



## ANNUAL FINANCIAL REPORT

### Sullivan County, Tennessee

*For the Year Ended June 30, 2021*

**Jason E. Mumpower**  
*Comptroller of the Treasury*



**DIVISION OF**  
**LOCAL GOVERNMENT AUDIT**

**ANNUAL FINANCIAL REPORT**  
**SULLIVAN COUNTY, TENNESSEE**  
**FOR THE YEAR ENDED JUNE 30, 2021**

***COMPTROLLER OF THE TREASURY***  
***JASON E. MUMPOWER***

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

***MARK TREECE, CPA, CGFM***  
***Audit Manager***

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

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## ***Summary of Audit Findings***

Annual Financial Report  
Sullivan County, Tennessee  
For the Year Ended June 30, 2021

### ***Scope***

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2021.

### ***Results***

Our report on the financial statements of the aggregate discretely presented component units is qualified because the school department did not update capital assets records during the year. Our report on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information is unmodified.

Our audit resulted in eight 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:

#### **OFFICE OF DIRECTOR OF SCHOOLS**

- ◆ School department funds required material audit adjustments for proper financial statement preparation.
- ◆ Deficiencies were noted in the maintenance of capital asset records.
- ◆ The accounting records for various funds had not been maintained properly.
- ◆ The school department had deficiencies in budget operations.
- ◆ The school department failed to request reimbursement for grant expenditures on a timely basis resulting in a deficit in unassigned fund balance in the School Federal Projects Fund.
- ◆ The school department had deficiencies related to the administration of payroll that resulted in overpayments to some employees.
- ◆ Financial reports were not presented to the county commission in compliance with state statutes.
- ◆ The school department made payments based on expired contracts for student transportation.



# INTRODUCTORY SECTION

## Sullivan County Officials

### June 30, 2021

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#### **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	Mark Hutton
David Akard	Sam Jones
Judy Blalock	Dwight King
Todd Broughton	Tony Leonard
Darlene Calton	Hunter Locke
Michael Cole	Randy Morrell
Larry Crawford	Archie Pierce
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	Mary Rouse
Mark Ireson	Matthew Spivey
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, 2021, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

### ***Management's Responsibility for the Financial Statements***

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

### ***Auditor's Responsibility***

Our responsibility is to express opinions on these financial statements based on our audit. We did not audit the financial statements of the Internal School Fund of the Sullivan County School Department (a discretely presented component unit), which represent 1.46 percent, 2.36 percent, and 3.16 percent, respectively, of the assets, net position, and revenues of the discretely presented component unit. Those amounts were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to amounts attributable to the Sullivan County School Department's Internal School Fund, is based solely on the report of the other auditors. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

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

### ***Summary of Opinions***

<b><u>Opinion Unit</u></b>	<b><u>Type of Opinion</u></b>
Governmental Activities	Unmodified
Aggregate Discretely Presented Component Units	Qualified
General Fund	Unmodified
Highway/Public Works Fund	Unmodified
General Debt Service Fund	Unmodified
Other Capital Projects Fund	Unmodified
Aggregate Remaining Fund Information	Unmodified

### ***Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units***

Management of the discretely presented Sullivan County School Department did not update capital asset records for the year under audit. Accounting principles generally accepted in the United States of America require that capital asset activity and balances be presented in the government-wide financial statements and in the notes to financial statements. Since, as of January 9, 2022, management had not presented us with updated capital asset records for the year ended June 30, 2021, we compiled proposed adjustments to the financial statements to present capital asset additions, deductions, depreciation expense, and ending capital asset balances based on our examination of source documents and our interpretation of school board policy for capitalization of assets. The adjustments we proposed were presented to management. Management accepted the adjustments and the amounts have been included in the financial statements of the discretely presented Sullivan County School Department for the year ended June 30, 2021. The failure of management to present updated capital asset records limited the scope of our audit and inhibited our ability to independently attest to the

fair presentation of amounts included on the Statement of Net Position for capital assets of the discretely presented Sullivan County School Department. Further, we are not able to independently attest to the fair presentation of amounts included for depreciation expense of the discretely presented Sullivan County School Department in the Statement of Activities, nor to amounts included in the schedule of capital asset activity presented in the notes to the financial statements for the discretely presented Sullivan County School Department. The amounts by which this departure would affect the assets, expenses, net position, and disclosures of the discretely presented Sullivan County School Department has not been determined.

