 0 | 6,673,577 | 0 | 0 | 0 |
| Zoning Studies | 4,257 | 0 | 0 | 0 | 0 | 0 |
| Work Release Charges for Board | 3,878 | 0 | 0 | 0 | 0 | 0 |
| Health Department Collections | 567,787 | 0 | 0 | 0 | 0 | 0 |
| Other General Service Charges | 66,612 | 0 | 0 | 0 | 0 | 0 |
| Service Charges | 150,804 | 0 | 0 | 0 | 0 | 0 |
| Backflow Charges | 865 | 0 | 0 | 0 | 0 | 0 |
| <u>Fees</u> | | | | | | |
| Recreation Fees | 306,061 | 0 | 0 | 0 | 0 | 0 |
| Copy Fees | 7,229 | 0 | 0 | 0 | 0 | 92 |
| Library Fees | 6,343 | 0 | 0 | 0 | 0 | 0 |
| Archives and Records Management Fee | 220,953 | 0 | 0 | 0 | 0 | 0 |
| Greenbelt Late Application Fee | 450 | 0 | 0 | 0 | 0 | 0 |
| Telephone Commissions | 185,830 | 0 | 0 | 0 | 0 | 0 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 0 | 0 | 10,225 | 0 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 0 | 0 | 10,611 | 0 |

(Continued)

Exhibit L-5

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-------------------|--------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Charges for Current Services (Cont.)</u> | | | | | | |
| <u>Fees (Cont.)</u> | | | | | | |
| Data Processing Fee - Register | \$ 49,460 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Data Processing Fee - Sheriff | 7,520 | 0 | 0 | 0 | 0 | 0 |
| Sexual Offender Registration Fee - Sheriff | 7,100 | 0 | 0 | 0 | 0 | 0 |
| Data Processing Fee - County Clerk | 16,506 | 0 | 0 | 0 | 0 | 0 |
| Subscription and Electronic Filing Fee - Circuit and General Session | 4,100 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Insurance Coverage and Reinstatement Fees | 5,235 | 0 | 0 | 0 | 0 | 0 |
| <u>Education Charges</u> | | | | | | |
| Other Charges for Services | 246 | 0 | 0 | 0 | 0 | 0 |
| Total Charges for Current Services | \$ 1,930,585 | \$ 316,007 | \$ 6,673,577 | \$ 0 | \$ 20,836 | \$ 92 |
| <u>Other Local Revenues</u> | | | | | | |
| <u>Recurring Items</u> | | | | | | |
| Investment Income | \$ 683,640 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 67,448 |
| Lease/Rentals | 56,111 | 0 | 0 | 0 | 0 | 0 |
| Sale of Materials and Supplies | 2,363 | 0 | 0 | 0 | 0 | 22,762 |
| Commissary Sales | 42,328 | 0 | 0 | 0 | 0 | 0 |
| Sale of Maps | 73 | 0 | 0 | 0 | 0 | 0 |
| Sale of Recycled Materials | 667 | 122,881 | 0 | 0 | 0 | 0 |
| Miscellaneous Refunds | 6,794 | 0 | 1,786 | 0 | 0 | 1,018 |
| <u>Nonrecurring Items</u> | | | | | | |
| Revenue from Joint Ventures | 0 | 0 | 0 | 0 | 0 | 0 |
| Sale of Equipment | 3,621 | 3,893 | 0 | 0 | 0 | 0 |
| Sale of Property | 60,045 | 0 | 0 | 0 | 0 | 0 |
| Damages Recovered from Individuals | 2,244 | 0 | 0 | 0 | 0 | 1,560 |
| Contributions and Gifts | 10,308 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit L-5

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-------------------|--------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Other Local Revenues (Cont.)</u> | | | | | | |
| <u>Other Local Revenues</u> | | | | | | |
| Other Local Revenues | \$ 381,099 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Total Other Local Revenues | \$ 1,249,293 | \$ 126,774 | \$ 1,786 | \$ 0 | \$ 0 | \$ 92,788 |
| <u>Fees Received From County Officials</u> | | | | | | |
| <u>Fees In-Lieu-of Salary</u> | | | | | | |
| County Clerk | \$ 1,645,347 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Circuit Court Clerk | 518,356 | 0 | 0 | 0 | 0 | 0 |
| General Sessions Court Clerk | 855,455 | 0 | 0 | 0 | 0 | 0 |
| Clerk and Master | 563,868 | 0 | 0 | 0 | 0 | 0 |
| Register | 759,734 | 0 | 0 | 0 | 0 | 0 |
| Sheriff | 2,910 | 0 | 0 | 0 | 0 | 0 |
| Trustee | 2,654,373 | 0 | 0 | 0 | 0 | 0 |
| Total Fees Received From County Officials | \$ 7,000,043 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>State of Tennessee</u> | | | | | | |
| <u>General Government Grants</u> | | | | | | |
| Juvenile Services Program | \$ 58,803 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| <u>Public Safety Grants</u> | | | | | | |
| Law Enforcement Training Programs | 107,200 | 0 | 0 | 0 | 0 | 0 |
| <u>Health and Welfare Grants</u> | | | | | | |
| Health Department Programs | 279,186 | 0 | 0 | 0 | 0 | 0 |
| <u>Public Works Grants</u> | | | | | | |
| State Aid Program | 0 | 0 | 0 | 0 | 0 | 347,871 |
| Litter Program | 60,505 | 36,283 | 0 | 0 | 0 | 0 |
| Other Public Works Grants | 628,740 | 0 | 0 | 0 | 0 | 0 |

(Continued)

Exhibit L-5

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|-------------------|--------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>State of Tennessee (Cont.)</u> | | | | | | |
| <u>Other State Revenues</u> | | | | | | |
| Income Tax | \$ 167,693 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Beer Tax | 78,797 | 0 | 0 | 0 | 0 | 0 |
| Vehicle Certificate of Title Fees | 21,969 | 0 | 0 | 0 | 0 | 0 |
| Alcoholic Beverage Tax | 203,181 | 0 | 0 | 0 | 0 | 0 |
| State Revenue Sharing - Telecommunications | 289,489 | 0 | 0 | 0 | 0 | 0 |
| Emergency Hospital - Prisoners | 19,782 | 0 | 0 | 0 | 0 | 0 |
| Prisoner Transportation | 13,924 | 0 | 0 | 0 | 0 | 0 |
| Contracted Prisoner Boarding | 2,141,490 | 0 | 0 | 0 | 0 | 0 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 0 | 0 | 0 | 3,637,978 |
| Petroleum Special Tax | 0 | 0 | 0 | 0 | 0 | 113,155 |
| Registrar's Salary Supplement | 15,164 | 0 | 0 | 0 | 0 | 0 |
| Other State Grants | 923,836 | 0 | 0 | 0 | 0 | 0 |
| Other State Revenues | 767,537 | 138,121 | 464,127 | 0 | 0 | 0 |
| Total State of Tennessee | \$ 5,777,296 | \$ 174,404 | \$ 464,127 | \$ 0 | \$ 0 | \$ 4,099,004 |
| <u>Federal Government</u> | | | | | | |
| <u>Federal Through State</u> | | | | | | |
| Civil Defense Reimbursement | \$ 62,500 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 |
| Homeland Security Grants | 122,158 | 0 | 0 | 0 | 0 | 0 |
| COVID-19 Grant #1 | 139,183 | 0 | 0 | 0 | 0 | 0 |
| COVID-19 Grant #2 | 15,396 | 0 | 0 | 0 | 0 | 0 |
| COVID-19 Grant #3 | 1,705 | 0 | 0 | 0 | 0 | 0 |
| Other Federal through State | 2,080,198 | 0 | 0 | 0 | 0 | 0 |
| <u>Direct Federal Revenue</u> | | | | | | |
| Forest Service | 98,005 | 0 | 0 | 0 | 0 | 9,445 |

(Continued)

Exhibit L-5

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

| | Special Revenue Funds | | | | | |
|--|-----------------------|--------------------------|---------------------|-------------------|--------------------------------|------------------------|
| | General | Solid Waste / Sanitation | Ambulance Service | Drug Control | Constitutional Officers - Fees | Highway / Public Works |
| <u>Federal Government (Cont.)</u> | | | | | | |
| <u>Direct Federal Revenue (Cont.)</u> | | | | | | |
| Asset Forfeiture Funds | \$ 0 | \$ 0 | \$ 0 | \$ 5,812 | \$ 0 | \$ 0 |
| Tax Credit Bond Rebate | 231,060 | 0 | 0 | 0 | 0 | 0 |
| COVID-19 Grant #6 | 0 | 0 | 260,716 | 0 | 0 | 0 |
| Other Direct Federal Revenue | 436,919 | 0 | 0 | 0 | 0 | 0 |
| Total Federal Government | <u>\$ 3,187,124</u> | <u>\$ 0</u> | <u>\$ 260,716</u> | <u>\$ 5,812</u> | <u>\$ 0</u> | <u>\$ 9,445</u> |
| <u>Other Governments and Citizens Groups</u> | | | | | | |
| <u>Other Governments</u> | | | | | | |
| Paving and Maintenance | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 0 | \$ 26,406 |
| Contributions | 103,000 | 0 | 0 | 0 | 0 | 0 |
| Contracted Services | 819,515 | 85,858 | 0 | 0 | 0 | 180,992 |
| <u>Citizens Groups</u> | | | | | | |
| Donations | 0 | 0 | 12,792 | 0 | 0 | 0 |
| <u>Other</u> | | | | | | |
| Other | 65,877 | 0 | 0 | 0 | 0 | 0 |
| Total Other Governments and Citizens Groups | <u>\$ 988,392</u> | <u>\$ 85,858</u> | <u>\$ 12,792</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 207,398</u> |
| Total | <u>\$ 59,019,579</u> | <u>\$ 1,455,529</u> | <u>\$ 7,412,998</u> | <u>\$ 128,728</u> | <u>\$ 20,836</u> | <u>\$ 10,649,332</u> |

(Continued)

Exhibit L-5

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

| | Debt Service Fund | Capital Projects Fund | Total |
|--|----------------------------|--------------------------------|----------------------|
| | General Debt Service | General Capital Projects | |
| <u>Local Taxes</u> | | | |
| <u>County Property Taxes</u> | | | |
| Current Property Tax | \$ 8,158,395 | \$ 3,463,284 | \$ 45,152,664 |
| Trustee's Collections - Prior Year | 193,983 | 67,521 | 1,040,954 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 95,614 | 42,734 | 522,544 |
| Interest and Penalty | 68,556 | 29,640 | 373,800 |
| Pickup Taxes | 150,285 | 63,528 | 831,495 |
| Payments in-Lieu-of Taxes - T.V.A. | 0 | 0 | 5,905 |
| Payments in-Lieu-of Taxes - Local Utilities | 0 | 0 | 673,141 |
| <u>County Local Option Taxes</u> | | | |
| Local Option Sales Tax | 0 | 0 | 4,255,376 |
| Litigation Tax - General | 0 | 0 | 290,654 |
| Litigation Tax - Office of Public Defender | 0 | 0 | 132,175 |
| Litigation Tax - Jail, Workhouse, or Courthouse | 119,046 | 0 | 123,764 |
| Litigation Tax - Courthouse Security | 0 | 0 | 351,546 |
| Business Tax | 0 | 0 | 2,539,376 |
| Mixed Drink Tax | 0 | 0 | 12,993 |
| Mineral Severance Tax | 0 | 0 | 151,479 |
| <u>Statutory Local Taxes</u> | | | |
| Bank Excise Tax | 46,194 | 19,528 | 255,539 |
| Wholesale Beer Tax | 0 | 0 | 367,771 |
| Total Local Taxes | <u>\$ 8,832,073</u> | <u>\$ 3,686,235</u> | <u>\$ 57,081,176</u> |
| <u>Licenses and Permits</u> | | | |
| <u>Licenses</u> | | | |
| Cable TV Franchise | \$ 0 | \$ 0 | \$ 618,201 |

(Continued)

Exhibit L-5

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

| | <u>Debt Service</u> <u>Fund</u> | <u>Capital</u> <u>Projects Fund</u> | |
|--|------------------------------------|--|-------------------|
| | General Debt Service | General Capital Projects | Total |
| <u>Licenses and Permits (Cont.)</u> | | | |
| <u>Permits</u> | | | |
| Beer Permits | \$ 0 | \$ 0 | \$ 475 |
| Building Permits | 0 | 0 | 120,379 |
| Total Licenses and Permits | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 739,055</u> |
| <u>Fines, Forfeitures, and Penalties</u> | | | |
| <u>Circuit Court</u> | | | |
| Fines | \$ 0 | \$ 0 | \$ 20,807 |
| Officers Costs | 0 | 0 | 64,490 |
| Drug Court Fees | 0 | 0 | 4,913 |
| Jail Fees | 0 | 0 | 55,993 |
| Data Entry Fee - Circuit Court | 0 | 0 | 55,454 |
| <u>Criminal Court</u> | | | |
| DUI Treatment Fines | 0 | 0 | 23,731 |
| <u>General Sessions Court</u> | | | |
| Fines | 0 | 0 | 75,807 |
| Fines for Littering | 0 | 0 | 185 |
| Officers Costs | 0 | 0 | 149,521 |
| Game and Fish Fines | 0 | 0 | 144 |
| Drug Control Fines | 0 | 0 | 13,852 |
| Drug Court Fees | 0 | 0 | 24,361 |
| Victims Assistance Assessments | 0 | 0 | 74,485 |
| <u>Juvenile Court</u> | | | |
| Fines | 0 | 0 | 2,860 |
| <u>Chancery Court</u> | | | |
| Officers Costs | 0 | 0 | 4,377 |
| Data Entry Fee - Chancery Court | 0 | 0 | 19,041 |

(Continued)

Exhibit L-5

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

| | Debt Service Fund | Capital Projects Fund | Total |
|--|----------------------------|--------------------------------|-------------------|
| | General Debt Service | General Capital Projects | |
| <u>Fines, Forfeitures, and Penalties (Cont.)</u> | | | |
| <u>Judicial District Drug Program</u> | | | |
| Drug Task Force Forfeitures and Seizures | \$ 0 | \$ 0 | \$ 99,521 |
| <u>Other Fines, Forfeitures, and Penalties</u> | | | |
| Proceeds from Confiscated Property | 0 | 0 | 9,543 |
| Other Fines, Forfeitures, and Penalties | 0 | 0 | 1,845 |
| Total Fines, Forfeitures, and Penalties | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 700,930</u> |
| <u>Charges for Current Services</u> | | | |
| <u>General Service Charges</u> | | | |
| Tipping Fees | \$ 0 | \$ 0 | \$ 316,007 |
| Patient Charges | 0 | 0 | 6,992,926 |
| Zoning Studies | 0 | 0 | 4,257 |
| Work Release Charges for Board | 0 | 0 | 3,878 |
| Health Department Collections | 0 | 0 | 567,787 |
| Other General Service Charges | 0 | 0 | 66,612 |
| Service Charges | 0 | 0 | 150,804 |
| Backflow Charges | 0 | 0 | 865 |
| <u>Fees</u> | | | |
| Recreation Fees | 0 | 0 | 306,061 |
| Copy Fees | 0 | 0 | 7,321 |
| Library Fees | 0 | 0 | 6,343 |
| Archives and Records Management Fee | 0 | 0 | 220,953 |
| Greenbelt Late Application Fee | 0 | 0 | 450 |
| Telephone Commissions | 0 | 0 | 185,830 |
| Constitutional Officers' Fees and Commissions | 0 | 0 | 10,225 |
| Special Commissioner Fees/Special Master Fees | 0 | 0 | 10,611 |

(Continued)

Exhibit L-5

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

| | <u>Debt Service</u> <u>Fund</u> | <u>Capital</u> <u>Projects Fund</u> | |
|---|------------------------------------|--|---------------------|
| | General Debt Service | General Capital Projects | Total |
| <u>Charges for Current Services (Cont.)</u> | | | |
| <u>Fees (Cont.)</u> | | | |
| Data Processing Fee - Register | \$ 0 | \$ 0 | \$ 49,460 |
| Data Processing Fee - Sheriff | 0 | 0 | 7,520 |
| Sexual Offender Registration Fee - Sheriff | 0 | 0 | 7,100 |
| Data Processing Fee - County Clerk | 0 | 0 | 16,506 |
| Subscription and Electronic Filing Fee - Circuit and General Sessions | 0 | 0 | 4,100 |
| Vehicle Insurance Coverage and Reinstatement Fees | 0 | 0 | 5,235 |
| <u>Education Charges</u> | | | |
| Other Charges for Services | 0 | 0 | 246 |
| Total Charges for Current Services | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 8,941,097</u> |
| <u>Other Local Revenues</u> | | | |
| <u>Recurring Items</u> | | | |
| Investment Income | \$ 596,883 | \$ 0 | \$ 1,347,971 |
| Lease/Rentals | 0 | 0 | 56,111 |
| Sale of Materials and Supplies | 0 | 0 | 25,125 |
| Commissary Sales | 0 | 0 | 42,328 |
| Sale of Maps | 0 | 0 | 73 |
| Sale of Recycled Materials | 0 | 0 | 123,548 |
| Miscellaneous Refunds | 0 | 0 | 9,598 |
| <u>Nonrecurring Items</u> | | | |
| Revenue from Joint Ventures | 492,819 | 0 | 492,819 |
| Sale of Equipment | 0 | 0 | 7,514 |
| Sale of Property | 0 | 0 | 60,045 |
| Damages Recovered from Individuals | 0 | 0 | 3,804 |
| Contributions and Gifts | 0 | 0 | 10,308 |

(Continued)

Exhibit L-5

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

| | <u>Debt Service</u> <u>Fund</u> | <u>Capital</u> <u>Projects Fund</u> | |
|--|------------------------------------|--|---------------------|
| | General Debt Service | General Capital Projects | Total |
| <u>Other Local Revenues (Cont.)</u> | | | |
| <u>Other Local Revenues</u> | | | |
| Other Local Revenues | \$ 0 | \$ 0 | \$ 381,099 |
| Total Other Local Revenues | <u>\$ 1,089,702</u> | <u>\$ 0</u> | <u>\$ 2,560,343</u> |
| <u>Fees Received From County Officials</u> | | | |
| <u>Fees In-Lieu-of Salary</u> | | | |
| County Clerk | \$ 0 | \$ 0 | \$ 1,645,347 |
| Circuit Court Clerk | 0 | 0 | 518,356 |
| General Sessions Court Clerk | 0 | 0 | 855,455 |
| Clerk and Master | 0 | 0 | 563,868 |
| Register | 0 | 0 | 759,734 |
| Sheriff | 0 | 0 | 2,910 |
| Trustee | 0 | 0 | 2,654,373 |
| Total Fees Received From County Officials | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 7,000,043</u> |
| <u>State of Tennessee</u> | | | |
| <u>General Government Grants</u> | | | |
| Juvenile Services Program | \$ 0 | \$ 0 | \$ 58,803 |
| <u>Public Safety Grants</u> | | | |
| Law Enforcement Training Programs | 0 | 0 | 107,200 |
| <u>Health and Welfare Grants</u> | | | |
| Health Department Programs | 0 | 0 | 279,186 |
| <u>Public Works Grants</u> | | | |
| State Aid Program | 0 | 0 | 347,871 |
| Litter Program | 0 | 0 | 96,788 |
| Other Public Works Grants | 0 | 0 | 628,740 |

(Continued)

Exhibit L-5

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

| | <u>Debt Service</u> <u>Fund</u> | <u>Capital</u> <u>Projects Fund</u> | <u>Total</u> |
|--|------------------------------------|--|----------------------|
| | General Debt Service | General Capital Projects | |
| <u>State of Tennessee (Cont.)</u> | | | |
| <u>Other State Revenues</u> | | | |
| Income Tax | \$ 0 | \$ 0 | \$ 167,693 |
| Beer Tax | 0 | 0 | 78,797 |
| Vehicle Certificate of Title Fees | 0 | 0 | 21,969 |
| Alcoholic Beverage Tax | 0 | 0 | 203,181 |
| State Revenue Sharing - Telecommunications | 0 | 0 | 289,489 |
| Emergency Hospital - Prisoners | 0 | 0 | 19,782 |
| Prisoner Transportation | 0 | 0 | 13,924 |
| Contracted Prisoner Boarding | 0 | 0 | 2,141,490 |
| Gasoline and Motor Fuel Tax | 0 | 0 | 3,637,978 |
| Petroleum Special Tax | 0 | 0 | 113,155 |
| Registrar's Salary Supplement | 0 | 0 | 15,164 |
| Other State Grants | 0 | 0 | 923,836 |
| Other State Revenues | 0 | 0 | 1,369,785 |
| Total State of Tennessee | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 10,514,831</u> |
| <u>Federal Government</u> | | | |
| <u>Federal Through State</u> | | | |
| Civil Defense Reimbursement | \$ 0 | \$ 0 | \$ 62,500 |
| Homeland Security Grants | 0 | 0 | 122,158 |
| COVID-19 Grant #1 | 0 | 0 | 139,183 |
| COVID-19 Grant #2 | 0 | 0 | 15,396 |
| COVID-19 Grant #3 | 0 | 0 | 1,705 |
| Other Federal through State | 0 | 0 | 2,080,198 |
| <u>Direct Federal Revenue</u> | | | |
| Forest Service | 0 | 0 | 107,450 |