### ***Qualified Opinion***

In our opinion, based on our audit and the report of other auditors, and except for the effects of the matter described in the “Basis for Qualified Opinion on the Aggregate Discretely Presented Component Units” paragraph, the financial statements referred to above present fairly, in all material respects, the respective financial position of the aggregate discretely presented component units of Sullivan County Tennessee, as of June 30, 2021, and the respective changes in financial position thereof for the year then ended in accordance with accounting principles generally accepted in the United States of America.

### ***Unmodified Opinions***

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of June 30, 2021, 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.

### ***Change in Accounting Principle***

As described in Note V.B., Sullivan County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 84, *Fiduciary Activities*. GASB 84 defines what is meant by fiduciary activities. It establishes the four types of fiduciary funds for reporting purposes. In addition, GASB 84 changes the title of “Agency” Funds to “Custodial” Funds and requires that Custodial Funds, unlike Agency Funds, should present fund net position. Our opinion is not modified with respect to this matter.

### ***Emphasis of Matter***

We draw attention to Note I.D.11., to the financial statements, which describes a restatement to the beginning Custodial Funds net position totaling \$11,613,332 on the Statement of Changes in Net Position – Fiduciary Funds and a restatement to the discretely presented Sullivan County School Department’s beginning net position totaling \$2,886,770 on the Government-wide Statement of Activities. These restatements were necessary because of the transitional requirements of GASB Statement No. 84, *Fiduciary Activities*. Our opinion is not modified with respect to this matter.

## ***Other Matters***

### ***Required Supplementary Information***

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

Accounting principles generally accepted in the United States of America require that the 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 by us and by other auditors. In our opinion, based on our audit, the procedures performed as described above, and the report of the other auditors, 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 February 14, 2022, 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

February 14, 2022

JEM/tg

# BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee  
Statement of Net Position  
June 30, 2021

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 2,801,305	\$ 3,027,690
Equity in Pooled Cash and Investments	132,303,243	18,897,803
Inventories	61,304	112,552
Accounts Receivable	4,203,634	203,453
Allowance for Uncollectibles	(888,007)	0
Due from Other Governments	4,249,909	6,614,674
Due from Primary Government	0	1,644,331
Due from Component Units	194,088	0
Due from Joint Venture	366,630	0
Property Taxes Receivable	56,145,872	23,866,553
Allowance for Uncollectible Property Taxes	(1,395,131)	(638,526)
Prepaid Items	190,381	3,610
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	491,101
Net Pension Asset - Agent Plan	6,877,577	1,684,078
Net Pension Asset - Teacher Retirement Plan	0	295,767
Net Pension Asset - Teacher Legacy Pension Plan	0	7,286,785
Capital Assets:		
Assets Not Depreciated:		
Land	1,974,829	5,632,003
Construction in Progress	5,505,622	89,079,113
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	18,616,827	46,280,666
Infrastructure	8,597,000	0
Other Capital Assets	12,964,299	932,288
Total Assets	<u>\$ 252,769,382</u>	<u>\$ 205,413,941</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 262,216	\$ 0
Pension Changes in Experience	742,864	469,900
Pension Changes in Assumptions	0	671,245
Pension Changes in Investment Earnings	1,194,449	1,944,002
Pension Changes in Proportion	0	157,564
Pension Contributions After Measurement Date	4,247,719	4,509,074
OPEB Changes in Experience	4,425,890	2,147,658
OPEB Changes in Assumptions	3,560,119	12,117,419
OPEB Changes in Proportion	0	937,295
OPEB Contributions after Measurement Date	521,166	2,012,545
Total Deferred Outflows of Resources	<u>\$ 14,954,423</u>	<u>\$ 24,966,702</u>

(Continued)