(Continued)

Exhibit L-5

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

| | <u>Debt Service</u> <u>Fund</u> | <u>Capital</u> <u>Projects Fund</u> | |
|--|------------------------------------|--|----------------------|
| | General Debt Service | General Capital Projects | Total |
| <u>Federal Government (Cont.)</u> | | | |
| <u>Direct Federal Revenue (Cont.)</u> | | | |
| Asset Forfeiture Funds | \$ 0 | \$ 0 | \$ 5,812 |
| Tax Credit Bond Rebate | 0 | 0 | 231,060 |
| COVID-19 Grant #6 | 0 | 0 | 260,716 |
| Other Direct Federal Revenue | 0 | 0 | 436,919 |
| Total Federal Government | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 3,463,097</u> |
| <u>Other Governments and Citizens Groups</u> | | | |
| <u>Other Governments</u> | | | |
| Paving and Maintenance | \$ 0 | \$ 0 | \$ 26,406 |
| Contributions | 611,341 | 0 | 714,341 |
| Contracted Services | 0 | 0 | 1,086,365 |
| <u>Citizens Groups</u> | | | |
| Donations | 0 | 0 | 12,792 |
| <u>Other</u> | | | |
| Other | 0 | 0 | 65,877 |
| Total Other Governments and Citizens Groups | <u>\$ 611,341</u> | <u>\$ 0</u> | <u>\$ 1,905,781</u> |
| Total | <u>\$ 10,533,116</u> | <u>\$ 3,686,235</u> | <u>\$ 92,906,353</u> |

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, 2020

| | Special Revenue Funds | | | | Total |
|--|------------------------|-------------------------|-------------------|---------------------------------|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Other Education Special Revenue | |
| <u>Local Taxes</u> | | | | | |
| <u>County Property Taxes</u> | | | | | |
| Current Property Tax | \$ 22,641,677 | \$ 0 | \$ 0 | \$ 0 | \$ 22,641,677 |
| Trustee's Collections - Prior Year | 539,177 | 0 | 0 | 0 | 539,177 |
| Circuit Clerk/Clerk and Master Collections - Prior Years | 280,573 | 0 | 0 | 0 | 280,573 |
| Interest and Penalty | 194,600 | 0 | 0 | 0 | 194,600 |
| Pickup Taxes | 417,103 | 0 | 0 | 0 | 417,103 |
| <u>County Local Option Taxes</u> | | | | | |
| Local Option Sales Tax | 13,023,496 | 0 | 0 | 0 | 13,023,496 |
| <u>Statutory Local Taxes</u> | | | | | |
| Bank Excise Tax | 128,209 | 0 | 0 | 0 | 128,209 |
| Total Local Taxes | <u>\$ 37,224,835</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 37,224,835</u> |
| <u>Licenses and Permits</u> | | | | | |
| <u>Licenses</u> | | | | | |
| Marriage Licenses | \$ 4,348 | \$ 0 | \$ 0 | \$ 0 | \$ 4,348 |
| Total Licenses and Permits | <u>\$ 4,348</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 0</u> | <u>\$ 4,348</u> |
| <u>Charges for Current Services</u> | | | | | |
| <u>Education Charges</u> | | | | | |
| Tuition - Other | \$ 0 | \$ 0 | \$ 0 | \$ 35,750 | \$ 35,750 |
| Lunch Payments - Children | 0 | 0 | 420,307 | 0 | 420,307 |
| Income from Breakfast | 0 | 0 | 37,626 | 0 | 37,626 |
| A la Carte Sales | 0 | 0 | 282,267 | 0 | 282,267 |
| Receipts from Individual Schools | 19,197 | 0 | 1,031 | 0 | 20,228 |
| TBI Criminal Background Fee | 2,384 | 0 | 0 | 0 | 2,384 |

(Continued)

Exhibit L-6

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

| | Special Revenue Funds | | | | Total |
|---|------------------------------|-------------------------------|----------------------|--|--------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Other Education Special Revenue | |
| <u>Charges for Current Services (Cont.)</u> | | | | | |
| <u>Education Charges (Cont.)</u> | | | | | |
| Other Charges for Services | \$ 300,000 | \$ 0 | \$ 20,442 | \$ 0 | \$ 320,442 |
| Total Charges for Current Services | \$ 321,581 | \$ 0 | \$ 761,673 | \$ 35,750 | \$ 1,119,004 |
| <u>Other Local Revenues</u> | | | | | |
| <u>Recurring Items</u> | | | | | |
| Investment Income | \$ 7,958 | \$ 0 | \$ 0 | \$ 0 | \$ 7,958 |
| Lease/Rentals | 1 | 0 | 0 | 0 | 1 |
| Sale of Materials and Supplies | 2,610 | 0 | 0 | 0 | 2,610 |
| Sale of Recycled Materials | 1,228 | 0 | 0 | 0 | 1,228 |
| Rebates | 0 | 0 | 47,934 | 0 | 47,934 |
| Miscellaneous Refunds | 54,815 | 0 | 76 | 0 | 54,891 |
| <u>Nonrecurring Items</u> | | | | | |
| Sale of Equipment | 2,343 | 0 | 0 | 0 | 2,343 |
| Sale of Property | 220,625 | 0 | 0 | 0 | 220,625 |
| Damages Recovered from Individuals | 308 | 0 | 0 | 0 | 308 |
| <u>Other Local Revenues</u> | | | | | |
| Other Local Revenues | 482 | 0 | 0 | 0 | 482 |
| Total Other Local Revenues | \$ 290,370 | \$ 0 | \$ 48,010 | \$ 0 | \$ 338,380 |
| <u>State of Tennessee</u> | | | | | |
| <u>General Government Grants</u> | | | | | |
| On-behalf Contributions for OPEB | \$ 473,339 | \$ 0 | \$ 0 | \$ 0 | \$ 473,339 |
| <u>State Education Funds</u> | | | | | |
| Basic Education Program | 40,244,945 | 0 | 0 | 0 | 40,244,945 |

(Continued)

Exhibit L-6

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

| | Special Revenue Funds | | | | Total |
|--|------------------------------|-------------------------------|----------------------|--|---------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Other Education Special Revenue | |
| <u>State of Tennessee (Cont.)</u> | | | | | |
| <u>State Education Funds (Cont.)</u> | | | | | |
| Early Childhood Education | \$ 679,485 | \$ 0 | \$ 0 | \$ 0 | \$ 679,485 |
| School Food Service | 0 | 0 | 39,683 | 0 | 39,683 |
| Other State Education Funds | 664,335 | 0 | 0 | 0 | 664,335 |
| Career Ladder Program | 130,817 | 0 | 0 | 0 | 130,817 |
| <u>Other State Revenues</u> | | | | | |
| State Revenue Sharing - T.V.A. | 1,924,751 | 0 | 0 | 0 | 1,924,751 |
| Other State Grants | 20,000 | 0 | 0 | 0 | 20,000 |
| Total State of Tennessee | \$ 44,137,672 | \$ 0 | \$ 39,683 | \$ 0 | \$ 44,177,355 |
| <u>Federal Government</u> | | | | | |
| <u>Federal Through State</u> | | | | | |
| USDA School Lunch Program | \$ 0 | \$ 0 | 2,081,302 | \$ 0 | \$ 2,081,302 |
| USDA - Commodities | 0 | 0 | 290,860 | 0 | 290,860 |
| Breakfast | 0 | 0 | 754,935 | 0 | 754,935 |
| USDA - Other | 0 | 0 | 604,580 | 0 | 604,580 |
| Vocational Education - Basic Grants to States | 0 | 192,258 | 0 | 0 | 192,258 |
| Other Vocational | 0 | 37,175 | 0 | 0 | 37,175 |
| Title I Grants to Local Education Agencies | 0 | 2,499,546 | 0 | 0 | 2,499,546 |
| Special Education - Grants to States | 16,942 | 2,565,228 | 0 | 0 | 2,582,170 |
| Special Education Preschool Grants | 0 | 65,858 | 0 | 0 | 65,858 |
| Education for Homeless Children and Youth | 0 | 31,853 | 0 | 0 | 31,853 |
| Eisenhower Professional Development State Grants | 0 | 427,772 | 0 | 0 | 427,772 |
| Other Federal through State | 0 | 183,595 | 0 | 0 | 183,595 |

(Continued)

Exhibit L-6

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

| | <u>Special Revenue Funds</u> | | | | Total |
|--|------------------------------|-------------------------------|----------------------|--|----------------------|
| | General Purpose School | School Federal Projects | Central Cafeteria | Other Education Special Revenue | |
| <u>Federal Government (Cont.)</u> | | | | | |
| <u>Direct Federal Revenue</u> | | | | | |
| ROTC Reimbursement | \$ 165,805 | \$ 0 | \$ 0 | \$ 0 | \$ 165,805 |
| Other Direct Federal Revenue | 0 | 0 | 67,270 | 0 | 67,270 |
| Total Federal Government | <u>\$ 182,747</u> | <u>\$ 6,003,285</u> | <u>\$ 3,798,947</u> | <u>\$ 0</u> | <u>\$ 9,984,979</u> |
| <u>Other Governments and Citizens Groups</u> | | | | | |
| <u>Citizens Groups</u> | | | | | |
| Donations | \$ 4,400 | \$ 0 | \$ 116 | \$ 0 | \$ 4,516 |
| Total Other Governments and Citizens Groups | <u>\$ 4,400</u> | <u>\$ 0</u> | <u>\$ 116</u> | <u>\$ 0</u> | <u>\$ 4,516</u> |
| Total | <u>\$ 82,165,953</u> | <u>\$ 6,003,285</u> | <u>\$ 4,648,429</u> | <u>\$ 35,750</u> | <u>\$ 92,853,417</u> |

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2020

General Fund

General Government

County Commission

| | | | |
|--|----|---------|------------|
| Board and Committee Members Fees | \$ | 209,753 | |
| Social Security | | 12,972 | |
| Pensions | | 4 | |
| Unemployment Compensation | | 42 | |
| Employer Medicare | | 3,279 | |
| Audit Services | | 59,593 | |
| Communication | | 3,097 | |
| Contracts with Government Agencies | | 50,767 | |
| Data Processing Services | | 210 | |
| Dues and Memberships | | 5,469 | |
| Freight Expenses | | 51 | |
| Legal Services | | 1,319 | |
| Legal Notices, Recording, and Court Costs | | 3,503 | |
| Maintenance and Repair Services - Office Equipment | | 3,604 | |
| Postal Charges | | 3,240 | |
| Internet Connectivity | | 113 | |
| Travel | | 13,524 | |
| Tuition | | 2,425 | |
| Other Contracted Services | | 1,152 | |
| Office Supplies | | 1,946 | |
| Other Supplies and Materials | | 367 | |
| Total County Commission | | | \$ 376,430 |

County Mayor/Executive

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 124,537 | |
| Secretary(ies) | | 45,316 | |
| Social Security | | 10,494 | |
| Pensions | | 21,303 | |
| Life Insurance | | 51 | |
| Medical Insurance | | 20,501 | |
| Dental Insurance | | 897 | |
| Employer Medicare | | 2,454 | |
| Communication | | 4,259 | |
| Data Processing Services | | 35 | |
| Dues and Memberships | | 2,550 | |
| Licenses | | 300 | |
| Maintenance and Repair Services - Office Equipment | | 462 | |
| Postal Charges | | 52 | |
| Printing, Stationery, and Forms | | 5 | |
| Travel | | 8,820 | |
| Tuition | | 525 | |
| Data Processing Supplies | | 49 | |
| Office Supplies | | 597 | |
| Total County Mayor/Executive | | | 243,207 |

County Attorney

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 130,764 | |
|--|----|---------|--|

(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.)

| | | | |
|--|----|--------|------------|
| Secretary(ies) | \$ | 30,460 | |
| Social Security | | 9,708 | |
| Pensions | | 20,218 | |
| Life Insurance | | 59 | |
| Medical Insurance | | 22,972 | |
| Dental Insurance | | 653 | |
| Employer Medicare | | 2,271 | |
| Communication | | 3,089 | |
| Data Processing Services | | 3,761 | |
| Dues and Memberships | | 1,039 | |
| Legal Services | | 50 | |
| Legal Notices, Recording, and Court Costs | | 22 | |
| Licenses | | 21 | |
| Maintenance and Repair Services - Office Equipment | | 640 | |
| Postal Charges | | 171 | |
| Printing, Stationery, and Forms | | 48 | |
| Travel | | 1,205 | |
| Tuition | | 674 | |
| Data Processing Supplies | | 11 | |
| Office Supplies | | 175 | |
| Periodicals | | 1,930 | |
| Total County Attorney | | | \$ 229,941 |

Election Commission

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 101,611 |
| Clerical Personnel | | 142,438 |
| Temporary Personnel | | 41,068 |
| Election Commission | | 18,000 |
| Election Workers | | 44,901 |
| Social Security | | 18,287 |
| Pensions | | 30,509 |
| Life Insurance | | 156 |
| Medical Insurance | | 43,728 |
| Dental Insurance | | 1,791 |
| Unemployment Compensation | | 66 |
| Employer Medicare | | 4,277 |
| Communication | | 11,499 |
| Data Processing Services | | 30,592 |
| Dues and Memberships | | 679 |
| Legal Notices, Recording, and Court Costs | | 3,216 |
| Maintenance and Repair Services - Buildings | | 465 |
| Maintenance and Repair Services - Equipment | | 821 |
| Maintenance and Repair Services - Office Equipment | | 1,464 |
| Postal Charges | | 8,586 |
| Printing, Stationery, and Forms | | 3,425 |
| Travel | | 4,040 |
| Food Supplies | | 743 |

(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.)

| | | | |
|---------------------------|----|--------|---------|
| Office Supplies | \$ | 12,177 | |
| Other Charges | | 395 | |
| Data Processing Equipment | | 4,480 | |
| Furniture and Fixtures | | 742 | |
| Total Election Commission | \$ | | 530,156 |

Register of Deeds

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 101,611 | |
| Clerical Personnel | | 211,378 | |
| Social Security | | 18,643 | |
| Pensions | | 38,998 | |
| Life Insurance | | 187 | |
| Medical Insurance | | 45,448 | |
| Dental Insurance | | 1,789 | |
| Employer Medicare | | 4,360 | |
| Communication | | 6,468 | |
| Data Processing Services | | 36,459 | |
| Dues and Memberships | | 1,613 | |
| Maintenance and Repair Services - Office Equipment | | 1,164 | |
| Postal Charges | | 1,075 | |
| Printing, Stationery, and Forms | | 76 | |
| Travel | | 2,878 | |
| Food Supplies | | 262 | |
| Office Supplies | | 2,699 | |
| Total Register of Deeds | | | 475,108 |

Planning

| | | | |
|--|----|---------|--|
| Supervisor/Director | \$ | 62,105 | |
| Clerical Personnel | | 31,627 | |
| Other Salaries and Wages | | 172,692 | |
| Board and Committee Members Fees | | 2,800 | |
| Social Security | | 15,635 | |
| Pensions | | 33,265 | |
| Life Insurance | | 182 | |
| Medical Insurance | | 63,524 | |
| Dental Insurance | | 2,391 | |
| Employer Medicare | | 3,656 | |
| Communication | | 8,250 | |
| Data Processing Services | | 12,011 | |
| Dues and Memberships | | 1,455 | |
| Engineering Services | | 37,305 | |
| Legal Notices, Recording, and Court Costs | | 1,418 | |
| Licenses | | 60 | |
| Maintenance and Repair Services - Office Equipment | | 4,912 | |
| Postal Charges | | 834 | |
| Printing, Stationery, and Forms | | 258 | |
| Travel | | 2,795 | |

(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 | \$ | 4,219 | |
| Permits | | 3,460 | |
| Other Contracted Services | | 2,250 | |
| Data Processing Supplies | | 3,485 | |
| Food Supplies | | 195 | |
| Gasoline | | 4,143 | |
| Office Supplies | | 1,206 | |
| Periodicals | | 626 | |
| Tires and Tubes | | 624 | |
| Vehicle Parts | | 491 | |
| Total Planning | | | \$ 477,874 |

Geographical Information Systems

| | | | |
|--|----|--------|--------|
| Other Salaries and Wages | \$ | 6,341 | |
| Social Security | | 385 | |
| Pensions | | 781 | |
| Employer Medicare | | 90 | |
| Data Processing Services | | 1,172 | |
| Maintenance and Repair Services - Office Equipment | | 2,720 | |
| Other Contracted Services | | 23,596 | |
| Data Processing Supplies | | 385 | |
| Total Geographical Information Systems | | | 35,470 |

County Buildings

| | | | |
|---|----|---------|--|
| Supervisor/Director | \$ | 56,958 | |
| Mechanic(s) | | 78,139 | |
| Guards | | 78,652 | |
| Clerical Personnel | | 37,009 | |
| Custodial Personnel | | 98,800 | |
| Maintenance Personnel | | 209,168 | |
| Social Security | | 32,620 | |
| Pensions | | 64,652 | |
| Life Insurance | | 507 | |
| Medical Insurance | | 167,575 | |
| Dental Insurance | | 5,149 | |
| Unemployment Compensation | | 13 | |
| Employer Medicare | | 7,629 | |
| Architects | | 2,186 | |
| Communication | | 10,481 | |
| Data Processing Services | | 2,356 | |
| Evaluation and Testing | | 9,349 | |
| Licenses | | 544 | |
| Maintenance and Repair Services - Buildings | | 5,231 | |
| Maintenance and Repair Services - Equipment | | 45,707 | |
| Maintenance and Repair Services - Vehicles | | 4,051 | |
| Pest Control | | 1,525 | |
| Printing, Stationery, and Forms | | 326 | |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

| | | | |
|--|----|---------|--------------|
| Rentals | \$ | 236 | |
| Tuition | | 250 | |
| Disposal Fees | | 1,882 | |
| Permits | | 725 | |
| Other Contracted Services | | 170 | |
| Custodial Supplies | | 26,968 | |
| Data Processing Supplies | | 14,419 | |
| Electricity | | 324,911 | |
| Equipment and Machinery Parts | | 5,841 | |
| Food Supplies | | 353 | |
| Garage Supplies | | 1,695 | |
| Gasoline | | 14,360 | |
| General Construction Materials | | 47,138 | |
| Natural Gas | | 10,008 | |
| Office Supplies | | 1,988 | |
| Small Tools | | 7,598 | |
| Tires and Tubes | | 1,310 | |
| Uniforms | | 897 | |
| Vehicle Parts | | 9,921 | |
| Water and Sewer | | 16,353 | |
| Chemicals | | 12,158 | |
| Other Supplies and Materials | | 1,363 | |
| Building Improvements | | 33,703 | |
| Data Processing Equipment | | 803 | |
| Heating and Air Conditioning Equipment | | 33,178 | |
| Maintenance Equipment | | 4,926 | |
| Building Purchases | | 146,027 | |
| Other Equipment | | 2,950 | |
| Other Capital Outlay | | 500 | |
| Total County Buildings | | | \$ 1,641,258 |

Other Facilities

| | | | |
|------------------------------------|----|---------|---------|
| Contracts with Government Agencies | \$ | 286,746 | |
| Total Other Facilities | | | 286,746 |

Preservation of Records

| | | | |
|--------------------------|----|--------|--|
| Supervisor/Director | \$ | 81,855 | |
| Part-time Personnel | | 14,003 | |
| Social Security | | 5,662 | |
| Pensions | | 10,029 | |
| Life Insurance | | 44 | |
| Medical Insurance | | 9,729 | |
| Dental Insurance | | 616 | |
| Employer Medicare | | 1,324 | |
| Advertising | | 1,880 | |
| Communication | | 5,621 | |
| Data Processing Services | | 892 | |

(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.)

| | | | |
|--|----|-------|------------|
| Freight Expenses | \$ | 65 | |
| Maintenance and Repair Services - Office Equipment | | 1,463 | |
| Postal Charges | | 41 | |
| Printing, Stationery, and Forms | | 351 | |
| Travel | | 50 | |
| Disposal Fees | | 650 | |
| Other Contracted Services | | 4,137 | |
| Electricity | | 216 | |
| Food Supplies | | 1,229 | |
| Office Supplies | | 6,426 | |
| Other Charges | | 5,043 | |
| Data Processing Equipment | | 2,692 | |
| Total Preservation of Records | | | \$ 154,018 |

Risk Management

| | | | |
|------------------------------------|----|---------|---------|
| Clerical Personnel | \$ | 12,166 | |
| Social Security | | 22 | |
| Employer Medicare | | 5 | |
| Communication | | 213 | |
| Postal Charges | | 35 | |
| Liability Insurance | | 342,937 | |
| Premiums on Corporate Surety Bonds | | 5,541 | |
| Vehicle and Equipment Insurance | | 330,988 | |
| Workers' Compensation Insurance | | 122,039 | |
| Total Risk Management | | | 813,946 |

Finance

Accounting and Budgeting

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 101,611 | |
| Supervisor/Director | | 231,326 | |
| Clerical Personnel | | 240,297 | |
| Part-time Personnel | | 2,740 | |
| Social Security | | 34,624 | |
| Pensions | | 59,060 | |
| Life Insurance | | 290 | |
| Medical Insurance | | 82,768 | |
| Dental Insurance | | 3,621 | |
| Employer Medicare | | 8,098 | |
| Communication | | 15,979 | |
| Dues and Memberships | | 250 | |
| Maintenance and Repair Services - Office Equipment | | 1,473 | |
| Postal Charges | | 8,193 | |
| Travel | | 800 | |
| Tuition | | 214 | |
| Disposal Fees | | 2,395 | |
| Data Processing Supplies | | 1,159 | |
| Food Supplies | | 975 | |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

| | | | |
|--------------------------------|----|-------|------------|
| Office Supplies | \$ | 3,979 | |
| Periodicals | | 100 | |
| Total Accounting and Budgeting | | | \$ 799,952 |

Purchasing

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 83,439 | |
| Assistant(s) | | 59,391 | |
| Purchasing Personnel | | 144,997 | |
| Equipment Operators | | 34,528 | |
| Clerical Personnel | | 56,132 | |
| Social Security | | 22,714 | |
| Pensions | | 47,512 | |
| Life Insurance | | 281 | |
| Medical Insurance | | 65,961 | |
| Dental Insurance | | 2,684 | |
| Employer Medicare | | 5,312 | |
| Communication | | 12,448 | |
| Data Processing Services | | 5,040 | |
| Dues and Memberships | | 1,780 | |
| Legal Notices, Recording, and Court Costs | | 5,524 | |
| Licenses | | 1,350 | |
| Maintenance and Repair Services - Equipment | | 10,128 | |
| Maintenance and Repair Services - Office Equipment | | 4,026 | |
| Postal Charges | | 816 | |
| Rentals | | 568 | |
| Travel | | 726 | |
| Tuition | | 1,241 | |
| Disposal Fees | | 195 | |
| Custodial Supplies | | 46 | |
| Data Processing Supplies | | 6,526 | |
| Equipment and Machinery Parts | | 54 | |
| Food Supplies | | 645 | |
| Gasoline | | 1,333 | |
| General Construction Materials | | 417 | |
| Office Supplies | | 2,429 | |
| Periodicals | | 232 | |
| Propane Gas | | 52 | |
| Small Tools | | 697 | |
| Uniforms | | 374 | |
| Vehicle Parts | | 399 | |
| Furniture and Fixtures | | 966 | |
| Office Equipment | | 291 | |
| Other Equipment | | 30,243 | |
| Total Purchasing | | | 611,497 |

Property Assessor's Office

| | | | |
|--|----|---------|--|
| County Official/Administrative Officer | \$ | 101,611 | |
|--|----|---------|--|

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

| | | | |
|--|----|---------|--------------|
| Assistant(s) | \$ | 55,137 | |
| Supervisor/Director | | 48,452 | |
| Deputy(ies) | | 397,568 | |
| Internal Audit Personnel | | 18,926 | |
| Clerical Personnel | | 473,247 | |
| Board and Committee Members Fees | | 2,010 | |
| Social Security | | 64,954 | |
| Pensions | | 136,709 | |
| Life Insurance | | 783 | |
| Medical Insurance | | 230,884 | |
| Dental Insurance | | 8,059 | |
| Unemployment Compensation | | 13 | |
| Employer Medicare | | 15,191 | |
| Audit Services | | 12,943 | |
| Communication | | 25,062 | |
| Contracts with Government Agencies | | 15,971 | |
| Data Processing Services | | 30,641 | |
| Dues and Memberships | | 2,910 | |
| Legal Services | | 1,500 | |
| Legal Notices, Recording, and Court Costs | | 212 | |
| Licenses | | 20 | |
| Maintenance and Repair Services - Office Equipment | | 6,936 | |
| Maintenance and Repair Services - Vehicles | | 2,906 | |
| Postal Charges | | 4,128 | |
| Printing, Stationery, and Forms | | 2,186 | |
| Travel | | 4,554 | |
| Tuition | | 590 | |
| Data Processing Supplies | | 187 | |
| Food Supplies | | 1,077 | |
| Gasoline | | 8,533 | |
| Office Supplies | | 2,086 | |
| Tires and Tubes | | 979 | |
| Vehicle Parts | | 2,605 | |
| Other Supplies and Materials | | 1,243 | |
| Other Charges | | 3,775 | |
| Total Property Assessor's Office | | | \$ 1,684,588 |

County Trustee's Office

| | | |
|--|----|---------|
| County Official/Administrative Officer | \$ | 101,611 |
| Assistant(s) | | 78,311 |
| Deputy(ies) | | 186,338 |
| Part-time Personnel | | 10,739 |
| Overtime Pay | | 541 |
| Social Security | | 22,657 |
| Pensions | | 44,683 |
| Life Insurance | | 187 |
| Medical Insurance | | 65,641 |

(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.)

| | | | |
|--|----|--------|---------|
| Dental Insurance | \$ | 2,353 | |
| Employer Medicare | | 5,299 | |
| Accounting Services | | 17,858 | |
| Communication | | 13,010 | |
| Data Processing Services | | 2,015 | |
| Dues and Memberships | | 2,006 | |
| Maintenance Agreements | | 21,060 | |
| Maintenance and Repair Services - Office Equipment | | 4,731 | |
| Postal Charges | | 38,444 | |
| Printing, Stationery, and Forms | | 6,780 | |
| Rentals | | 196 | |
| Travel | | 619 | |
| Tuition | | 150 | |
| Other Contracted Services | | 1,528 | |
| Data Processing Supplies | | 1,932 | |
| Office Supplies | | 12,647 | |
| Total County Trustee's Office | \$ | | 641,336 |

County Clerk's Office

| | | | |
|--|----|---------|-----------|
| County Official/Administrative Officer | \$ | 101,611 | |
| Deputy(ies) | | 776,924 | |
| Part-time Personnel | | 20,889 | |
| Board and Committee Members Fees | | 480 | |
| Social Security | | 52,747 | |
| Pensions | | 109,076 | |
| Life Insurance | | 710 | |
| Medical Insurance | | 236,656 | |
| Dental Insurance | | 7,746 | |
| Unemployment Compensation | | 1,003 | |
| Employer Medicare | | 12,336 | |
| Communication | | 13,471 | |
| Data Processing Services | | 3,753 | |
| Dues and Memberships | | 500 | |
| Legal Services | | 84 | |
| Legal Notices, Recording, and Court Costs | | 354 | |
| Maintenance and Repair Services - Buildings | | 12,131 | |
| Maintenance and Repair Services - Equipment | | 1,163 | |
| Maintenance and Repair Services - Office Equipment | | 663 | |
| Postal Charges | | 45,759 | |
| Printing, Stationery, and Forms | | 3,621 | |
| Travel | | 292 | |
| Disposal Fees | | 157 | |
| Other Contracted Services | | 269 | |
| Data Processing Supplies | | 15,086 | |
| Food Supplies | | 319 | |
| Office Supplies | | 10,880 | |
| Building Improvements | | 16,057 | |
| Building Purchases | | 400,919 | |
| Total County Clerk's Office | | | 1,845,656 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Data Processing

| | | | |
|--|----|--------|------------|
| Data Processing Services | \$ | 15,406 | |
| Licenses | | 30,497 | |
| Maintenance Agreements | | 96,008 | |
| Maintenance and Repair Services - Office Equipment | | 3,134 | |
| Other Contracted Services | | 1,000 | |
| Data Processing Supplies | | 6,377 | |
| Office Supplies | | 74 | |
| Total Data Processing | | | \$ 152,496 |

Other Finance

| | | | |
|----------------------|----|---------|---------|
| Refunds | \$ | 28,622 | |
| Trustee's Commission | | 723,432 | |
| Total Other Finance | | | 752,054 |

Administration of Justice

Circuit Court Judge

| | | | |
|---------------------------------|----|-------|--------|
| Communication | \$ | 9,081 | |
| Postal Charges | | 244 | |
| Printing, Stationery, and Forms | | 29 | |
| Data Processing Supplies | | 87 | |
| Office Supplies | | 2,133 | |
| Total Circuit Court Judge | | | 11,574 |

Circuit Court Clerk

| | | | |
|--|----|-----------|-----------|
| County Official/Administrative Officer | \$ | 101,611 | |
| Clerical Personnel | | 1,026,996 | |
| Part-time Personnel | | 67,334 | |
| Social Security | | 70,484 | |
| Pensions | | 140,527 | |
| Life Insurance | | 933 | |
| Medical Insurance | | 233,886 | |
| Dental Insurance | | 9,368 | |
| Employer Medicare | | 16,484 | |
| Communication | | 20,025 | |
| Contracts with Other Public Agencies | | 4,102 | |
| Data Processing Services | | 54,886 | |
| Dues and Memberships | | 1,273 | |
| Maintenance and Repair Services - Office Equipment | | 13,132 | |
| Postal Charges | | 13,298 | |
| Printing, Stationery, and Forms | | 4,179 | |
| Rentals | | 75 | |
| Travel | | 1,811 | |
| Data Processing Supplies | | 3,452 | |
| Food Supplies | | 1,125 | |
| General Construction Materials | | 31 | |
| Office Supplies | | 26,841 | |
| Periodicals | | 525 | |
| Total Circuit Court Clerk | | | 1,812,378 |

(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) | \$ | 342,069 | |
| Secretary(ies) | | 76,536 | |
| Social Security | | 22,066 | |
| Pensions | | 54,028 | |
| Life Insurance | | 93 | |
| Medical Insurance | | 33,483 | |
| Dental Insurance | | 1,400 | |
| Employer Medicare | | 6,149 | |
| Communication | | 4,254 | |
| Dues and Memberships | | 2,075 | |
| Licenses | | 579 | |
| Maintenance Agreements | | 1,169 | |
| Maintenance and Repair Services - Office Equipment | | 619 | |
| Postal Charges | | 673 | |
| Printing, Stationery, and Forms | | 339 | |
| Food Supplies | | 157 | |
| Library Books/Media | | 742 | |
| Office Supplies | | 1,096 | |
| Periodicals | | 5,332 | |
| Total General Sessions Court | | | \$ 552,859 |

General Sessions Judge

| | | | |
|--|----|---------|---------|
| Judge(s) | \$ | 342,069 | |
| Assistant(s) | | 74,094 | |
| Secretary(ies) | | 39,072 | |
| Social Security | | 23,532 | |
| Pensions | | 57,104 | |
| Life Insurance | | 156 | |
| Medical Insurance | | 43,811 | |
| Dental Insurance | | 2,242 | |
| Employer Medicare | | 6,548 | |
| Communication | | 4,253 | |
| Data Processing Services | | 8 | |
| Dues and Memberships | | 2,060 | |
| Maintenance Agreements | | 1,169 | |
| Maintenance and Repair Services - Office Equipment | | 1,578 | |
| Postal Charges | | 1,491 | |
| Printing, Stationery, and Forms | | 4,609 | |
| Travel | | 4,348 | |
| Data Processing Supplies | | 1,390 | |
| Library Books/Media | | 525 | |
| Office Supplies | | 955 | |
| Periodicals | | 1,948 | |
| Total General Sessions Judge | | | 612,962 |

Drug Court

| | | | |
|--------|----|-------|--|
| Travel | \$ | 5,817 | |
|--------|----|-------|--|

(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 (Cont.)

| | | | |
|------------------|----|--------|-----------|
| Tuition | \$ | 10,890 | |
| Drug Treatment | | 425 | |
| Total Drug Court | | | \$ 17,132 |

Chancery Court

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 101,611 | |
| Clerical Personnel | | 289,667 | |
| Part-time Personnel | | 11,934 | |
| Social Security | | 23,477 | |
| Pensions | | 48,713 | |
| Life Insurance | | 281 | |
| Medical Insurance | | 89,554 | |
| Dental Insurance | | 2,985 | |
| Employer Medicare | | 5,491 | |
| Bank Charges | | 140 | |
| Communication | | 7,332 | |
| Data Processing Services | | 23,674 | |
| Dues and Memberships | | 1,953 | |
| Maintenance and Repair Services - Equipment | | 125 | |
| Maintenance and Repair Services - Office Equipment | | 4,802 | |
| Postal Charges | | 4,095 | |
| Printing, Stationery, and Forms | | 1,394 | |
| Rentals | | 100 | |
| Travel | | 938 | |
| Tuition | | 900 | |
| Other Contracted Services | | 359 | |
| Food Supplies | | 179 | |
| Office Supplies | | 8,290 | |
| Periodicals | | 705 | |
| Total Chancery Court | | | 628,699 |

Juvenile Court

| | | | |
|---|----|---------|--|
| Probation Officer(s) | \$ | 29,563 | |
| Guidance Personnel | | 341,232 | |
| Secretary(ies) | | 79,376 | |
| Clerical Personnel | | 38,923 | |
| Social Security | | 28,841 | |
| Pensions | | 57,279 | |
| Life Insurance | | 301 | |
| Medical Insurance | | 103,741 | |
| Dental Insurance | | 3,358 | |
| Employer Medicare | | 6,745 | |
| Communication | | 2,878 | |
| Data Processing Services | | 375 | |
| Dues and Memberships | | 770 | |
| Legal Services | | 16,500 | |
| Maintenance and Repair Services - Equipment | | 410 | |

(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.)

| | | | |
|--|----|--------|------------|
| Maintenance and Repair Services - Office Equipment | \$ | 458 | |
| Printing, Stationery, and Forms | | 369 | |
| Travel | | 6,061 | |
| Tuition | | 20 | |
| Disposal Fees | | 325 | |
| Other Contracted Services | | 53,341 | |
| Data Processing Supplies | | 2,323 | |
| Drugs and Medical Supplies | | 1,000 | |
| Food Supplies | | 284 | |
| Gasoline | | 471 | |
| Library Books/Media | | 164 | |
| Office Supplies | | 1,939 | |
| Periodicals | | 291 | |
| Total Juvenile Court | | | \$ 777,338 |

Juvenile Court Judge

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

District Attorney General

| | | | |
|---------------------------------|----|---------|---------|
| Assistant(s) | \$ | 171,268 | |
| Supervisor/Director | | 36,990 | |
| Salary Supplements | | 4,272 | |
| Secretary(ies) | | 24,936 | |
| Social Security | | 14,303 | |
| Pensions | | 29,101 | |
| Life Insurance | | 147 | |
| Medical Insurance | | 22,105 | |
| Dental Insurance | | 1,062 | |
| Employer Medicare | | 3,345 | |
| Data Processing Services | | 1,920 | |
| Postal Charges | | 110 | |
| Printing, Stationery, and Forms | | 22 | |
| Travel | | 4,674 | |
| Tuition | | 125 | |
| Office Supplies | | 1,048 | |
| Total District Attorney General | | | 315,428 |

Office of Public Defender

| | | | |
|---------------------------------|----|--------|---------|
| Paraprofessionals | \$ | 90,704 | |
| Social Security | | 5,524 | |
| Pensions | | 11,306 | |
| Life Insurance | | 26 | |
| Medical Insurance | | 5,096 | |
| Dental Insurance | | 204 | |
| Employer Medicare | | 1,292 | |
| Travel | | 705 | |
| Total Office of Public Defender | | | 114,857 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Judicial Commissioners

| | | | |
|------------------------------|----|--------|-----------|
| Other Salaries and Wages | \$ | 63,036 | |
| Social Security | | 3,908 | |
| Employer Medicare | | 914 | |
| Dues and Memberships | | 300 | |
| Total Judicial Commissioners | | | \$ 68,158 |

Other Administration of Justice

| | | | |
|---------------------------------------|----|--------|--------|
| Jury and Witness Expense | \$ | 42,939 | |
| Legal Services | | 2,990 | |
| Total Other Administration of Justice | | | 45,929 |

Courtroom Security

| | | | |
|---|----|---------|---------|
| Deputy(ies) | \$ | 205,546 | |
| Part-time Personnel | | 41,283 | |
| Social Security | | 14,440 | |
| Pensions | | 25,620 | |
| Life Insurance | | 176 | |
| Medical Insurance | | 59,636 | |
| Dental Insurance | | 2,016 | |
| Unemployment Compensation | | 88 | |
| Employer Medicare | | 3,377 | |
| Maintenance and Repair Services - Buildings | | 2,700 | |
| Maintenance and Repair Services - Equipment | | 1,710 | |
| Law Enforcement Supplies | | 7,093 | |
| Office Supplies | | 325 | |
| Uniforms | | 3,020 | |
| Other Supplies and Materials | | 191 | |
| Total Courtroom Security | | | 367,221 |

Victim Assistance Programs

| | | | |
|----------------------------------|----|--------|--------|
| Remittance of Revenue Collected | \$ | 72,896 | |
| Total Victim Assistance Programs | | | 72,896 |

Public Safety

Sheriff's Department

| | | | |
|--|----|-----------|--|
| County Official/Administrative Officer | \$ | 119,407 | |
| Assistant(s) | | 238,572 | |
| Deputy(ies) | | 2,561,172 | |
| Captain(s) | | 368,476 | |
| Lieutenant(s) | | 616,591 | |
| Sergeant(s) | | 1,545,913 | |
| Mechanic(s) | | 137,032 | |
| Dispatchers/Radio Operators | | 640,488 | |
| Secretary(ies) | | 454,390 | |
| School Resource Officer | | 655,054 | |
| Social Security | | 434,908 | |
| Pensions | | 898,514 | |

(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.)

| | | | |
|--|----|-----------|---------------|
| Life Insurance | \$ | 4,948 | |
| Medical Insurance | | 1,562,109 | |
| Dental Insurance | | 52,697 | |
| Unemployment Compensation | | 353 | |
| Employer Medicare | | 101,727 | |
| Communication | | 79,393 | |
| Data Processing Services | | 103,033 | |
| Dues and Memberships | | 9,178 | |
| Freight Expenses | | 805 | |
| Operating Lease Payments | | 23,280 | |
| Licenses | | 10,720 | |
| Maintenance and Repair Services - Buildings | | 13,057 | |
| Maintenance and Repair Services - Equipment | | 59,115 | |
| Maintenance and Repair Services - Office Equipment | | 16,000 | |
| Maintenance and Repair Services - Vehicles | | 1,955 | |
| Medical and Dental Services | | 1,222 | |
| Postal Charges | | 5,693 | |
| Printing, Stationery, and Forms | | 943 | |
| Rentals | | 1,336 | |
| Towing Services | | 2,465 | |
| Travel | | 41,575 | |
| Tuition | | 48,614 | |
| Veterinary Services | | 1,881 | |
| Disposal Fees | | 2,524 | |
| Permits | | 55 | |
| Other Contracted Services | | 44,995 | |
| Animal Food and Supplies | | 4,233 | |
| Custodial Supplies | | 22,404 | |
| Data Processing Supplies | | 52,211 | |
| Electricity | | 17,200 | |
| Equipment and Machinery Parts | | 8,901 | |
| Food Supplies | | 8,139 | |
| Garage Supplies | | 1,732 | |
| Gasoline | | 344,141 | |
| General Construction Materials | | 9,575 | |
| Law Enforcement Supplies | | 108,397 | |
| Lubricants | | 5,597 | |
| Office Supplies | | 26,490 | |
| Periodicals | | 602 | |
| Small Tools | | 2,011 | |
| Tires and Tubes | | 29,769 | |
| Uniforms | | 91,086 | |
| Vehicle Parts | | 65,449 | |
| Water and Sewer | | 2,185 | |
| Other Supplies and Materials | | 15,912 | |
| Other Charges | | 8,318 | |
| Total Sheriff's Department | | | \$ 11,684,542 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Inmate Telephone Contract Grant

| | | | |
|------------------------------|----|---------|---------|
| Software | \$ | 249,587 | |
| Other Supplies and Materials | | 32,452 | |
| Data Processing Equipment | | 19,769 | |
| Law Enforcement Equipment | | 73,401 | |
| | | <hr/> | |
| Total Special Patrols | \$ | | 375,209 |