## Exhibit A

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

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>LIABILITIES</u>		
Accounts Payable	\$ 677,461	\$ 127,453
Accrued Payroll	1,734,632	0
Accrued Interest Payable	1,427,957	0
Payroll Deductions Payable	427,008	849,672
Contracts Payable	351,702	0
Retainage Payable	152,669	94,797
Claims and Judgments Payable	190,672	125,834
Due to Primary Government	0	194,088
Due to Component Units	1,644,331	0
Due to State of Tennessee	617,955	15,195
Due to Other Governments	15,378,622	0
Other Current Liabilities	893,162	20,707
Noncurrent Liabilities:		
Due Within One Year - Debt	11,562,869	0
Due Within One Year - Other	1,526,497	546,432
Due in More Than One Year - Debt	237,661,872	0
Due in More Than One Year - Other	26,152,989	58,263,289
Total Liabilities	<u>\$ 300,400,398</u>	<u>\$ 60,237,467</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 53,989,060	\$ 22,850,355
Pension Changes in Experience	840,797	3,783,357
Pension Changes in Proportion	0	71,690
OPEB Changes in Experience	6,348,113	6,460,796
OPEB Changes in Assumptions	433,976	4,547,852
OPEB Changes in Proportion	0	5,190,767
Total Deferred Inflows of Resources	<u>\$ 61,611,946</u>	<u>\$ 42,904,817</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 35,233,068	\$ 141,924,070
Restricted for:		
General Government	1,111,755	0
Finance	229,359	0
Administration of Justice	415,900	0
Public Safety	466,881	0
Public Health and Welfare	237,041	0
Debt Service	2,138,352	0
Education	0	3,977,047
Capital Projects	1,470,903	2,078,654
Pensions	6,877,577	9,757,731
Unrestricted	<u>(142,469,375)</u>	<u>(30,499,143)</u>
Total Net Position	<u>\$ (94,288,539)</u>	<u>\$ 127,238,359</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, 2021

					Net (Expense) Revenue and Changes in Net Position	
					Primary Government	Component Unit
Program Revenues						Sullivan County School Department
Functions/Programs	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	
Primary Government:						
Governmental Activities:						
General Government	\$ 7,019,997	\$ 2,551,177	\$ 1,586,601	\$ 200,159	\$ (2,682,060)	\$ 0
Finance	6,220,797	4,829,685	0	0	(1,391,112)	0
Administration of Justice	5,827,830	2,507,449	130,115	599,768	(2,590,498)	0
Public Safety	29,393,238	2,550,077	1,141,375	237,022	(25,464,764)	0
Public Health and Welfare	18,744,451	8,637,561	7,336,240	768,831	(2,001,819)	0
Social, Cultural, and Recreational Services	1,598,399	389,520	0	8,417	(1,200,462)	0
Agriculture and Natural Resources	4,260,368	0	0	0	(4,260,368)	0
Highways	10,908,726	54,658	3,824,312	755,453	(6,274,303)	0
Education	374,794	458,879	0	0	84,085	0
Debt Service:						
Interest	7,223,532	0	31,213	0	(7,192,319)	0
Total Primary Government	<u>\$ 91,572,132</u>	<u>\$ 21,979,006</u>	<u>\$ 14,049,856</u>	<u>\$ 2,569,650</u>	<u>\$ (52,973,620)</u>	<u>\$ 0</u>
Component Unit:						
Sullivan County School Department	<u>\$ 84,360,879</u>	<u>\$ 269,675</u>	<u>\$ 16,029,745</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (68,061,459)</u>
Total Component Unit	<u>\$ 84,360,879</u>	<u>\$ 269,675</u>	<u>\$ 16,029,745</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (68,061,459)</u>

(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 Government	Component Unit
					Governmental Activities	Sullivan County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 40,461,202	\$ 24,576,769
Property Taxes Levied for Debt Service					8,933,050	0
Local Option Sales Taxes					5,155,292	14,508,018
Litigation Tax - General					248,650	0
Litigation Tax - Office of Public Defender					119,983	0
Litigation Tax - Jail, Workhouse, or Courthouse					106,262	0
Litigation Tax - Courtroom Security					309,330	0
Business Tax					2,892,854	0
Mixed Drink Tax					11,161	0
Mineral Severance Tax					155,362	0
Wholesale Beer Tax					435,476	0
Grants and Contributions Not Restricted to Specific Programs					4,933,957	44,792,056
Unrestricted Investment Income					351,741	1,469
Miscellaneous					60,954	243,950
Gain on Investments					0	78,966
Gain on Sale of Capital Assets					23,488	97,500
Total General Revenues					<u>\$ 64,198,762</u>	<u>\$ 84,298,728</u>
Special Item - See Note I.D.10					\$ 0	\$ 15,545,054
Change in Net Position					\$ 11,225,142	\$ 31,782,323
Net Position, July 1, 2020					(105,513,681)	92,569,266
Restatement - See Note I.D.11					0	2,886,770
Net Position, June 30, 2021					<u>\$ (94,288,539)</u>	<u>\$ 127,238,359</u>