Administration of the Sexual Offender Registry

| | | | |
|--|----|-------|-------|
| Communication | \$ | 829 | |
| Other Contracted Services | | 2,850 | |
| Data Processing Supplies | | 1,923 | |
| Office Supplies | | 994 | |
| | | <hr/> | |
| Total Administration of the Sexual Offender Registry | | | 6,596 |

Jail

| | | | |
|--|----|-----------|--|
| Assistant(s) | \$ | 125,885 | |
| Deputy(ies) | | 3,567,711 | |
| Captain(s) | | 119,027 | |
| Lieutenant(s) | | 376,114 | |
| Sergeant(s) | | 274,358 | |
| Psychological Personnel | | 31,797 | |
| Medical Personnel | | 433,301 | |
| Secretary(ies) | | 27,101 | |
| Cafeteria Personnel | | 187,167 | |
| Board and Committee Members Fees | | 5,325 | |
| Social Security | | 303,953 | |
| Pensions | | 634,517 | |
| Employee and Dependent Insurance | | 22,612 | |
| Life Insurance | | 3,669 | |
| Medical Insurance | | 861,138 | |
| Dental Insurance | | 35,293 | |
| Unemployment Compensation | | 1,979 | |
| Employer Medicare | | 71,084 | |
| Advertising | | 513 | |
| Communication | | 20,365 | |
| Data Processing Services | | 74,315 | |
| Dues and Memberships | | 1,805 | |
| Freight Expenses | | 1,033 | |
| Licenses | | 8,815 | |
| Maintenance and Repair Services - Buildings | | 56,133 | |
| Maintenance and Repair Services - Equipment | | 100,255 | |
| Maintenance and Repair Services - Office Equipment | | 9,436 | |
| Maintenance and Repair Services - Vehicles | | 675 | |
| Medical and Dental Services | | 670,995 | |
| Pest Control | | 1,908 | |
| Printing, Stationery, and Forms | | 796 | |
| Rentals | | 3,120 | |
| Transportation - Other than Students | | 36,125 | |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

| | | | |
|--------------------------------------|----|---------|---------------|
| Travel | \$ | 19,003 | |
| Tuition | | 6,808 | |
| Disposal Fees | | 16,459 | |
| Permits | | 55 | |
| Other Contracted Services | | 55,812 | |
| Custodial Supplies | | 56,846 | |
| Data Processing Supplies | | 16,981 | |
| Drugs and Medical Supplies | | 54,979 | |
| Electricity | | 301,852 | |
| Equipment and Machinery Parts | | 44,605 | |
| Food Preparation Supplies | | 40,981 | |
| Food Supplies | | 879,241 | |
| Garage Supplies | | 400 | |
| Gasoline | | 29,741 | |
| General Construction Materials | | 20,745 | |
| Instructional Supplies and Materials | | 448 | |
| Law Enforcement Supplies | | 96,471 | |
| Natural Gas | | 57,220 | |
| Office Supplies | | 36,584 | |
| Prisoners Clothing | | 36,575 | |
| Small Tools | | 140 | |
| Uniforms | | 52,476 | |
| Vehicle Parts | | 9,039 | |
| Water and Sewer | | 241,101 | |
| Other Supplies and Materials | | 9,433 | |
| Building Improvements | | 9,180 | |
| Furniture and Fixtures | | 4,502 | |
| Law Enforcement Equipment | | 31,196 | |
| Total Jail | | | \$ 10,197,193 |

Workhouse

| | | | |
|--------------------|----|--------|--------|
| Deputy(ies) | \$ | 63,373 | |
| Social Security | | 3,656 | |
| Pensions | | 7,899 | |
| Life Insurance | | 62 | |
| Medical Insurance | | 17,737 | |
| Dental Insurance | | 560 | |
| Employer Medicare | | 855 | |
| Disposal Fees | | 2,400 | |
| Custodial Supplies | | 2,276 | |
| Total Workhouse | | | 98,818 |

Juvenile Services

| | | | |
|------------------------------------|----|---------|---------|
| Contracts with Government Agencies | \$ | 283,098 | |
| Contributions | | 307,188 | |
| Total Juvenile Services | | | 590,286 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

| | | |
|-----------------------------------|--------------|--------------|
| Contributions | \$ 2,095,421 | |
| Total Fire Prevention and Control | | \$ 2,095,421 |

Civil Defense

| | | |
|------------------------------|-----------|---------|
| Supervisor/Director | \$ 63,738 | |
| Medical Personnel | 339,132 | |
| Paraprofessionals | 47,774 | |
| Secretary(ies) | 33,850 | |
| Part-time Personnel | 41,330 | |
| Social Security | 30,758 | |
| Pensions | 60,114 | |
| Life Insurance | 341 | |
| Medical Insurance | 97,698 | |
| Dental Insurance | 3,657 | |
| Employer Medicare | 7,193 | |
| Communication | 6,212 | |
| Dues and Memberships | 485 | |
| Medical and Dental Services | 505 | |
| Postal Charges | 16 | |
| Data Processing Supplies | 849 | |
| Food Supplies | 179 | |
| Gasoline | 3,913 | |
| Office Supplies | 1,172 | |
| Tires and Tubes | 303 | |
| Uniforms | 1,013 | |
| Vehicle Parts | 567 | |
| Other Supplies and Materials | 119 | |
| Other Equipment | 5,620 | |
| Total Civil Defense | | 746,538 |

Rescue Squad

| | | |
|--------------------|--------------|-----------|
| Contributions | \$ 1,167,879 | |
| Total Rescue Squad | | 1,167,879 |

County Coroner/Medical Examiner

| | | |
|--|-----------|---------|
| Other Per Diem and Fees | \$ 61,783 | |
| Communication | 319 | |
| Contributions | 340,208 | |
| Maintenance and Repair Services - Vehicles | 654 | |
| Other Contracted Services | 116,550 | |
| Drugs and Medical Supplies | 3,695 | |
| Gasoline | 3,149 | |
| Vehicle Parts | 2,229 | |
| Other Charges | 12,050 | |
| Total County Coroner/Medical Examiner | | 540,637 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety

| | | | |
|---|----|---------|------------|
| Communication | \$ | 1,968 | |
| Contracts with Government Agencies | | 257,000 | |
| Maintenance and Repair Services - Equipment | | 42,027 | |
| Electricity | | 12,121 | |
| Equipment Parts - Light | | 1,835 | |
| Natural Gas | | 551 | |
| Office Supplies | | 143 | |
| Water and Sewer | | 10 | |
| Total Other Public Safety | | | \$ 315,655 |

Public Health and Welfare

Local Health Center

| | | |
|---|----|-----------|
| County Official/Administrative Officer | \$ | 84,880 |
| Assistant(s) | | 316,806 |
| Supervisor/Director | | 393,427 |
| Teachers | | 389,893 |
| Medical Personnel | | 1,866,213 |
| Clerical Personnel | | 551,088 |
| Educational Assistants | | 3,094 |
| Custodial Personnel | | 36,952 |
| Part-time Personnel | | 32,668 |
| Social Security | | 211,824 |
| Pensions | | 429,464 |
| Life Insurance | | 2,288 |
| Medical Insurance | | 629,862 |
| Dental Insurance | | 24,168 |
| Unemployment Compensation | | 155 |
| Employer Medicare | | 50,474 |
| Advertising | | 36,089 |
| Bank Charges | | 8,405 |
| Communication | | 65,493 |
| Contracts with Government Agencies | | 28,280 |
| Contracts with Private Agencies | | 25,093 |
| Data Processing Services | | 11,910 |
| Licenses | | 1,206 |
| Maintenance and Repair Services - Buildings | | 7,713 |
| Maintenance and Repair Services - Equipment | | 54,239 |
| Maintenance and Repair Services - Vehicles | | 108 |
| Medical and Dental Services | | 131,807 |
| Pest Control | | 820 |
| Postal Charges | | 6,275 |
| Printing, Stationery, and Forms | | 7,061 |
| Rentals | | 4,951 |
| Travel | | 27,984 |
| Tuition | | 13,970 |
| Disposal Fees | | 4,847 |
| Other Contracted Services | | 71,576 |

(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.)

| | | | |
|--------------------------------------|----|---------|--------------|
| Custodial Supplies | \$ | 3,677 | |
| Data Processing Supplies | | 106,154 | |
| Drugs and Medical Supplies | | 290,192 | |
| Electricity | | 84,377 | |
| Equipment and Machinery Parts | | 2,764 | |
| Food Supplies | | 8,267 | |
| Gasoline | | 1,943 | |
| General Construction Materials | | 10,777 | |
| Instructional Supplies and Materials | | 121,002 | |
| Natural Gas | | 4,550 | |
| Office Supplies | | 28,259 | |
| Periodicals | | 1,266 | |
| Tires and Tubes | | 328 | |
| Uniforms | | 75 | |
| Vehicle Parts | | 965 | |
| Water and Sewer | | 20,955 | |
| Other Supplies and Materials | | 8,138 | |
| Building Improvements | | 14,597 | |
| Data Processing Equipment | | 23,607 | |
| Health Equipment | | 4,062 | |
| Other Capital Outlay | | 1,604 | |
| Total Local Health Center | | | \$ 6,268,642 |

Rabies and Animal Control

| | | |
|---|----|--------|
| Truck Drivers | \$ | 59,757 |
| Laborers | | 4,081 |
| Clerical Personnel | | 75,168 |
| Part-time Personnel | | 97,939 |
| Social Security | | 14,280 |
| Pensions | | 17,796 |
| Life Insurance | | 112 |
| Medical Insurance | | 33,827 |
| Dental Insurance | | 1,175 |
| Unemployment Compensation | | 947 |
| Employer Medicare | | 3,340 |
| Bank Charges | | 2,316 |
| Communication | | 5,257 |
| Legal Services | | 50 |
| Licenses | | 2,945 |
| Maintenance and Repair Services - Buildings | | 50 |
| Maintenance and Repair Services - Equipment | | 196 |
| Maintenance and Repair Services - Vehicles | | 253 |
| Pest Control | | 1,375 |
| Postal Charges | | 169 |
| Printing, Stationery, and Forms | | 211 |
| Travel | | 694 |
| Veterinary Services | | 64,916 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

| | | | |
|---------------------------------|----|--------|------------|
| Disposal Fees | \$ | 2,542 | |
| Other Contracted Services | | 201 | |
| Animal Food and Supplies | | 14,063 | |
| Custodial Supplies | | 4,380 | |
| Data Processing Supplies | | 1,036 | |
| Drugs and Medical Supplies | | 46,640 | |
| Electricity | | 10,385 | |
| Equipment and Machinery Parts | | 7,999 | |
| Food Supplies | | 347 | |
| Gasoline | | 6,770 | |
| General Construction Materials | | 3,987 | |
| Natural Gas | | 4,631 | |
| Office Supplies | | 3,149 | |
| Uniforms | | 565 | |
| Vehicle Parts | | 3,192 | |
| Water and Sewer | | 2,564 | |
| Motor Vehicles | | 24,289 | |
| Total Rabies and Animal Control | | | \$ 523,594 |

Ambulance/Emergency Medical Services

| | | | |
|--|----|--------|---------|
| Architects | \$ | 87,180 | |
| Motor Vehicles | | 44,270 | |
| Total Ambulance/Emergency Medical Services | | | 131,450 |

Other Local Health Services

| | | | |
|-----------------------------------|----|--------|--------|
| Contributions | \$ | 26,000 | |
| Total Other Local Health Services | | | 26,000 |

Regional Mental Health Center

| | | | |
|-------------------------------------|----|--------|--------|
| Contracts with Government Agencies | \$ | 12,400 | |
| Contributions | | 83,187 | |
| Total Regional Mental Health Center | | | 95,587 |

Aid to Dependent Children

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

Other Local Welfare Services

| | | | |
|------------------------------------|----|--------|--------|
| Pauper Burials | \$ | 23,250 | |
| Total Other Local Welfare Services | | | 23,250 |

Other Public Health and Welfare

| | | | |
|---------------------------------------|----|--------|--------|
| Contributions | \$ | 60,000 | |
| Total Other Public Health and Welfare | | | 60,000 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services

Libraries

| | | | |
|--|----|---------|------------|
| Supervisor/Director | \$ | 132,380 | |
| Clerical Personnel | | 262,146 | |
| Custodial Personnel | | 51,660 | |
| Part-time Personnel | | 45,765 | |
| Social Security | | 29,237 | |
| Pensions | | 48,970 | |
| Life Insurance | | 301 | |
| Medical Insurance | | 65,808 | |
| Dental Insurance | | 2,737 | |
| Unemployment Compensation | | 2 | |
| Employer Medicare | | 6,838 | |
| Advertising | | 100 | |
| Communication | | 17,678 | |
| Contributions | | 30,000 | |
| Data Processing Services | | 10,828 | |
| Dues and Memberships | | 700 | |
| Janitorial Services | | 1,470 | |
| Licenses | | 60 | |
| Maintenance and Repair Services - Buildings | | 1,442 | |
| Maintenance and Repair Services - Equipment | | 307 | |
| Maintenance and Repair Services - Office Equipment | | 1,065 | |
| Matching Share | | 14,391 | |
| Pest Control | | 1,325 | |
| Postal Charges | | 193 | |
| Rentals | | 1,413 | |
| Travel | | 2,072 | |
| Tuition | | 1,691 | |
| Disposal Fees | | 222 | |
| Other Contracted Services | | 275 | |
| Custodial Supplies | | 2,179 | |
| Electricity | | 15,302 | |
| Food Supplies | | 366 | |
| General Construction Materials | | 1,963 | |
| Instructional Supplies and Materials | | 51,440 | |
| Library Books/Media | | 39,519 | |
| Natural Gas | | 3,543 | |
| Office Supplies | | 6,404 | |
| Periodicals | | 1,539 | |
| Water and Sewer | | 1,717 | |
| Other Charges | | 33,317 | |
| Data Processing Equipment | | 3,000 | |
| Total Libraries | | | \$ 891,365 |

Parks and Fair Boards

| | | |
|---------------------|----|--------|
| Supervisor/Director | \$ | 70,410 |
| Temporary Personnel | | 87,089 |
| Social Security | | 9,574 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

| | | | |
|---|----|---------|------------|
| Pensions | \$ | 8,776 | |
| Life Insurance | | 62 | |
| Medical Insurance | | 20,489 | |
| Dental Insurance | | 672 | |
| Unemployment Compensation | | 668 | |
| Employer Medicare | | 2,239 | |
| Bank Charges | | 881 | |
| Communication | | 1,936 | |
| Contributions | | 56,500 | |
| Maintenance and Repair Services - Equipment | | 5,572 | |
| Payments to Schools - Other | | 300,000 | |
| Postal Charges | | 75 | |
| Disposal Fees | | 7,932 | |
| Custodial Supplies | | 22 | |
| Electricity | | 65,492 | |
| Equipment Parts - Light | | 3,722 | |
| Gasoline | | 2,101 | |
| General Construction Materials | | 7,243 | |
| Ice | | 2,297 | |
| Office Supplies | | 900 | |
| Propane Gas | | 669 | |
| Vehicle Parts | | 805 | |
| Water and Sewer | | 35,224 | |
| Refunds | | 994 | |
| Total Parks and Fair Boards | | | \$ 692,344 |

Agriculture and Natural Resources

Agricultural Extension Service

| | | | |
|--------------------------------------|----|---------|---------|
| Communication | \$ | 851 | |
| Contributions | | 2,500 | |
| Matching Share | | 160,586 | |
| Building Improvements | | 88,538 | |
| Total Agricultural Extension Service | | | 252,475 |

Forest Service

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

Soil Conservation

| | | | |
|-------------------------|----|--------|--------|
| Secretary(ies) | \$ | 33,175 | |
| Social Security | | 2,542 | |
| Pensions | | 5,160 | |
| Life Insurance | | 39 | |
| Medical Insurance | | 6,949 | |
| Dental Insurance | | 279 | |
| Employer Medicare | | 595 | |
| Contributions | | 5,100 | |
| Total Soil Conservation | | | 53,839 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations

Tourism

| | | |
|---------------|----------|----------|
| Contributions | \$ 5,000 | |
| Total Tourism | | \$ 5,000 |

Industrial Development

| | | |
|------------------------------|------------|---------|
| Contributions | \$ 463,940 | |
| Electricity | 420 | |
| Total Industrial Development | | 464,360 |

Other Economic and Community Development

| | | |
|--|-----------|--------|
| Contracts with Government Agencies | \$ 37,423 | |
| Contributions | 16,500 | |
| Total Other Economic and Community Development | | 53,923 |

Veterans' Services

| | | |
|--------------------------|-----------|--------|
| Supervisor/Director | \$ 10,000 | |
| Social Security | 506 | |
| Pensions | 1,025 | |
| Life Insurance | 3 | |
| Employer Medicare | 118 | |
| Contributions | 11,900 | |
| Licenses | 150 | |
| Rentals | 13,900 | |
| Travel | 961 | |
| Data Processing Supplies | 1,227 | |
| Office Supplies | 148 | |
| Total Veterans' Services | | 39,938 |

Employee Benefits

| | | |
|----------------------------------|------------|---------|
| Employee and Dependent Insurance | \$ 116,633 | |
| Medical Insurance | 17,456 | |
| Other Fringe Benefits | 27,919 | |
| Consultants | 2,000 | |
| Total Employee Benefits | | 164,008 |

COVID-19 Grant #1

| | | |
|--------------------------|----------|--------|
| Custodial Supplies | \$ 2,510 | |
| Data Processing Supplies | 21,287 | |
| Total COVID-19 Grant #1 | | 23,797 |

COVID-19 Grant #2

| | | |
|---------------------------|-----------|--------|
| Unemployment Compensation | \$ 15,396 | |
| Total COVID-19 Grant #2 | | 15,396 |

COVID-19 Grant #3

| | | |
|------------------------------|------------|---------|
| Other Supplies and Materials | \$ 185,577 | |
| Total COVID-19 Grant #3 | | 185,577 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

COVID-19 Grant #4

| | | |
|------------------------------|----------|----------|
| Other Supplies and Materials | \$ 1,705 | |
| Total COVID-19 Grant #4 | | \$ 1,705 |

COVID-19 Grant #5

| | | |
|----------------------------|-----------|--------|
| Data Processing Supplies | \$ 19,836 | |
| Drugs and Medical Supplies | 359 | |
| Total COVID-19 Grant #5 | | 20,195 |

COVID-19 Grant #6

| | | |
|--|-----------|---------|
| Assistant(s) | \$ 11,146 | |
| Deputy(ies) | 303,536 | |
| Lieutenant(s) | 27,447 | |
| Sergeant(s) | 20,155 | |
| Psychological Personnel | 3,342 | |
| Medical Personnel | 32,644 | |
| Secretary(ies) | 3,498 | |
| Cafeteria Personnel | 16,493 | |
| Social Security | 24,908 | |
| Pensions | 52,590 | |
| Life Insurance | 346 | |
| Medical Insurance | 78,856 | |
| Dental Insurance | 3,320 | |
| Employer Medicare | 5,825 | |
| Data Processing Services | 721 | |
| Maintenance and Repair Services - Office Equipment | 4,885 | |
| Rentals | 675 | |
| Other Contracted Services | 418 | |
| Custodial Supplies | 18,672 | |
| Data Processing Supplies | 11,013 | |
| Drugs and Medical Supplies | 8,767 | |
| Garage Supplies | 138 | |
| General Construction Materials | 1,467 | |
| Law Enforcement Supplies | 2,858 | |
| Office Supplies | 3,492 | |
| Uniforms | 2,083 | |
| Chemicals | 942 | |
| Other Charges | 8,113 | |
| Building Improvements | 4,978 | |
| Office Equipment | 2,840 | |
| Total COVID-19 Grant #6 | | 656,168 |

Miscellaneous

| | | |
|----------------------|-----------|--------|
| Dues and Memberships | \$ 42,238 | |
| Other Charges | 30,031 | |
| Total Miscellaneous | | 72,269 |

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Instruction

Career and Technical Education Program

| | | |
|--|-----------|-----------|
| Contributions | \$ 10,550 | |
| Total Career and Technical Education Program | | \$ 10,550 |

Other

| | | |
|--------------------------------------|------------|---------|
| Contracts with Other Public Agencies | \$ 199,895 | |
| Total Other | | 199,895 |

Principal on Debt

General Government

| | | |
|-----------------------------|------------|---------|
| Principal on Capital Leases | \$ 616,550 | |
| Total General Government | | 616,550 |

Interest on Debt

General Government

| | | |
|----------------------------|-----------|--------|
| Interest on Notes | \$ 11,999 | |
| Interest on Capital Leases | 54,907 | |
| Total General Government | | 66,906 |

Capital Projects

Social, Cultural, and Recreation Projects

| | | |
|---|----------|-------|
| Contracts with Government Agencies | \$ 2,750 | |
| Total Social, Cultural, and Recreation Projects | | 2,750 |

Public Utility Projects

| | | |
|-------------------------------|----------|-------|
| Other Construction | \$ 4,904 | |
| Total Public Utility Projects | | 4,904 |

Capital Projects - Donated

Capital Projects Donated to Other Entities

| | | |
|--|------------|----------------|
| Other Supplies and Materials | \$ 122,081 | |
| Total Capital Projects Donated to Other Entities | | <u>122,081</u> |

| | | |
|--------------------|--|---------------|
| Total General Fund | | \$ 56,745,306 |
|--------------------|--|---------------|

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

| | | |
|--|----------|----------|
| Communication | \$ 3,990 | |
| Other Contracted Services | 3,250 | |
| Instructional Supplies and Materials | 420 | |
| Total Sanitation Education/Information | | \$ 7,660 |

Transfer Stations

| | |
|---------------------|-----------|
| Supervisor/Director | \$ 91,078 |
| Truck Drivers | 239,930 |
| Guards | 24,744 |
| Clerical Personnel | 22,256 |

(Continued)

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Transfer Stations (Cont.)

| | | |
|---|----|---------|
| Maintenance Personnel | \$ | 182,102 |
| Part-time Personnel | | 47,473 |
| Social Security | | 36,202 |
| Pensions | | 60,425 |
| Employee and Dependent Insurance | | 11,486 |
| Life Insurance | | 737 |
| Medical Insurance | | 138,931 |
| Dental Insurance | | 3,993 |
| Employer Medicare | | 8,466 |
| Communication | | 8,195 |
| Contracts with Private Agencies | | 29,608 |
| Dues and Memberships | | 11,492 |
| Evaluation and Testing | | 1,250 |
| Freight Expenses | | 28 |
| Maintenance Agreements | | 36 |
| Maintenance and Repair Services - Buildings | | 10,527 |
| Maintenance and Repair Services - Equipment | | 38,356 |
| Maintenance and Repair Services - Vehicles | | 29,685 |
| Medical and Dental Services | | 365 |
| Postal Charges | | 175 |
| Printing, Stationery, and Forms | | 166 |
| Rentals | | 19 |
| Towing Services | | 1,340 |
| Travel | | 1,452 |
| Tuition | | 207 |
| Disposal Fees | | 220,437 |
| Permits | | 300 |
| Other Contracted Services | | 3,548 |
| Custodial Supplies | | 599 |
| Data Processing Supplies | | 38 |
| Electricity | | 22,207 |
| Equipment Parts - Light | | 643 |
| Equipment and Machinery Parts | | 1,060 |
| Fuel Oil | | 4,651 |
| Garage Supplies | | 11,798 |
| Gasoline | | 4,273 |
| General Construction Materials | | 2,035 |
| Instructional Supplies and Materials | | 947 |
| Lubricants | | 53,619 |
| Office Supplies | | 1,783 |
| Propane Gas | | 4,508 |
| Tires and Tubes | | 30,323 |
| Uniforms | | 907 |
| Vehicle Parts | | 14,663 |
| Water and Sewer | | 7,441 |
| Gravel and Chert | | 11,983 |
| Other Supplies and Materials | | 14,923 |

(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.)

| | | | |
|---------------------------------|----|---------|--------------|
| Trustee's Commission | \$ | 19,573 | |
| Workers' Compensation Insurance | | 4,985 | |
| Solid Waste Equipment | | 227,762 | |
| Other Capital Outlay | | 31,045 | |
| Total Transfer Stations | | | \$ 1,696,775 |

Other Operations

COVID-19 Grant #6

| | | | |
|------------------------------|----|-----|-----|
| Custodial Supplies | \$ | 20 | |
| Drugs and Medical Supplies | | 173 | |
| Garage Supplies | | 119 | |
| Office Supplies | | 6 | |
| Other Supplies and Materials | | 340 | |
| Total COVID-19 Grant #6 | | | 658 |

Total Solid Waste/Sanitation Fund \$ 1,705,093

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

| | | |
|---|----|-----------|
| Captain(s) | \$ | 172,248 |
| Lieutenant(s) | | 70,921 |
| Medical Personnel | | 3,273,714 |
| Clerical Personnel | | 190,362 |
| Part-time Personnel | | 175,705 |
| Social Security | | 230,271 |
| Pensions | | 458,376 |
| Employee and Dependent Insurance | | 2,436 |
| Life Insurance | | 2,142 |
| Medical Insurance | | 698,795 |
| Dental Insurance | | 23,496 |
| Unemployment Compensation | | 1,873 |
| Employer Medicare | | 53,854 |
| Advertising | | 778 |
| Bank Charges | | 10 |
| Communication | | 47,778 |
| Consultants | | 18,000 |
| Contracts with Private Agencies | | 3,700 |
| Data Processing Services | | 353,145 |
| Dues and Memberships | | 1,658 |
| Evaluation and Testing | | 330 |
| Freight Expenses | | 96 |
| Legal Services | | 609 |
| Licenses | | 5,285 |
| Maintenance Agreements | | 240 |
| Maintenance and Repair Services - Buildings | | 12,009 |
| Maintenance and Repair Services - Equipment | | 210 |

(Continued)

Exhibit L-7

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

Ambulance Service Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services (Cont.)

| | | | |
|--|----|---------|--------------|
| Maintenance and Repair Services - Vehicles | \$ | 4,068 | |
| Medical and Dental Services | | 3,893 | |
| Pest Control | | 5,480 | |
| Postal Charges | | 527 | |
| Printing, Stationery, and Forms | | 2,328 | |
| Rentals | | 16,068 | |
| Towing Services | | 2,355 | |
| Travel | | 4,333 | |
| Tuition | | 7,799 | |
| Disposal Fees | | 8,681 | |
| Permits | | 250 | |
| Other Contracted Services | | 156,998 | |
| Custodial Supplies | | 2,241 | |
| Data Processing Supplies | | 16,253 | |
| Diesel Fuel | | 134,333 | |
| Drugs and Medical Supplies | | 208,352 | |
| Electricity | | 26,716 | |
| Equipment Parts - Light | | 4,364 | |
| Equipment and Machinery Parts | | 520 | |
| Food Supplies | | 132 | |
| Gasoline | | 5,173 | |
| Lubricants | | 3,000 | |
| Natural Gas | | 4,407 | |
| Office Supplies | | 18 | |
| Textbooks - Bound | | 17 | |
| Tires and Tubes | | 15,330 | |
| Uniforms | | 20,671 | |
| Vehicle Parts | | 123,642 | |
| Water and Sewer | | 2,746 | |
| Other Supplies and Materials | | 10,945 | |
| Refunds | | 49,950 | |
| Trustee's Commission | | 70,261 | |
| Motor Vehicles | | 620,331 | |
| Health Equipment | | 61,001 | |
| Total Ambulance/Emergency Medical Services | | | \$ 7,391,224 |

Other Operations

COVID-19 Grant #6

| | | |
|---------------------|----|---------|
| Captain(s) | \$ | 6,567 |
| Lieutenant(s) | | 3,613 |
| Medical Personnel | | 108,423 |
| Clerical Personnel | | 7,571 |
| Part-time Personnel | | 6,595 |
| Social Security | | 7,745 |
| Pensions | | 15,860 |
| Life Insurance | | 188 |
| Medical Insurance | | 28,065 |

(Continued)

Exhibit L-7

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

Ambulance Service Fund (Cont.)

Other Operations (Cont.)

COVID-19 Grant #6 (Cont.)

| | | | |
|------------------------------|----|--------|------------|
| Dental Insurance | \$ | 2,053 | |
| Employer Medicare | | 1,811 | |
| Travel | | 182 | |
| Drugs and Medical Supplies | | 14,006 | |
| Other Supplies and Materials | | 208 | |
| Health Equipment | | 23,125 | |
| Total COVID-19 Grant #6 | | | \$ 226,012 |

Total Ambulance Service Fund \$ 7,617,236

Drug Control Fund

Public Safety

Sheriff's Department

| | | | |
|-------------------------------|----|--------|-----------|
| Communication | \$ | 7,099 | |
| Data Processing Services | | 14,852 | |
| Operating Lease Payments | | 28,799 | |
| Licenses | | 47 | |
| Matching Share | | 9,800 | |
| Rentals | | 3,000 | |
| Towing Services | | 405 | |
| Travel | | 2,138 | |
| Tuition | | 4,058 | |
| Other Contracted Services | | 4,490 | |
| Data Processing Supplies | | 5,503 | |
| Equipment and Machinery Parts | | 135 | |
| Law Enforcement Supplies | | 6,879 | |
| Office Supplies | | 759 | |
| Tires and Tubes | | 1,884 | |
| Uniforms | | 188 | |
| Trustee's Commission | | 1,374 | |
| Total Sheriff's Department | | | \$ 91,410 |

Total Drug Control Fund 91,410

Constitutional Officers - Fees Fund

General Government

Register of Deeds

| | | | |
|---|----|-----|--------|
| Constitutional Officers' Operating Expenses | \$ | 900 | |
| Total Register of Deeds | | | \$ 900 |

Finance

County Clerk's Office

| | | | |
|---|----|-------|-------|
| Constitutional Officers' Operating Expenses | \$ | 3,373 | |
| Total County Clerk's Office | | | 3,373 |

(Continued)

Exhibit L-7

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Circuit Court

| | | |
|---|-------|-------|
| Constitutional Officers' Operating Expenses | \$ 33 | |
| Total Circuit Court | | \$ 33 |

General Sessions Court

| | | |
|---|----------|-------|
| Constitutional Officers' Operating Expenses | \$ 2,674 | |
| Total General Sessions Court | | 2,674 |

Chancery Court

| | | |
|---|-----------|--------|
| Special Commissioner Fees/Special Master Fees | \$ 10,611 | |
| Constitutional Officers' Operating Expenses | 2,800 | |
| Total Chancery Court | | 13,411 |

Public Safety

Sheriff's Department

| | | |
|---|--------|-----|
| Constitutional Officers' Operating Expenses | \$ 445 | |
| Total Sheriff's Department | | 445 |

| | | |
|---|--|-----------|
| Total Constitutional Officers - Fees Fund | | \$ 20,836 |
|---|--|-----------|

Highway/Public Works Fund

Highways

Administration

| | |
|--|------------|
| County Official/Administrative Officer | \$ 118,607 |
| Social Security | 7,261 |
| Pensions | 14,909 |
| Life Insurance | 31 |
| Medical Insurance | 12,109 |
| Dental Insurance | 223 |
| Employer Medicare | 1,698 |
| Communication | 21,412 |
| Data Processing Services | 901 |
| Dues and Memberships | 4,812 |
| Evaluation and Testing | 4,165 |
| Licenses | 469 |
| Maintenance Agreements | 284 |
| Maintenance and Repair Services - Buildings | 5,512 |
| Maintenance and Repair Services - Office Equipment | 1,601 |
| Postal Charges | 252 |
| Printing, Stationery, and Forms | 309 |
| Rentals | 196 |
| Other Contracted Services | 420 |
| Custodial Supplies | 384 |
| Data Processing Supplies | 1,964 |
| Electricity | 29,600 |
| Food Supplies | 819 |
| Natural Gas | 5,553 |
| Office Supplies | 1,080 |

(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.)

| | | | |
|---------------------------------|----|---------|------------|
| Uniforms | \$ | 200 | |
| Water and Sewer | | 2,898 | |
| Trustee's Commission | | 130,441 | |
| Vehicle and Equipment Insurance | | 2,000 | |
| Total Administration | | | \$ 370,110 |

Highway and Bridge Maintenance

| | | |
|---|----|-----------|
| Assistant(s) | \$ | 188,176 |
| Supervisor/Director | | 467,425 |
| Paraprofessionals | | 41,697 |
| Foremen | | 301,357 |
| Mechanic(s) | | 242,845 |
| Equipment Operators | | 374,937 |
| Equipment Operators - Heavy | | 289,510 |
| Equipment Operators - Light | | 819,537 |
| Truck Drivers | | 643,083 |
| Dispatchers/Radio Operators | | 27,457 |
| Laborers | | 57,977 |
| Clerical Personnel | | 20,775 |
| Custodial Personnel | | 31,779 |
| Temporary Personnel | | 40,359 |
| Part-time Personnel | | 145,154 |
| Social Security | | 216,351 |
| Pensions | | 434,702 |
| Employee and Dependent Insurance | | 50,824 |
| Life Insurance | | 2,920 |
| Medical Insurance | | 1,012,518 |
| Dental Insurance | | 33,723 |
| Unemployment Compensation | | 816 |
| Employer Medicare | | 50,598 |
| Data Processing Services | | 276 |
| Evaluation and Testing | | 940 |
| Explosive and Drilling Services | | 4,000 |
| Licenses | | 956 |
| Maintenance and Repair Services - Buildings | | 171 |
| Maintenance and Repair Services - Equipment | | 37 |
| Postal Charges | | 2 |
| Rentals | | 5,160 |
| Tuition | | 282 |
| Permits | | 500 |
| Contracts for Landfill Facilities | | 93 |
| Other Contracted Services | | 6,933 |
| Concrete | | 4,477 |
| Crushed Stone | | 109,000 |
| Custodial Supplies | | 2,629 |
| Data Processing Supplies | | 6,692 |
| Drugs and Medical Supplies | | 66 |

(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.)

| | | | |
|--------------------------------------|----|--------|--------------|
| Equipment Parts - Light | \$ | 1,076 | |
| Fertilizer, Lime, and Seed | | 5,425 | |
| General Construction Materials | | 38,773 | |
| Instructional Supplies and Materials | | 50 | |
| Office Supplies | | 371 | |
| Other Road Materials | | 49,170 | |
| Pipe - Metal | | 87,676 | |
| Small Tools | | 5,328 | |
| Structural Steel | | 10,724 | |
| T&I Construction Materials | | 1,538 | |
| Uniforms | | 19,563 | |
| Wood Products | | 845 | |
| Clay | | 3,290 | |
| Other Supplies and Materials | | 305 | |
| Total Highway and Bridge Maintenance | | | \$ 5,860,868 |

Operation and Maintenance of Equipment

| | | | |
|--|----|--------|---------|
| Evaluation and Testing | \$ | 258 | |
| Maintenance and Repair Services - Buildings | | 162 | |
| Maintenance and Repair Services - Equipment | | 5,483 | |
| Maintenance and Repair Services - Vehicles | | 16,342 | |
| Disposal Fees | | 3,014 | |
| Custodial Supplies | | 2,940 | |
| Diesel Fuel | | 98,633 | |
| Equipment Parts - Heavy | | 49,674 | |
| Equipment Parts - Light | | 21,719 | |
| Equipment and Machinery Parts | | 12,218 | |
| Garage Supplies | | 26,462 | |
| Gasoline | | 93,623 | |
| General Construction Materials | | 550 | |
| Lubricants | | 18,937 | |
| Small Tools | | 5,077 | |
| Structural Steel | | 3,361 | |
| Tires and Tubes | | 34,618 | |
| Vehicle Parts | | 52,154 | |
| Other Supplies and Materials | | 3,684 | |
| Total Operation and Maintenance of Equipment | | | 448,909 |

Asphalt Plant Operations

| | | | |
|---|----|-----------|--|
| Licenses | \$ | 900 | |
| Maintenance and Repair Services - Buildings | | 939 | |
| Maintenance and Repair Services - Equipment | | 2,606 | |
| Asphalt | | 1,051,463 | |
| Asphalt - Cold Mix | | 7,178 | |
| Crushed Stone | | 429,000 | |
| Electricity | | 45,254 | |
| Equipment Parts - Heavy | | 36,740 | |

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Asphalt Plant Operations (Cont.)

| | | | |
|--------------------------------|----|--------|--------------|
| Equipment Parts - Light | \$ | 1,873 | |
| Lubricants | | 1,735 | |
| Natural Gas | | 56,941 | |
| Pipe - Metal | | 338 | |
| Water and Sewer | | 727 | |
| Total Asphalt Plant Operations | | | \$ 1,635,694 |

Traffic Control

| | | | |
|-----------------------|----|--------|--------|
| Road Signs | \$ | 50,316 | |
| Total Traffic Control | | | 50,316 |

Other Charges

| | | | |
|---------------------------------|----|---------|---------|
| Vehicle and Equipment Insurance | \$ | 83,520 | |
| Workers' Compensation Insurance | | 181,384 | |
| Total Other Charges | | | 264,904 |

COVID-19 Grant #1

| | | | |
|----------------------------|----|-----|-------|
| Custodial Supplies | \$ | 860 | |
| Drugs and Medical Supplies | | 417 | |
| Garage Supplies | | 26 | |
| Total COVID-19 Grant #1 | | | 1,303 |

Capital Outlay

| | | | |
|-----------------------|----|-----------|-----------|
| Highway Equipment | \$ | 1,428,267 | |
| Maintenance Equipment | | 11,743 | |
| Motor Vehicles | | 375,386 | |
| Health Equipment | | 1,990 | |
| Total Capital Outlay | | | 1,817,386 |

Principal on Debt

Highways and Streets

| | | | |
|-----------------------------|----|--------|--------|
| Principal on Capital Leases | \$ | 75,887 | |
| Total Highways and Streets | | | 75,887 |

Interest on Debt

Highways and Streets

| | | | |
|----------------------------|----|--------|--------|
| Interest on Capital Leases | \$ | 14,113 | |
| Total Highways and Streets | | | 14,113 |

Capital Projects

Highway and Street Capital Projects

| | | | |
|---|----|---------|---------|
| State Aid Projects | \$ | 165,391 | |
| Total Highway and Street Capital Projects | | | 165,391 |

Total Highway/Public Works Fund \$ 10,704,881

(Continued)

Exhibit L-7

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

| | | |
|--|--------------|---------------|
| <u>General Debt Service Fund</u> | | |
| <u>Finance</u> | | |
| <u>Other Finance</u> | | |
| Trustee's Commission | \$ 176,083 | |
| Total Other Finance | | \$ 176,083 |
| <u>Principal on Debt</u> | | |
| <u>General Government</u> | | |
| Principal on Bonds | \$ 3,220,000 | |
| Total General Government | | 3,220,000 |
| <u>Education</u> | | |
| Principal on Bonds | \$ 2,580,000 | |
| Principal on Notes | 151,805 | |
| Principal on Other Loans | 1,703,555 | |
| Total Education | | 4,435,360 |
| <u>Interest on Debt</u> | | |
| <u>General Government</u> | | |
| Interest on Bonds | \$ 1,056,658 | |
| Total General Government | | 1,056,658 |
| <u>Education</u> | | |
| Interest on Bonds | \$ 5,291,131 | |
| Interest on Notes | 18,944 | |
| Interest on Other Loans | 499,973 | |
| Total Education | | 5,810,048 |
| <u>Other Debt Service</u> | | |
| <u>General Government</u> | | |
| Nonexchange Financial Guarantees | \$ 161,250 | |
| Other Debt Service | 800 | |
| Total General Government | | 162,050 |
| <u>Education</u> | | |
| Other Debt Service | \$ 19,938 | |
| Total Education | | 19,938 |
| Total General Debt Service Fund | | \$ 14,880,137 |
| <u>General Capital Projects Fund</u> | | |
| <u>Finance</u> | | |
| <u>Other Finance</u> | | |
| Trustee's Commission | \$ 73,118 | |
| Total Other Finance | | \$ 73,118 |
| <u>Capital Projects</u> | | |
| <u>Public Safety Projects</u> | | |
| Architects | \$ 225,000 | |
| Total Public Safety Projects | | 225,000 |
| Total General Capital Projects Fund | | 298,118 |

(Continued)

Exhibit L-7

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

| | | | |
|---|----|----------------|-----------------------------|
| <u>Other Capital Projects Fund</u> | | | |
| <u>Other Debt Service</u> | | | |
| <u>General Government</u> | | | |
| Underwriter's Discount | \$ | 30,441 | |
| Other Debt Issuance Charges | | <u>55,633</u> | |
| Total General Government | | | \$ 86,074 |
| | | | |
| <u>Capital Projects</u> | | | |
| <u>Public Health and Welfare Projects</u> | | | |
| Building Construction | \$ | <u>138,969</u> | |
| Total Public Health and Welfare Projects | | | <u>138,969</u> |
| | | | |
| Total Other Capital Projects Fund | | | <u>\$ 225,043</u> |
| | | | |
| Total Governmental Funds - Primary Government | | | <u><u>\$ 92,288,060</u></u> |