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, 2021

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>						
Cash	\$ 1,784,561	\$ 186,609	\$ 0	\$ 134,161	\$ 402,205	\$ 2,507,536
Equity in Pooled Cash and Investments	34,188,062	7,598,158	3,256,233	83,013,553	3,608,664	131,664,670
Inventories	61,304	0	0	0	0	61,304
Accounts Receivable	957,780	80,680	1,648	0	3,161,518	4,201,626
Allowance for Uncollectibles	0	0	0	0	(888,007)	(888,007)
Due from Other Governments	3,320,856	928,738	0	0	315	4,249,909
Due from Other Funds	434,331	0	0	0	570	434,901
Due from Component Units	348	0	0	0	6,574	6,922
Due from Joint Ventures	0	0	366,630	0	0	366,630
Property Taxes Receivable	33,250,752	3,079,594	15,190,071	0	4,625,455	56,145,872
Allowance for Uncollectible Property Taxes	(873,373)	(80,879)	(319,743)	0	(121,136)	(1,395,131)
Prepaid Items	3,264	0	187,117	0	0	190,381
Total Assets	<u>\$ 73,127,885</u>	<u>\$ 11,792,900</u>	<u>\$ 18,681,956</u>	<u>\$ 83,147,714</u>	<u>\$ 10,796,158</u>	<u>\$ 197,546,613</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 654,774	\$ 0	\$ 0	\$ 0	\$ 8,764	\$ 663,538
Accrued Payroll	1,232,786	241,164	0	0	260,682	1,734,632
Payroll Deductions Payable	331,682	41,791	0	0	53,535	427,008
Contracts Payable	0	0	0	351,702	0	351,702
Retainage Payable	0	0	0	152,669	0	152,669
Due to Other Funds	570	7,192	0	0	445,751	453,513
Due to Component Units	1,644,331	0	0	0	0	1,644,331
Due to State of Tennessee	617,955	0	0	0	0	617,955
Due to Other Governments	15,378,622	0	0	0	0	15,378,622

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>LIABILITIES (Cont.)</u>						
Other Current Liabilities	\$ 510,152	\$ 0	\$ 383,010	\$ 0	\$ 0	\$ 893,162
Total Liabilities	\$ 20,370,872	\$ 290,147	\$ 383,010	\$ 504,371	\$ 768,732	\$ 22,317,132
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 31,870,426	\$ 2,951,775	\$ 14,732,637	\$ 0	\$ 4,434,222	\$ 53,989,060
Deferred Delinquent Property Taxes	443,918	41,103	120,570	0	61,381	666,972
Other Deferred/Unavailable Revenue	1,277,314	331,134	0	0	1,527,204	3,135,652
Total Deferred Inflows of Resources	\$ 33,591,658	\$ 3,324,012	\$ 14,853,207	\$ 0	\$ 6,022,807	\$ 57,791,684
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory	\$ 61,304	\$ 0	\$ 0	\$ 0	\$ 0	\$ 61,304
Prepaid Items	3,264	0	187,117	0	0	190,381
Restricted:						
Restricted for General Government	1,111,755	0	0	0	0	1,111,755
Restricted for Finance	229,359	0	0	0	0	229,359
Restricted for Administration of Justice	415,900	0	0	0	0	415,900
Restricted for Public Safety	202,028	0	0	0	264,853	466,881
Restricted for Public Health and Welfare	237,041	0	0	0	0	237,041
Restricted for Debt Service	0	0	3,258,622	0	0	3,258,622
Restricted for Capital Projects	0	0	0	82,643,343	482,495	83,125,838
Committed:						
Committed for Finance	882,193	0	0	0	0	882,193
Committed for Public Health and Welfare	0	0	0	0	3,257,271	3,257,271

(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 Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Committed (Cont.):						
Committed for Other Operations	\$ 55,324	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,324
Committed for Highways/Public Works	0	8,178,741	0	0	0	8,178,741
Assigned:						
Assigned for General Government	3,876,614	0	0	0	0	3,876,614
Assigned for Finance	145,395	0	0	0	0	145,395
Assigned for Administration of Justice	88,592	0	0	0	0	88,592
Assigned for Public Safety	700,601	0	0	0	0	700,601
Assigned for Public Health and Welfare	18,116	0	0	0	0	18,116
Assigned for Social, Cultural, and Recreational Services	30,108	0	0	0	0	30,108
Unassigned	11,107,761	0	0	0	0	11,107,761
Total Fund Balances	<u>\$ 19,165,355</u>	<u>\$ 8,178,741</u>	<u>\$ 3,445,739</u>	<u>\$ 82,643,343</u>	<u>\$ 4,004,619</u>	<u>\$ 117,437,797</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 73,127,885</u>	<u>\$ 11,792,900</u>	<u>\$ 18,681,956</u>	<u>\$ 83,147,714</u>	<u>\$ 10,796,158</u>	<u>\$ 197,546,613</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, 2021