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2020

General Purpose School Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|------------|---------------|
| ADA Coordinator | \$ | 169,975 | |
| Teachers | | 24,714,226 | |
| Career Ladder Program | | 98,650 | |
| Homebound Teachers | | 61,948 | |
| Salary Supplements | | 806,262 | |
| Educational Assistants | | 663,133 | |
| Other Salaries and Wages | | 334,885 | |
| Certified Substitute Teachers | | 115,538 | |
| Non-certified Substitute Teachers | | 100,765 | |
| Social Security | | 1,549,572 | |
| Pensions | | 2,608,061 | |
| Life Insurance | | 14,459 | |
| Medical Insurance | | 4,802,974 | |
| Dental Insurance | | 90,464 | |
| Employer Medicare | | 367,798 | |
| Contracts with Government Agencies | | 465,117 | |
| Evaluation and Testing | | 77,836 | |
| Maintenance Agreements | | 50,750 | |
| Travel | | 1,860 | |
| Other Contracted Services | | 727 | |
| Equipment and Machinery Parts | | 12,158 | |
| Instructional Supplies and Materials | | 389,577 | |
| Textbooks - Bound | | 529,655 | |
| Other Supplies and Materials | | 200 | |
| In Service/Staff Development | | 2,571 | |
| Other Charges | | 140,293 | |
| Data Processing Equipment | | 6,205 | |
| Regular Instruction Equipment | | 109,688 | |
| Other Equipment | | 1,646 | |
| Total Regular Instruction Program | | | \$ 38,286,993 |

Special Education Program

| | | |
|-----------------------------------|----|-----------|
| Teachers | \$ | 2,718,718 |
| Career Ladder Program | | 9,000 |
| Career Ladder Extended Contracts | | 1,060 |
| Homebound Teachers | | 16,401 |
| Educational Assistants | | 586,826 |
| Speech Pathologist | | 577,021 |
| Other Salaries and Wages | | 329 |
| Certified Substitute Teachers | | 22,150 |
| Non-certified Substitute Teachers | | 29,755 |
| Social Security | | 229,739 |
| Pensions | | 366,311 |
| Life Insurance | | 2,216 |
| Medical Insurance | | 723,299 |
| Dental Insurance | | 12,615 |

(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 (Cont.)

| | | | |
|---|----|--------|--------------|
| Employer Medicare | \$ | 54,241 | |
| Evaluation and Testing | | 14,853 | |
| Maintenance and Repair Services - Equipment | | 709 | |
| Instructional Supplies and Materials | | 18,450 | |
| Other Supplies and Materials | | 79 | |
| Special Education Equipment | | 9,892 | |
| Total Special Education Program | | | \$ 5,393,664 |

Career and Technical Education Program

| | | | |
|--|----|-----------|-----------|
| Teachers | \$ | 1,925,793 | |
| Career Ladder Program | | 6,000 | |
| Certified Substitute Teachers | | 10,870 | |
| Non-certified Substitute Teachers | | 5,945 | |
| Social Security | | 111,246 | |
| Pensions | | 196,148 | |
| Life Insurance | | 1,079 | |
| Medical Insurance | | 382,758 | |
| Dental Insurance | | 7,697 | |
| Employer Medicare | | 26,080 | |
| Maintenance and Repair Services - Equipment | | 833 | |
| Travel | | 992 | |
| Other Contracted Services | | 4,496 | |
| Equipment and Machinery Parts | | 202 | |
| General Construction Materials | | 296 | |
| Instructional Supplies and Materials | | 89,521 | |
| Vocational Instruction Equipment | | 57,770 | |
| Total Career and Technical Education Program | | | 2,827,726 |

Support Services

Health Services

| | | | |
|------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 101,898 | |
| Medical Personnel | | 575,114 | |
| Secretary(ies) | | 1,322 | |
| Social Security | | 40,202 | |
| Pensions | | 10,165 | |
| Life Insurance | | 56 | |
| Medical Insurance | | 106,108 | |
| Dental Insurance | | 416 | |
| Employer Medicare | | 9,402 | |
| Communication | | 1,161 | |
| Travel | | 4,314 | |
| Other Supplies and Materials | | 47,787 | |
| In Service/Staff Development | | 1,209 | |
| Total Health Services | | | 899,154 |

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support

| | | | |
|-----------------------------|----|-----------|--------------|
| Career Ladder Program | \$ | 2,000 | |
| Guidance Personnel | | 1,480,569 | |
| Secretary(ies) | | 90,504 | |
| Social Security | | 91,564 | |
| Pensions | | 163,596 | |
| Life Insurance | | 911 | |
| Medical Insurance | | 268,180 | |
| Dental Insurance | | 6,029 | |
| Employer Medicare | | 21,414 | |
| Total Other Student Support | | | \$ 2,124,767 |

Regular Instruction Program

| | | | |
|---|----|-----------|-----------|
| Supervisor/Director | \$ | 393,342 | |
| Career Ladder Program | | 4,500 | |
| Librarians | | 1,034,293 | |
| Secretary(ies) | | 73,125 | |
| Clerical Personnel | | 34,730 | |
| Other Salaries and Wages | | 133,393 | |
| Social Security | | 95,383 | |
| Pensions | | 175,408 | |
| Life Insurance | | 857 | |
| Medical Insurance | | 292,900 | |
| Dental Insurance | | 5,099 | |
| Employer Medicare | | 23,026 | |
| Communication | | 4,869 | |
| Operating Lease Payments | | 29,577 | |
| Licenses | | 25 | |
| Maintenance Agreements | | 264,297 | |
| Maintenance and Repair Services - Equipment | | 1,664 | |
| Printing, Stationery, and Forms | | 1,384 | |
| Travel | | 12,245 | |
| Other Contracted Services | | 3,853 | |
| Gasoline | | 9,421 | |
| Instructional Supplies and Materials | | 38,042 | |
| Library Books/Media | | 38,042 | |
| Office Supplies | | 5,586 | |
| Periodicals | | 7,275 | |
| Propane Gas | | 210 | |
| Other Supplies and Materials | | 8,402 | |
| In Service/Staff Development | | 12,253 | |
| Other Charges | | 3,800 | |
| Administration Equipment | | 6,540 | |
| Data Processing Equipment | | 6,073 | |
| Total Regular Instruction Program | | | 2,719,614 |

(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.)

Special Education Program

| | | | |
|---------------------------------|----|---------|------------|
| Supervisor/Director | \$ | 88,573 | |
| Psychological Personnel | | 2,758 | |
| Secretary(ies) | | 34,800 | |
| Other Salaries and Wages | | 221,080 | |
| Social Security | | 19,636 | |
| Pensions | | 37,953 | |
| Life Insurance | | 190 | |
| Medical Insurance | | 64,075 | |
| Dental Insurance | | 1,368 | |
| Employer Medicare | | 4,592 | |
| Communication | | 3,889 | |
| Travel | | 18,217 | |
| Office Supplies | | 35 | |
| In Service/Staff Development | | 4,458 | |
| Total Special Education Program | | | \$ 501,624 |

Career and Technical Education Program

| | | | |
|--|----|--------|---------|
| Supervisor/Director | \$ | 82,926 | |
| Secretary(ies) | | 34,878 | |
| Social Security | | 6,675 | |
| Pensions | | 13,199 | |
| Life Insurance | | 56 | |
| Medical Insurance | | 20,584 | |
| Dental Insurance | | 491 | |
| Employer Medicare | | 1,561 | |
| Communication | | 602 | |
| Printing, Stationery, and Forms | | 9 | |
| Travel | | 4,538 | |
| Propane Gas | | 1,469 | |
| In Service/Staff Development | | 2,476 | |
| Total Career and Technical Education Program | | | 169,464 |

Other Programs

| | | | |
|----------------------------|----|---------|---------|
| On-behalf Payments to OPEB | \$ | 473,339 | |
| Total Other Programs | | | 473,339 |

Board of Education

| | | | |
|----------------------------------|----|--------|--|
| Board and Committee Members Fees | \$ | 53,123 | |
| Social Security | | 2,374 | |
| Dental Insurance | | 120 | |
| Unemployment Compensation | | 31,616 | |
| Employer Medicare | | 767 | |
| Audit Services | | 74,875 | |
| Dues and Memberships | | 23,748 | |
| Legal Services | | 95,157 | |
| Maintenance Agreements | | 5,500 | |

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Board of Education (Cont.)

| | | | |
|---------------------------------|----|---------|--------------|
| Travel | \$ | 13,575 | |
| Other Contracted Services | | 2,500 | |
| Office Supplies | | 30 | |
| Other Supplies and Materials | | 969 | |
| Building and Contents Insurance | | 31,901 | |
| Liability Insurance | | 162,919 | |
| Trustee's Commission | | 469,788 | |
| Workers' Compensation Insurance | | 179,623 | |
| Other Charges | | 35,000 | |
| Total Board of Education | | | \$ 1,183,585 |

Director of Schools

| | | | |
|--|----|---------|---------|
| County Official/Administrative Officer | \$ | 135,847 | |
| Assistant(s) | | 4,427 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 41,936 | |
| Other Salaries and Wages | | 11,803 | |
| Social Security | | 10,874 | |
| Pensions | | 27,029 | |
| Life Insurance | | 283 | |
| Medical Insurance | | 44,032 | |
| Dental Insurance | | 542 | |
| Employer Medicare | | 2,715 | |
| Other Fringe Benefits | | 118 | |
| Communication | | 130,849 | |
| Dues and Memberships | | 6,527 | |
| Operating Lease Payments | | 4,326 | |
| Postal Charges | | 10,946 | |
| Travel | | 7,642 | |
| Other Contracted Services | | 14,140 | |
| Equipment and Machinery Parts | | 894 | |
| Office Supplies | | 3,030 | |
| Other Supplies and Materials | | 69 | |
| Administration Equipment | | 665 | |
| Total Director of Schools | | | 459,694 |

Office of the Principal

| | | | |
|-------------------------|----|-----------|--|
| Principals | \$ | 1,399,706 | |
| Career Ladder Program | | 12,500 | |
| Accountants/Bookkeepers | | 422,864 | |
| Assistant Principals | | 1,140,415 | |
| Secretary(ies) | | 680,877 | |
| Social Security | | 208,724 | |
| Pensions | | 371,179 | |
| Life Insurance | | 2,233 | |
| Medical Insurance | | 820,647 | |

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Office of the Principal (Cont.)

| | | | |
|-------------------------------|----|---------|--------------|
| Dental Insurance | \$ | 14,061 | |
| Employer Medicare | | 49,043 | |
| Travel | | 628 | |
| Other Contracted Services | | 171,247 | |
| Office Supplies | | 7,463 | |
| Data Processing Equipment | | 19,476 | |
| Total Office of the Principal | | | \$ 5,321,063 |

Fiscal Services

| | | | |
|---------------------------------|----|---------|---------|
| Supervisor/Director | \$ | 82,010 | |
| Accountants/Bookkeepers | | 181,104 | |
| Social Security | | 14,466 | |
| Pensions | | 33,072 | |
| Life Insurance | | 166 | |
| Medical Insurance | | 71,407 | |
| Dental Insurance | | 1,376 | |
| Employer Medicare | | 3,385 | |
| Bank Charges | | 2,687 | |
| Printing, Stationery, and Forms | | 2,124 | |
| Other Contracted Services | | 3,322 | |
| Data Processing Supplies | | 200 | |
| Office Supplies | | 1,813 | |
| In Service/Staff Development | | 205 | |
| Other Charges | | 2,722 | |
| Administration Equipment | | 465 | |
| Total Fiscal Services | | | 400,524 |

Human Services/Personnel

| | | | |
|---|----|--------|---------|
| Supervisor/Director | \$ | 83,040 | |
| Career Ladder Program | | 1,000 | |
| Secretary(ies) | | 34,878 | |
| Clerical Personnel | | 76,244 | |
| Social Security | | 11,229 | |
| Pensions | | 22,902 | |
| Life Insurance | | 111 | |
| Medical Insurance | | 41,868 | |
| Dental Insurance | | 724 | |
| Employer Medicare | | 2,626 | |
| Communication | | 32 | |
| Data Processing Services | | 5,909 | |
| Evaluation and Testing | | 865 | |
| Operating Lease Payments | | 448 | |
| Maintenance and Repair Services - Equipment | | 12 | |
| Travel | | 2,491 | |
| Other Contracted Services | | 23,831 | |
| Office Supplies | | 648 | |
| Total Human Services/Personnel | | | 308,858 |

(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

| | | | |
|---|----|-----------|--------------|
| Custodial Personnel | \$ | 2,175,259 | |
| Social Security | | 125,637 | |
| Pensions | | 270,198 | |
| Life Insurance | | 2,296 | |
| Medical Insurance | | 657,713 | |
| Dental Insurance | | 12,149 | |
| Employer Medicare | | 29,535 | |
| Licenses | | 7,868 | |
| Maintenance and Repair Services - Buildings | | 64,629 | |
| Maintenance and Repair Services - Equipment | | 1,187 | |
| Disposal Fees | | 61,986 | |
| Custodial Supplies | | 130,024 | |
| Diesel Fuel | | 3,359 | |
| Electricity | | 2,396,485 | |
| Equipment Parts - Light | | 19,259 | |
| Fuel Oil | | 47,506 | |
| Natural Gas | | 110,886 | |
| Propane Gas | | 91,027 | |
| Tires and Tubes | | 1,678 | |
| Uniforms | | 3,119 | |
| Water and Sewer | | 369,390 | |
| Plant Operation Equipment | | 19,252 | |
| Total Operation of Plant | | | \$ 6,600,442 |

Maintenance of Plant

| | | |
|---|----|-----------|
| Supervisor/Director | \$ | 81,600 |
| Foremen | | 128,123 |
| Secretary(ies) | | 48,348 |
| Maintenance Personnel | | 1,383,721 |
| Social Security | | 93,893 |
| Pensions | | 203,598 |
| Life Insurance | | 1,227 |
| Medical Insurance | | 470,667 |
| Dental Insurance | | 7,384 |
| Employer Medicare | | 22,179 |
| Communication | | 10,509 |
| Dues and Memberships | | 250 |
| Licenses | | 54 |
| Maintenance Agreements | | 30,502 |
| Maintenance and Repair Services - Buildings | | 31,380 |
| Maintenance and Repair Services - Equipment | | 2,652 |
| Maintenance and Repair Services - Vehicles | | 2,487 |
| Rentals | | 661 |
| Travel | | 2,109 |
| Other Contracted Services | | 46,486 |
| Asphalt | | 1,352 |

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Maintenance of Plant (Cont.)

| | | | |
|--------------------------------|----|---------|--------------|
| Concrete | \$ | 1,563 | |
| Equipment Parts - Light | | 2,497 | |
| Equipment and Machinery Parts | | 15,384 | |
| Garage Supplies | | 2,801 | |
| Gasoline | | 81,752 | |
| General Construction Materials | | 91,758 | |
| Office Supplies | | 1,046 | |
| Salt | | 258 | |
| Small Tools | | 1,352 | |
| Tires and Tubes | | 9,381 | |
| Uniforms | | 13,527 | |
| Vehicle Parts | | 25,309 | |
| Chemicals | | 12,619 | |
| In Service/Staff Development | | 3,035 | |
| Administration Equipment | | 120,297 | |
| Maintenance Equipment | | 27 | |
| Plant Operation Equipment | | 7,113 | |
| Other Equipment | | 55,093 | |
| Total Maintenance of Plant | | | \$ 3,013,994 |

Transportation

| | | | |
|--|----|-----------|-----------|
| Mechanic(s) | \$ | 35,887 | |
| Bus Drivers | | 320,000 | |
| Social Security | | 22,094 | |
| Pensions | | 4,511 | |
| Life Insurance | | 28 | |
| Medical Insurance | | 13,556 | |
| Dental Insurance | | 254 | |
| Employer Medicare | | 5,167 | |
| Contracts with Vehicle Owners | | 3,990,159 | |
| Maintenance Agreements | | 47,890 | |
| Maintenance and Repair Services - Vehicles | | 5,925 | |
| Garage Supplies | | 2,134 | |
| Gasoline | | 57,708 | |
| Tires and Tubes | | 6,202 | |
| Vehicle Parts | | 15,558 | |
| Maintenance Equipment | | 1,428 | |
| Motor Vehicles | | 135,585 | |
| Total Transportation | | | 4,664,086 |

Operation of Non-Instructional Services

Community Services

| | | | |
|--------------------------|----|--------|--------|
| Other Salaries and Wages | \$ | 11,081 | |
| Social Security | | 666 | |
| Pensions | | 1,131 | |
| Employer Medicare | | 156 | |
| Total Community Services | | | 13,034 |

(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.)

Early Childhood Education

| | | | |
|--------------------------------------|----|---------|------------|
| Teachers | \$ | 431,555 | |
| Educational Assistants | | 138,427 | |
| Social Security | | 32,317 | |
| Pensions | | 44,366 | |
| Life Insurance | | 250 | |
| Medical Insurance | | 75,652 | |
| Dental Insurance | | 1,879 | |
| Employer Medicare | | 7,848 | |
| Travel | | 78 | |
| Instructional Supplies and Materials | | 12,969 | |
| In Service/Staff Development | | 6,943 | |
| Regular Instruction Equipment | | 18,419 | |
| Other Equipment | | 8,000 | |
| Total Early Childhood Education | | | \$ 778,703 |

Capital Outlay

Regular Capital Outlay

| | | | |
|------------------------------|----|-----------|-----------|
| Other Contracted Services | \$ | 1,000 | |
| Building Improvements | | 1,033,000 | |
| Furniture and Fixtures | | 341,309 | |
| Other Capital Outlay | | 251,308 | |
| Total Regular Capital Outlay | | | 1,626,617 |

Other Debt Service

Education

| | | | |
|---|----|---------|---------|
| Debt Service Contribution to Primary Government | \$ | 611,341 | |
| Total Education | | | 611,341 |

Total General Purpose School Fund \$ 78,378,286

School Federal Projects Fund

Instruction

Regular Instruction Program

| | | | |
|--------------------------------------|----|---------|--------------|
| Teachers | \$ | 26,884 | |
| Educational Assistants | | 733,032 | |
| Other Salaries and Wages | | 264,741 | |
| Social Security | | 51,046 | |
| Pensions | | 34,304 | |
| Life Insurance | | 350 | |
| Medical Insurance | | 97,860 | |
| Dental Insurance | | 1,938 | |
| Employer Medicare | | 13,867 | |
| Instructional Supplies and Materials | | 235,589 | |
| Other Supplies and Materials | | 34,375 | |
| Other Charges | | 31,890 | |
| Regular Instruction Equipment | | 526,342 | |
| Total Regular Instruction Program | | | \$ 2,052,218 |

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Special Education Program

| | | | |
|--------------------------------------|----|---------|--------------|
| Teachers | \$ | 506,510 | |
| Educational Assistants | | 934,153 | |
| Social Security | | 81,982 | |
| Pensions | | 115,461 | |
| Life Insurance | | 1,112 | |
| Medical Insurance | | 269,808 | |
| Dental Insurance | | 5,940 | |
| Employer Medicare | | 19,367 | |
| Evaluation and Testing | | 2,216 | |
| Instructional Supplies and Materials | | 1,578 | |
| Other Supplies and Materials | | 170 | |
| Total Special Education Program | | | \$ 1,938,297 |

Career and Technical Education Program

| | | | |
|--|----|---------|---------|
| Other Supplies and Materials | \$ | 6,836 | |
| Vocational Instruction Equipment | | 220,092 | |
| Total Career and Technical Education Program | | | 226,928 |

Support Services

Other Student Support

| | | | |
|------------------------------|----|---------|---------|
| Other Salaries and Wages | \$ | 152,487 | |
| Social Security | | 9,307 | |
| Pensions | | 14,753 | |
| Life Insurance | | 56 | |
| Medical Insurance | | 13,384 | |
| Dental Insurance | | 254 | |
| Employer Medicare | | 2,177 | |
| Communication | | 1,081 | |
| Travel | | 6,665 | |
| Other Contracted Services | | 77,750 | |
| Other Supplies and Materials | | 32,387 | |
| In Service/Staff Development | | 7,768 | |
| Total Other Student Support | | | 318,069 |

Regular Instruction Program

| | | | |
|---|----|---------|--|
| Supervisor/Director | \$ | 70,477 | |
| Clerical Personnel | | 24,040 | |
| Other Salaries and Wages | | 238,687 | |
| Social Security | | 20,142 | |
| Pensions | | 35,908 | |
| Life Insurance | | 146 | |
| Medical Insurance | | 39,751 | |
| Dental Insurance | | 406 | |
| Employer Medicare | | 4,711 | |
| Consultants | | 81,790 | |
| Maintenance and Repair Services - Equipment | | 2,458 | |