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)		\$ 117,437,797
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,974,829	
Add: construction in progress	5,505,622	
Add: buildings and improvements net of accumulated depreciation	18,616,827	
Add: infrastructure net of accumulated depreciation	8,597,000	
Add: other capital assets net of accumulated depreciation	<u>12,964,299</u>	47,658,577
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		3,802,624
(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.		935,533
(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	\$ (481,063)	
Less: other loans payable	(8,925,025)	
Less: capital leases payable	(734,585)	
Less: bonds payable	(223,895,000)	
Less: nonexchange financial guarantee payable	(2,072,304)	
Add: deferred charge on refunding	262,216	
Less: compensated absences payable	(2,587,283)	
Less: other postemployment benefits liability	(25,092,203)	
Less: accrued interest on notes and bonds	(1,427,957)	
Less: unamortized premium on debt	<u>(13,116,764)</u>	(278,069,968)
(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	\$ 6,185,032	
Less: deferred inflows of resources related to pensions	(840,797)	
Add: deferred outflows of resources related to OPEB	8,507,175	
Less: deferred inflows of resources related to OPEB	<u>(6,782,089)</u>	7,069,321
(6) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		<u>6,877,577</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ (94,288,539)</u></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, 2021

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>						
Local Taxes	\$ 39,981,532	\$ 6,171,033	\$ 9,126,747	\$ 0	\$ 4,599,752	\$ 59,879,064
Licenses and Permits	590,550	250,000	0	0	0	840,550
Fines, Forfeitures, and Penalties	549,247	0	0	0	39,254	588,501
Charges for Current Services	1,686,521	0	0	0	7,480,862	9,167,383
Other Local Revenues	521,524	69,231	555,287	3	218,891	1,364,936
Fees Received From County Officials	7,641,395	0	0	0	0	7,641,395
State of Tennessee	7,574,123	4,555,274	0	0	457,856	12,587,253
Federal Government	8,227,419	9,445	0	0	41,431	8,278,295
Other Governments and Citizens Groups	1,049,392	47,080	611,337	0	122,285	1,830,094
Total Revenues	\$ 67,821,703	\$ 11,102,063	\$ 10,293,371	\$ 3	\$ 12,960,331	\$ 102,177,471
<u>Expenditures</u>						
Current:						
General Government	\$ 6,050,461	\$ 0	\$ 0	\$ 0	\$ 900	\$ 6,051,361
Finance	6,176,897	0	180,460	0	78,158	6,435,515
Administration of Justice	5,473,901	0	0	0	7,204	5,481,105
Public Safety	28,607,754	0	0	0	105,922	28,713,676
Public Health and Welfare	9,459,049	0	0	0	8,530,116	17,989,165
Social, Cultural, and Recreational Services	1,554,514	0	0	0	0	1,554,514
Agriculture and Natural Resources	225,911	0	0	0	0	225,911
Other Operations	2,954,881	0	0	0	0	2,954,881
Highways	0	9,642,575	0	0	0	9,642,575
Instruction	92,350	0	0	0	0	92,350
Debt Service:						
Principal on Debt	519,085	79,119	8,017,599	0	0	8,615,803
Interest on Debt	34,041	10,881	7,868,299	0	0	7,913,221

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 183,788	\$ 664,646	\$ 0	\$ 848,434
Capital Projects	830	876,172	0	5,057,140	0	5,934,142
Capital Projects - Donated	117,321	0	0	0	0	117,321
Total Expenditures	<u>\$ 61,266,995</u>	<u>\$ 10,608,747</u>	<u>\$ 16,250,146</u>	<u>\$ 5,721,786</u>	<u>\$ 8,722,300</u>	<u>\$ 102,569,974</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 6,554,708</u>	<u>\$ 493,316</u>	<u>\$ (5,956,775)</u>	<u>\$ (5,721,783)</u>	<u>\$ 4,238,031</u>	<u>\$ (392,503)</u>
<u>Other Financing Sources (Uses)</u>						
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 76,190,000	\$ 0	\$ 76,190,000
Capital Leases Issued	192,101	0	0	0	0	192,101
Premiums on Debt Sold	0	0	0	7,474,770	0	7,474,770
Transfers In	0	0	4,698,658	800,000	0	5,498,658
Transfers Out	(2,158,658)	0	0	0	(3,