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

| | | | |
|-----------------------------------|----|---------|------------|
| Other Supplies and Materials | \$ | 17,623 | |
| In Service/Staff Development | | 165,532 | |
| Other Equipment | | 3,084 | |
| Total Regular Instruction Program | | | \$ 704,755 |

Special Education Program

| | | | |
|---------------------------------|----|---------|---------|
| Psychological Personnel | \$ | 89,735 | |
| Other Salaries and Wages | | 270,452 | |
| Social Security | | 18,141 | |
| Pensions | | 34,505 | |
| Life Insurance | | 166 | |
| Medical Insurance | | 64,090 | |
| Dental Insurance | | 1,259 | |
| Employer Medicare | | 4,759 | |
| In Service/Staff Development | | 6,899 | |
| Total Special Education Program | | | 490,006 |

Transportation

| | | | |
|----------------------|----|--------|--------|
| Travel | \$ | 21,675 | |
| Total Transportation | | | 21,675 |

Total School Federal Projects Fund \$ 5,751,948

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

| | | | |
|---|----|-----------|--|
| Supervisor/Director | \$ | 60,500 | |
| Accountants/Bookkeepers | | 27,260 | |
| Truck Drivers | | 33,787 | |
| Cafeteria Personnel | | 1,350,231 | |
| Other Salaries and Wages | | 82,607 | |
| Social Security | | 92,055 | |
| Pensions | | 88,299 | |
| Life Insurance | | 764 | |
| Medical Insurance | | 319,459 | |
| Dental Insurance | | 3,172 | |
| Employer Medicare | | 21,531 | |
| Bank Charges | | 590 | |
| Communication | | 1,209 | |
| Contracts with Other School Systems | | 13,404 | |
| Data Processing Services | | 18,058 | |
| Dues and Memberships | | 1,006 | |
| Operating Lease Payments | | 2,363 | |
| Licenses | | 1,480 | |
| Maintenance and Repair Services - Equipment | | 7,977 | |
| Travel | | 6,125 | |

(Continued)

Exhibit L-8

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

| | | | |
|--|----|------------|----------------|
| <u>Central Cafeteria Fund (Cont.)</u> | | | |
| <u>Operation of Non-Instructional Services (Cont.)</u> | | | |
| <u>Food Service (Cont.)</u> | | | |
| Other Contracted Services | \$ | 47,882 | |
| Equipment and Machinery Parts | | 19,677 | |
| Food Preparation Supplies | | 197,665 | |
| Food Supplies | | 1,734,923 | |
| Gasoline | | 2,536 | |
| Office Supplies | | 2,658 | |
| USDA - Commodities | | 290,860 | |
| In Service/Staff Development | | 1,064 | |
| Food Service Equipment | | 283,620 | |
| Total Food Service | | | \$ 4,712,762 |
| Total Central Cafeteria Fund | | | \$ 4,712,762 |
| <u>Other Education Special Revenue Fund</u> | | | |
| <u>Operation of Non-Instructional Services</u> | | | |
| <u>Early Childhood Education</u> | | | |
| Educational Assistants | \$ | 17,446 | |
| Social Security | | 1,082 | |
| Employer Medicare | | 253 | |
| Instructional Supplies and Materials | | 15,468 | |
| Regular Instruction Equipment | | 2,344 | |
| Other Equipment | | 2,000 | |
| Total Early Childhood Education | | | \$ 38,593 |
| Total Other Education Special Revenue Fund | | | 38,593 |
| <u>School Improvement Fund</u> | | | |
| <u>Capital Outlay</u> | | | |
| <u>Regular Capital Outlay</u> | | | |
| Other Contracted Services | \$ | 96 | |
| Building Improvements | | 576,145 | |
| Total Regular Capital Outlay | | | \$ 576,241 |
| Total School Improvement Fund | | | 576,241 |
| <u>Education Capital Projects Fund</u> | | | |
| <u>Capital Projects</u> | | | |
| <u>Education Capital Projects</u> | | | |
| Architects | \$ | 319,122 | |
| Other Contracted Services | | 121,518 | |
| Building Construction | | 31,379,707 | |
| Communication Equipment | | 166,397 | |
| Site Development | | 1,322,239 | |
| Total Education Capital Projects | | | \$ 33,308,983 |
| Total Education Capital Projects Fund | | | 33,308,983 |
| Total Governmental Funds - Sullivan County School Department | | | \$ 122,766,813 |

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, 2020

| | Cities - Sales Tax Fund | City School ADA - Bristol Fund | City School ADA - Kingsport Fund | City School ADA - Johnson City Fund | Total |
|--|-------------------------------|--|--|---|---------------|
| <u>Cash Receipts</u> | | | | | |
| Current Property Taxes | \$ 0 | \$ 9,945,057 | \$ 17,328,919 | \$ 230,517 | \$ 27,504,493 |
| Trustee's Collections - Prior Years Circuit/Clerk and Master Collections - Prior Years | 0 | 237,489 | 411,030 | 5,328 | 653,847 |
| Interest and Penalty | 0 | 116,072 | 202,722 | 2,725 | 321,519 |
| Pick-up Taxes | 0 | 83,480 | 145,596 | 1,944 | 231,020 |
| Local Option Sales Tax | 24,684,815 | 182,511 | 319,522 | 4,251 | 506,284 |
| Bank Excise Tax | 0 | 5,732,834 | 9,989,257 | 132,890 | 40,539,796 |
| Marriage Licenses | 0 | 56,365 | 98,215 | 1,307 | 155,887 |
| Other Local Revenues | 0 | 1,945 | 3,289 | 38 | 5,272 |
| Total Cash Receipts | \$ 24,684,815 | \$ 16,355,947 | \$ 28,498,876 | \$ 379,004 | \$ 69,918,642 |
| <u>Cash Disbursements</u> | | | | | |
| Remittance of Revenues Collected | \$ 24,437,967 | \$ 16,188,520 | \$ 28,172,653 | \$ 377,701 | \$ 69,176,841 |
| Trustee's Commission | 246,848 | 264,945 | 464,797 | 6,301 | 982,891 |
| Total Cash Disbursements | \$ 24,684,815 | \$ 16,453,465 | \$ 28,637,450 | \$ 384,002 | \$ 70,159,732 |
| <u>Excess of Cash Receipts</u> | | | | | |
| Over (Under) Cash Disbursements | \$ 0 | \$ (97,518) | \$ (138,574) | \$ (4,998) | \$ (241,090) |
| Cash Balance, July 1, 2019 | 0 | 410,067 | 687,072 | 12,493 | 1,109,632 |
| Cash Balance, June 30, 2020 | \$ 0 | \$ 312,549 | \$ 548,498 | \$ 7,495 | \$ 868,542 |

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

**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, 2020, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated January 22, 2021.

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) as a basis for designing 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: 2020-002(B), 2020-003, and 2020-004(D).

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 financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2020-001, 2020-002(A), 2020-004 (A,B,C), and 2020-005.

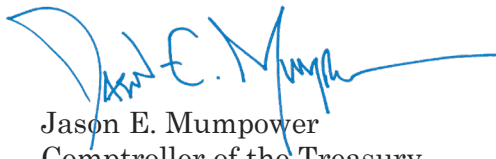
Sullivan County's Responses to the Findings

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 results 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 22, 2021

JEM/tg



JASON E. MUMPOWER
Comptroller

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 the Uniform Guidance

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 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, 2020. 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 federal statutes, regulations, and the terms and conditions of its federal awards 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 the audit requirements of Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Those standards and the Uniform Guidance 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, 2020.

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 the Uniform Guidance, 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.

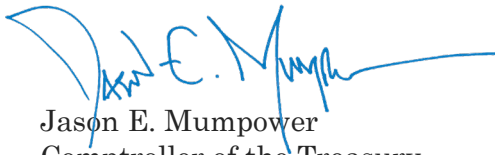
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

requirements of the Uniform Guidance. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

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, 2020, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated January 22, 2021, 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 the Uniform Guidance 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 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, 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,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

January 22, 2021

JEM/tg

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9)
For the Year-Ended June 30, 2020

| Federal/Pass-Through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------|--|---------------------|
| U.S. Department of Agriculture: | | | |
| Direct Program: | | | |
| Forest Service Schools and Roads Cluster: (5) | | | |
| Schools and Roads - Grants to States | 10.665 | N/A | \$ 34,658 |
| Passed-through State Department of Education: | | | |
| Child Nutrition Cluster: (5) | | | |
| School Breakfast Program | 10.553 | N/A | 754,935 (7) |
| COVID 19 - School Breakfast Program | 10.553 | N/A | 228,340 (7) |
| National School Lunch Program | 10.555 | N/A | 2,094,273 (7) |
| COVID 19 - National School Lunch Program | 10.555 | N/A | 363,269 (7) |
| Passed-through State Department of Agriculture: | | | |
| Child Nutrition Cluster: (5) | | | |
| National School Lunch Program (Commodities - Noncash Assistance) | 10.555 | N/A | 290,860 (7) |
| Passed-through State Department of Health: | | | |
| Special Supplemental Nutrition Program for Women, Infants, and Children | 10.557 | GG-19-60613-00 | 864,495 |
| Total U.S. Department of Agriculture | | | <u>\$ 4,630,830</u> |
| U.S. Department of Interior: | | | |
| Direct Program: | | | |
| Payments in Lieu of Taxes | 15.226 | N/A | \$ 71,221 |
| Total U.S. Department of Interior | | | <u>\$ 71,221</u> |
| U.S. Department of Justice: | | | |
| Direct Programs: | | | |
| Coronavirus Emergency Supplemental Funding Program | 16.034 | N/A | \$ 23,797 |
| Equitable Sharing Program | 16.922 | N/A | 5,812 |
| Edward Byrne Memorial Justice Assistance Grant Program | 16.738 | N/A | 17,583 |
| Passed-through State Commission on Children and Youth: | | | |
| Juvenile Justice and Delinquency Prevention - Allocation to States | 16.540 | (6) | 62,342 |
| Passed-through State Department of Finance and Administration: | | | |
| Crime Victim Assistance | 16.575 | 30147 | 47,747 |
| Violence Against Women Formula Grants | 16.588 | 35794 | 52,412 |
| Total U.S. Department of Justice | | | <u>\$ 209,693</u> |
| U.S. Department of Labor: | | | |
| Passed-through State Department of Labor and Workforce Development: | | | |
| COVID 19 - Unemployment Insurance | 17.225 | N/A | \$ 15,396 |
| Total U.S. Department of Labor | | | <u>\$ 15,396</u> |
| U.S. Department of Transportation: | | | |
| Passed-through State Department of Transportation: | | | |
| Alcohol Open Container Requirements | 20.607 | (6) | \$ 89,375 |
| Total U.S. Department of Transportation | | | <u>\$ 89,375</u> |
| U.S. Institute of Museums and Library Services: | | | |
| Passed-through State Library and Archives: | | | |
| Grants to States | 45.310 | 30501 | \$ 8,043 |
| Total U.S. Institute of Museums and Library Services | | | <u>\$ 8,043</u> |
| U.S. Department of Education: | | | |
| Passed-through State Department of Education: | | | |
| Title I Grants to Local Educational Agencies | 84.010 | N/A | \$ 2,456,373 |
| Special Education Cluster: (5) | | | |
| Special Education - Grants to States | 84.027 | N/A | 2,417,585 |
| Special Education - Preschool Grants | 84.173 | N/A | 65,858 |
| Career and Technical Education - Basic Grants to States | 84.048 | N/A | 241,690 |
| Education for Homeless Children and Youth | 84.196 | N/A | 33,253 |
| Improving Teacher Quality State Grants | 84.367 | N/A | 437,534 |

(Continued)

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9) (Cont.)

| Federal/Pass-Through Agency/State Grantor Program Title | Federal CFDA Number | Pass-through Entity Identifying Number | Expenditures |
|---|---------------------------|--|----------------------|
| U.S. Department of Education (Cont.): | | | |
| Passed-through State Department of Education (Cont.): | | | |
| Student Support and Academic Enrichment Program | 84.424 | N/A | \$ 184,146 |
| Total U.S. Department of Education | | | <u>\$ 5,836,439</u> |
| U.S. National Archives and Records Administration: | | | |
| Passed-through State Library and Archives: | | | |
| National Historical Publications and Records Grants | 89.003 | 30501-01720 | \$ 3,697 |
| Total U.S. National Archives and Records Administration | | | <u>\$ 3,697</u> |
| U.S. Election Assistance Administration: | | | |
| Passed-through Tennessee Secretary of State: | | | |
| COVID 19 - 2020 Supplemental Election Security Grants | 90.404 | N/A | \$ 1,705 (7) |
| 2020 HAVA Election Security Grant | 90.404 | N/A | \$ 1,739 (7) |
| Total U.S. Election Assistance Administration | | | <u>\$ 3,444</u> |
| U.S. Department of Health and Human Services: | | | |
| Passed-through State Department of Health: | | | |
| Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements | | | |
| Injury Prevention and Control Research and State and Community Based Programs | 93.074 | GG-18-53923-00 | \$ 454,310 |
| Family Planning Services | 93.136 | GG-19-61306-00 | 34,264 |
| Immunization Cooperative Agreements | 93.217 | GG-18-54804-00 | 165,378 |
| National State Based Tobacco Control Programs | 93.268 | GG-20-64925-00 | 114,337 |
| COVID -19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response | 93.305 | (6) | 35,078 |
| Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke | 93.354 | GG-20-68024-00 | 20,195 |
| Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF) | 93.426 | GG-20-62928-00 | 34,272 |
| HIV Prevention Activities - Health Department Based Cooperative Agreements to Support State-based Safe Motherhood and Infant Health Initiative Programs | 93.758 | GG-19-58325-00 | 30,209 |
| Maternal and Child Health Services Block Grant to the States | 93.940 | (6) | 43,265 |
| Passed-through State Department of Education: | | | |
| CCDF Cluster: (5) | | | |
| Child Care and Development Block Grant | 93.946 | GG-19-60775-00 | 3,000 |
| Total U.S. Department of Health and Human Services | 93.994 | (6) | 438,142 |
| | | | <u>\$ 2,577</u> |
| | | | <u>\$ 1,375,027</u> |
| U.S. Executive Office of the President: | | | |
| Passed-through Laurel County, Kentucky Fiscal Court: | | | |
| High Intensity Drug Trafficking Areas Program | 95.001 | G19AP0001A | \$ 7,719 |
| Total Executive Office of the President | | | <u>\$ 7,719</u> |
| U.S. Department of Homeland Security: | | | |
| Passed-through State Department of Military: | | | |
| Emergency Management Performance Grants | 97.042 | 32667-1 | \$ 62,500 |
| Homeland Security Grant Program | 97.067 | 34101-10318 | 122,158 |
| Total U.S. Department of Homeland Security | | | <u>\$ 184,658</u> |
| Total Expenditures of Federal Grants | | | <u>\$ 12,435,542</u> |

(Continued)

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8) (9) (Cont.)

| <u>State Grants</u> | | <u>Contract Number</u> | | |
|---|-----|----------------------------|-----------|------------------|
| Adolescent Pregnancy - State Department of Health | N/A | GG-20-62311-00 | \$ | 54,535 |
| TennCare Dental Prevention - State Department of Health | N/A | GG-19-58320-00 | | 236,778 |
| Tuberculosis Control and Prevention Program - State Department of Health | N/A | GG-20-61952-00 | | 55,831 |
| Evidence Based Home Visiting - State Department of Health | N/A | GG-20-64581-00 | | 123,352 |
| HIV Prevention Program - State Department of Health | N/A | (10) | | 113,669 |
| Neonatal Abstinence Syndrome Education Services - State Department of Health | N/A | GG-20-61943-00 | | 79,483 |
| Immunization Grants - State Department of Health | N/A | GG-20-64925-00 | | 47,295 |
| Grant in Aid - State Department of Health | N/A | EG-20-63561-00 | | 458,906 |
| Prenatal Presumptive Eligibility Expansion Program - State Department of Health | N/A | GU-20-62433-00 | | 43,500 |
| Breast and Cervical Cancer Program - State Department of Health | N/A | GG-18-54086-00 | | 27,892 |
| Family Planning - State Department of Health | N/A | GG-18-54804-00 | | 18,375 |
| Tobacco Settlement - State Department of Health | N/A | GG-19-59659-00 | | 147,371 |
| Community Health Access and Navigation Program - State Department of Health | N/A | GG-20-62738-00 | | 305,726 |
| Juvenile Services Program - State Commission on Children and Youth | N/A | (11) | | 58,803 |
| Multipurpose Agricultural Facility Grant - State Department of General Services | N/A | 460/000-03-15 | | 105,708 |
| State Aid Program - State Department of Transportation | N/A | (4) | | 347,871 |
| Litter Program - State Department of Transportation | N/A | (4) | | 89,352 |
| Court Security Grant Program - Administrative Office of the Courts | N/A | (4) | | 8,599 |
| Middle School STEM Grant - State Department of Education | N/A | (4) | | 9,669 |
| Safe Schools Act Grant - State Department of Education | N/A | (4) | | 125,302 |
| Gates Pre-K Grant - State Department of Education | N/A | (4) | | 20,000 |
| School Safety - State Department of Education | N/A | (4) | | 63,871 |
| Coordinated School Health - State Department of Education | N/A | (4) | | 88,234 |
| Early Childhood Education Project - State Department of Education | N/A | (4) | | 679,485 |
| Total State Grants | | | \$ | 3,309,607 |

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) Sullivan County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
(3) No amounts (\$0) were passed through to subrecipients.
(4) Information not available.
(5) Forest Service Schools and Roads Cluster total \$34,658; Child Nutrition Cluster total \$3,731,677; Special Education Cluster total \$2,483,443; CCDF Cluster total \$2,577.
(6) Grants with multiple pass-through identifying numbers:
CFDA 16.540: 39617: \$9,000; 56486 \$53,342.
CFDA 20.607: Z-19THS271: \$52,662; Z-20THS245: \$36,713.
CFDA 93.305: GG-17-53331-00: \$28,567; GG-20-65133-00: \$6,511.
CFDA 93.940: GG-19-61548-00: \$22,948; GG-20-66450-00: \$20,317.
CFDA 93.994: GG-18-54086-00: \$51,660; GU-19-58081-00: \$30,000; Z-19-90519-00: \$16,979; GG-20-62738-00: \$339,503.
(7) CFDA Totals: CFDA No. 10.553, \$983,275; CFDA No. 10.555, \$2,748,402; CFDA No. 90.404, \$3,444.

(8) CONSOLIDATED ADMINISTRATION

The following amounts were consolidated for administration purposes:

| <u>Program Title</u> | <u>Federal CFDA Number</u> | <u>Amount Provided to Consolidated Administration</u> |
|--|------------------------------------|---|
| Title I Grants to Local Educational Agencies | 84.010 | \$125,943 |
| Improving Teacher Quality State Grants | 84.367 | 9,762 |
| Student Support and Academic Enrichment Program | 84.424 | 551 |
| Total amounts consolidated for administration purposes | | <u>\$136,256</u> |

- (9) For the year ended June 30, 2020, Sullivan County received donated PPE valued at \$185,577 (\$139,183 federal and \$46,394 state) from Tennessee Department of Military. These donations were unaudited.

Additional Notes for State Grants:

- (10) GG-19-61548-00: \$59,999; GG-20-66450-00: \$53,670.
(11) 31601-1930: \$10,000; 56471: \$48,803.

Sullivan County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2020

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. In addition, OMB's Uniform Guidance requires auditees to report the status of all prior-year findings whether corrected or not. Presented below are financial statement findings along with their current status from the Annual Financial Report for Sullivan County, Tennessee, for the year ended June 30, 2020.

Prior-year Financial Statement Findings

| Fiscal Year | Page Number | Finding Number | Title of Finding | CFDA Number | Current Status |
|---|-------------|----------------|---|-------------|---|
| <u>OFFICE OF DIRECTOR OF SCHOOLS</u> | | | | | |
| 2019 | 260 | 2019-001 | Accounting Records for the Year Ended June 30, 2019, were not Closed and Available for Audit by August 31, 2019 | N/A | Not Corrected - See Explanation on Corrective Action Plan |
| 2019 | 261 | 2019-002 | The Office Had Deficiencies in the Maintenance of Payroll Deduction Accounts and Records | N/A | Part C. Corrected Part A. and B. Not Corrected - See Explanation on Corrective Action Plan |
| <u>OFFICE OF TRUSTEE</u> | | | | | |
| 2019 | 262 | 2019-003 | The Accounting Records had not been Properly Maintained | N/A | Corrected |
| 2019 | 265 | 2019-004 | The Monthly Trustee's Report was not Completed and Filed in Compliance with State Statute | N/A | Corrected |
| 2019 | 265 | 2019-005 | The Office had Deficiencies in Monthly Trustee Commissions | N/A | Corrected |

Prior-year Federal Award Findings

There were no prior-year federal award findings to report.

SULLIVAN COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2020

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Sullivan County is unmodified.
2. Internal Control Over Financial Reporting:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **YES**
3. Noncompliance material to the financial statements noted? **NO**

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 84.010 Title I Grants to Local Educational Agencies
 - * CFDA Numbers: 84.027 and 84.173 Special Education Cluster:
Special Education - Grants to States,
Special Education - Preschool Grants
8. Dollar threshold used to distinguish between type A and Type B Programs. **\$750,000**
9. Auditee qualified as low-risk auditee? **YES**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our audit, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. Written responses for all findings are paraphrased and presented following each finding and recommendation. Management's corrective action plans, whether related to the financial statements or federal awards, are presented separately in the Management's Corrective Action Plan in the Single Audit Section of this report. Findings relating specifically to the audit of federal awards, if any, are separately presented under Part III, Findings and Questioned Costs for Federal Awards.

OFFICES OF COUNTY MAYOR, PURCHASING AGENT, AND DIRECTOR OF ACCOUNTS AND BUDGETS

FINDING 2020-001

THERE WERE DEFICIENCIES IN THE AWARDING OF BIDS FOR THE RENOVATION AND CONSTRUCTION OF EMS STATIONS AND WITH PAYMENTS TO THE CONTRACTOR

(Noncompliance Under Government Auditing Standards)

As part of our audit process to obtain reasonable assurance that bid procedures were properly followed as required by governing laws, we selected five purchases that were just below or above the county's \$15,000 bid limit. Our examination revealed the following purchasing deficiencies, which are the result of a lack of management oversight. These deficiencies increase the risks of unauthorized expenditures.

County officials solicited competitive bids for a project involving the renovation and construction of multiple county EMS stations. The bid specifications included three alternates. Five bids were received ranging from \$4,854,000 to \$5,517,000. All five bids included the three alternates. After the bid opening, the county determined that the expected cost of one station included in the original project was too high. After consulting with the project architect, the cost related to this station was estimated to be \$801,573. The county entered direct negotiations with the lowest bidder to deduct the cost related to this station. The negotiations resulted in a reduction in scope of the project, and a contract was awarded for \$3,754,782 after including deductions for alternates. The option to remove this station was not one of the alternates included in the original bid specifications.

By negotiating and contracting directly with one of the bidders, the county circumvented the competitive bid process because the scope of the work covered by the contract was substantially changed from the original bid. In *Leech vs. Wright* (622 s.w. 2d 807), the Tennessee Supreme Court stated that "competitive bidding requires due advertisement, giving opportunity to bid and contemplate a bidding on the same undertaking upon each of the same material items covered by the contract, upon the same thing. It requires that all bidders be placed on the same plane of equality and that they bid upon the same terms and conditions involved in all items and parts of the contract, and that the proposal specify as to all bids the same, or substantially, similar specifications." Also, the attorney general opined in opinion 85-121 that "any negotiations with a low bidder entailing changes in terms and

conditions from the projected bid by all other bidders would contravene the forgoing requirements of competitive bidding.” County officials stated their actions were taken to obtain the best pricing for the county in the time frame available.

Also, it should be noted that the county did not deposit amounts withheld from contractor payments into an escrow account. Section 66-34-104, *Tennessee Code Annotated (TCA)*, requires that funds withheld from contractor payments be deposited into an escrow account with a third-party for contracts of \$500,000 or more. This deficiency could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Management should not enter into any negotiations with bidders to change the terms and conditions of a project without re-bidding the project based on new terms and conditions. Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

MANAGEMENT’S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS AND PURCHASING AGENT

We accept the finding and plan to develop future bid specifications to provide more flexibility to allow any necessary bid negotiations to work within the statutory restrictions. Steps are being taken to correct the depositing of retainage.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2020-002

THERE WERE DEFICIENCIES IN THE MAINTENANCE OF SUBSIDIARY ACCOUNTING RECORDS

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

The following deficiencies were noted in the maintenance of subsidiary accounting records:

- A. Subsidiary capital assets records and compensated absences records were not completed and available for audit by August 31, 2020, as required by Section 9-2-102, *Tennessee Code Annotated*. This statute provides that records should be available for audit no later than two months after the close of their fiscal year. The capital assets and compensated absences records were made available to auditors on December 10th and October 25th, respectively. The failure to properly maintain, complete, and close accounting records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of accounting controls, and increases the risk that errors will not be discovered and corrected in a timely manner. This deficiency is the result of management’s failure to correct the finding noted in the prior-year audit report and the failure to implement their corrective action plan.
- B. Our examination of capital assets records revealed that some current-year purchases and additions were not recorded in the capital assets records. This deficiency resulted in capital assets and accumulated depreciation being understated by \$10,462,131 and

\$5,974, respectively. In addition, current-year disposals not recorded and the premature capitalization of assets not yet purchased resulted in capital assets and accumulated depreciation being overstated by \$3,344,955 and \$1,347,570, respectively. Generally accepted accounting principles require accountability for all assets owned by the school department, such as equipment, vehicles, buildings, and infrastructure. These deficiencies can be attributed to a lack of management oversight to ensure capital assets are accounted for properly on a current basis. We provided management with audit adjustments that they approved and posted to properly present capital assets in the financial statements of this report. Without accurate capital asset records, the school department cannot adequately control its assets.

RECOMMENDATION

Management should complete and close its subsidiary capital assets records and compensated absences records and have these records available for audit no later than two months after the close of their June 30 fiscal year (by August 31). The school department should maintain accurate capital assets records for all school department-owned assets as required by generally accepted accounting principles.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We hereby concur with this finding, and we agree that the accounting records were not officially closed by August 31, 2020. The business manager failed to prioritize sufficiently. In an effort to finalize the report, several details were overlooked.

FINDING 2020-003

**THE ACCOUNTING RECORDS FOR VARIOUS FUNDS
HAD NOT BEEN MAINTAINED PROPERLY**
(Internal Control – Significant Deficiency Under *Government
Auditing Standards*)

Our audit revealed the following deficiencies related to the administration and maintenance of the accounting records. These deficiencies are the result of management's failure to correct the findings noted in the prior-year audit report and management's failure to implement their corrective action plan.

- A. As noted in the prior-year audit report, the retirement contributions payroll liability account was not reconciled adequately with subsidiary payroll records, monthly billings, and payments made from various school department funds. As a result, the General Purpose School Fund reported a negative balance of \$49,659 in the retirement contributions payroll liability account on June 30, 2020. Additionally, employee health insurance deductions for all school department funds are paid through the General Purpose School Fund with transfers from other special revenue funds being made after year-end. However, the department does not reconcile individual funds' general ledger insurance liability accounts with subsidiary payroll records and monthly billings; therefore, there is the potential for unidentified amounts to accumulate. Similarly, this delay in remitting deduction amounts until after year-end decreases the operating cash in the General Purpose School Fund and could result in a fund deficit in the special revenue funds when paid.

- B. Interfund receivable and payable account balances in various school department funds were not reconciled as of June 30, 2020. As a result, a net difference of \$164,403 existed between the various interfund receivables (\$1,486,936) and payables (\$1,651,339) in the school department funds. These differences were the result of posting errors related to the reimbursement of expenditures and activity for retirement contributions and health insurance noted above between the various funds.
- C. Beginning January 1, 2020, the school department began participating in the state's plan for dental insurance. Prior to January 1, the school department provided a self-insurance dental program for employee and retiree dental care. However, as noted in the prior-year audit report, activity related to the school department's self-insurance dental program for the period July 1, 2019 through December 31, 2019 was not posted to the dental insurance payroll liability account. To recognize the costs related to the self-insured plan, auditors provided management with adjustments to decrease the dental insurance payroll liability account by \$236,205 to reclassify handling charges and administrative expenses (\$38,366) and medical claims (\$197,839). Additionally, these adjustments should be taken into consideration in order to reconcile the payroll liability account and ensure activity properly clears out on a monthly basis.
- D. The payroll clearing bank account and the health dental/Medicare supplement bank account had not been reconciled adequately with the general ledger. While monthly reconciliations appear to have been performed, \$19,071 was unidentified at June 30, 2020. The bank account for the Central Cafeteria Fund for collections of meal charges relating to the school nutrition program had a balance of \$131,819 at June 30, 2020. Upon inquiry, it was discovered that collections had not been remitted to the county trustee since March 2020. These funds were remitted to the trustee in August 2020.
- E. Account balances in the Central Cafeteria Fund were not properly reflected on June 30, 2020. Receivables for the June 2020 meal claims totaling \$296,651 had not been posted to general ledger. The balance in the Other Current Liabilities account for student meal deposits had not been reconciled with the actual balance. At June 30, 2020, the per record balance in this account was \$54,411 while food service records indicated the actual balance maintained was \$230.

Sound business practices dictate that financial records and accounts should be reviewed for accuracy and completeness, and all general ledger accounts should be reconciled timely. The failure to properly maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary and accounting control and increases the risk that errors will not be discovered and corrected in a timely manner. These deficiencies can be attributed to a lack of management oversight, the failure of management to take proper responsibility for the accounting records, and management's failure to correct the findings noted in the prior-year audit report. We provided management with audit adjustments, which they approved and posted to properly present ending balances in the financial statements of this report.

RECOMMENDATION

All general ledger accounts should be accurately reconciled monthly with subsidiary records, monthly billings, receipts, and payments. Any errors should be identified and corrected promptly. Accounting records should be maintained on a current basis and financial statements reviewed for accuracy and completeness.

MANAGEMENT’S RESPONSE – DIRECTOR OF SCHOOLS

We hereby concur with the finding. Working off-site for several weeks at the end of the fiscal year caused several routine processes to be altered. Normal operations have since resumed. We are hopeful future alterations to work processes will be minimal.

FINDING 2020-004

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS

(A. through C. – Noncompliance Under *Government Auditing Standards*; D. – Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Our examination revealed the following deficiencies in budget operations. These deficiencies exist due to a lack of management oversight and management’s failure to hold spending to the limits authorized by the county commission, which resulted in unauthorized expenditures.

- A. Total expenditures exceeded total appropriations in the Central Cafeteria Fund by \$6,030 primarily due to the Other Salaries and Wages line-item exceeding appropriations by \$7,607.
- B. Expenditures exceeded appropriations approved by the county commission at the major category level (the legal level of control) in the following funds:

| <u>Fund/Major Appropriation Category</u> | <u>Amount Overspent</u> |
|---|-----------------------------|
| General Purpose School: Other Student Support | \$ 21,913 |
| School Federal Projects: Regular Instruction Program | 143,905 |
| Transfers Out | 47,729 |
| Central Cafeteria: Food Service | 6,030 |

- C. Salaries exceeded appropriations in 21 of 83 salary line-items in the General Purpose School, School Federal Projects, and Central Cafeteria funds by \$388,153 with amounts ranging from \$329 to \$88,718. The budget resolution approved by the county commission states that the salary, wages, or remuneration of each official, employee, or agent of the county will not exceed appropriations that accompany this resolution. Therefore, the salaries that

exceeded line-item appropriations were expenditures not approved by the county commission.

- D. A budget amendment totaling \$496,450 approved by the board of education and county commission was posted to the accounting records of the General Purpose School Fund and then erroneously removed. We have recognized this amendment in the financial statements of this report.

RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission. Budget amendments should be posted accurately to the accounting records after approval by the board of education and the county commission.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We hereby concur with the finding and will work to ensure this issue does not happen in the future.

OFFICE OF SHERIFF

FINDING 2020-005

THERE WERE DEFICIENCIES IN THE OPERATIONS RELATED TO A TELEPHONE SERVICE CONTRACT (Noncompliance Under *Government Auditing Standards*)

On October 18, 2019, the sheriff contracted with Securus Technologies for an inmate telephone service to be in effect for five years. This agreement provided for the sheriff's department to receive remuneration of 20 percent of the gross revenue billed for all phones. Additionally, the company would provide funding for use by the sheriff department totaling \$900,000 for the period January 1, 2020 through December 31, 2020 with an additional \$100,000 provided for each subsequent year through the term of the contract. The county commission approved the contract with Securus Technologies with an amendment specifying that the expending of these funds would be submitted to the commission for approval and that purchasing would be carried out by the county purchasing agent.

As of November 30, 2020, the sheriff's department has submitted invoices totaling \$616,369 directly to Securus for the purchase of various items including computers, software, training, office equipment, and items for the jail contrary to the county commission's instructions. Therefore, these purchases were made outside of the administrative and budgetary control of the county commission.

Chapter 261, Private Acts of 1947, provides that the purchasing agent make all purchases and enter into all contracts for Sullivan County. Since the purchases were not made by the county purchasing agent, we were unable to determine if purchases exceeding \$15,000 complied with bidding requirements as provided by Section 12-3-1212, *Tennessee Code Annotated (TCA)*. While the county commission approved the purchase of most of the items, the revenues were not remitted to the county trustee and the funds were not appropriated as required by state statute. Section 5-9-401, *TCA*, requires that "All funds from whatever source derived...that are to be used in the operation and respective programs of the various

departments... of county governments shall be appropriated to such use by the county legislative body.”

Transactions occurring during the current fiscal year totaling \$375,209, have been reflected in the operations of the General Fund. However, these transactions are reflected without a budget.

RECOMMENDATION

All contracts should be entered into in accordance with provisions of Chapter 261, Private Acts of 1947. All purchases for the sheriff's department should be made by the county purchasing agent through the county's General Fund and in compliance with purchasing requirements. Furthermore, all revenues derived from the jail telephone system contract should be remitted to the county trustee and placed in the General Fund. All expenditures for the sheriff's department should be appropriated by the county commission, and all vendors should be paid through the county's finance department.

MANAGEMENT'S RESPONSE – SHERIFF

I concur. Corrective procedures were implemented immediately after the questioned transactions were brought to my attention. In December 2020, a resolution was approved by the Sullivan County Commission to appropriate the remaining 2020 grant funds and the 2021 funding. All future purchases for the sheriff's department will be made by the purchasing agent through the General Fund, and expenditures will be paid by the finance department. All future revenues from the contract will be remitted to the county trustee.

PART III, FINDINGS AND QUESTIONED COSTS FOR FEDERAL AWARDS

There were no findings and questioned costs related to federal awards for the year ended June 30, 2020.

Sullivan County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2020

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

| Finding Number | Title of Finding | Corrective Action Plan Page Number |
|-------------------|------------------|---------------------------------------|
|-------------------|------------------|---------------------------------------|

OFFICE OF DIRECTOR OF ACCOUNTS AND BUDGETS

| | | |
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| 2020-001 | There were Deficiencies in the Awarding of Bids for the Renovation and Construction of EMS Stations and with Payments to the Contractor | 268 |
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OFFICE OF DIRECTOR OF SCHOOLS

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| 2020-002 | There were Deficiencies in the Maintenance of Subsidiary Accounting Records | 269 |
| 2020-003 | The Accounting Records for Various Funds had not been Maintained Properly | 270 |
| 2020-004 | The School Department had Deficiencies in Budget Operations | 271 |

OFFICE OF SHERIFF

| | | |
|----------|---|-----|
| 2020-005 | There were Deficiencies in the Operations Related to a Telephone Service Contract | 272 |
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SULLIVAN COUNTY, TN

OFFICE OF FINANCE DIRECTOR

3411 Highway 126, Suite 202 ▪ Blountville, Tennessee 37617
E-Mail: Larry.bailey@sullivancountyttn.gov
(423) 323-6409 ▪ Fax: (423) 279-2899

FINANCE
BUDGETING
ACCOUNTS
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PAYROLL
EMPLOYEE
BENEFITS

Corrective Action Plan

FINDING: DEFICIENCIES WERE NOTED IN THE AWARDING OF BIDS FOR THE RENOVATION AND CONSTRUCTION OF EMS STATIONS AND WITH PAYMENTS TO THE CONTRACTOR

Response and Corrective Action Plan Prepared by:
Name, Title (Larry G. Bailey, Finance Director)

Person Responsible for Implementing the Corrective Action:
Name, Kristinia Davis, Purchasing Agent & Larry Bailey, Director of Finance

Anticipated Completion Date of Corrective Action:
Date January 12, 2021

Repeat Finding:
No

Planned Corrective Action:
County plans to provide adequate flexibility in future bid requests to allow for more potential actions in response to negotiating bids received to meet the financial restraints and time frames for satisfactory completion of the project within available funding. The deposit of retainage will be deposited within compliance of the statutes provided.

Larry G. Bailey

DIRECTOR OF SCHOOLS
DR. DAVID A. COX

ASSISTANT DIRECTOR
ANGELA BUCKLES

ASSISTANT DIRECTOR
INGRID DELOACH



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MARY ROUSE

January 12, 2021

Mark Treece, Audit Manager
Division of Local Government Audit
5401 Kingston Pike, Building 2, Suite 300
Knoxville, TN 37919

Management's Corrective Action Plan

DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF SUBSIDIARY ACCOUNTING RECORDS

Person Preparing Corrective Action Plan: Ingrid Deloach

Persons Responsible for Implementing the Corrective Action Plan: Ingrid Deloach

Anticipated Completion Date of Corrective Action: August 31, 2021

Repeat Finding: Yes

Reason Corrective Action Was Not Taken in the Prior Year:

Corrective Action was taken. However, the issue remains unresolved because of unanticipated circumstances causing further delays.

Planned Corrective Action:

The Business Manager will work to ensure that all records are closed and available for audit by August 31st.

A handwritten signature in black ink, appearing to read "Dr. David Cox".

Dr. David Cox
Director of Schools

A handwritten signature in blue ink, appearing to read "Ingrid Deloach".

Ingrid Deloach
Business Manager

DIRECTOR OF SCHOOLS
DR. DAVID A. COX

ASSISTANT DIRECTOR
ANGELA BUCKLES

ASSISTANT DIRECTOR
INGRID DELOACH



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January 12, 2021

Mark Treece, Audit Manager
Division of Local Government Audit
5401 Kingston Pike, Building 2, Suite 300
Knoxville, TN 37919

THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN MAINTAINED PROPERLY

Person Preparing Corrective Action Plan: Ingrid Deloach

Persons Responsible for Implementing the Corrective Action Plan: Ingrid Deloach

Anticipated Completion Date of Corrective Action: January 12, 2021

Repeat Finding: Yes

Reason Corrective Action Was Not Taken in the Prior Year:

Corrective Action was taken. However, the issue remains unresolved because of unanticipated circumstances causing further delays.

Planned Corrective Action:

The Business Manager will perform detailed reconciliations timely of all accounts. The HR Department will work closely with the Accounting staff to ensure that all information is available for said reconciliations.

A handwritten signature in black ink that reads "Dr. David Cox".

Dr. David Cox
Director of Schools

A handwritten signature in blue ink that reads "Ingrid Deloach".

Ingrid Deloach
Business Manager

DIRECTOR OF SCHOOLS
DR. DAVID A. COX

ASSISTANT DIRECTOR
ANGELA BUCKLES

ASSISTANT DIRECTOR
INGRID DELOACH



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January 12, 2021

Mark Treece, Audit Manager
Division of Local Government Audit
5401 Kingston Pike, Building 2, Suite 300
Knoxville, TN 37919

THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS

Person Preparing Corrective Action Plan: Ingrid Deloach
Persons Responsible for Implementing the Corrective Action Plan: Ingrid Deloach
Anticipated Completion Date of Corrective Action: June 30, 2021
Repeat Finding: No
Planned Corrective Action:

Budget Operations will be reviewed monthly to ensure the proper balances are maintained. End of year expenses will be projected to ensure that ending balances are sufficient.

A handwritten signature in black ink that reads "Dr. David Cox".

Dr. David Cox
Director of Schools

A handwritten signature in blue ink that reads "Ingrid Deloach".

Ingrid Deloach
Business Manager

Sullivan County Tennessee

Sheriff's Office

An Accredited Agency



Jeff Cassidy
SHERIFF

Corrective Action Plan

FINDING: DEFICIENCIES WERE NOTED IN THE OPERATIONS RELATED TO A TELEPHONE SERVICE CONTRACT

Response and Corrective Action Plan Prepared by: Jeff Cassidy, Sullivan County Sheriff

Person Responsible for Implementing the Corrective Action: Frank Horne

Anticipated Completion Date of Corrective Action: December 2020

Repeat Finding: No

Planned Corrective Action: We concur, changes were made immediately after deficiencies were brought to management's attention by obtaining Commission approval in December 2020 with a Resolution to appropriate the balance of 2020 funds and all of 2021 funds to a separate budget. All future related purchases for the Sheriff's Department will be made by the county purchasing agent through the county's General Fund using the newly created budget. All future related expenditures will be paid from the newly created budget by the county's Finance Department. All future revenues derived from the telephone system contract will be remitted to the County Trustee.

Signature: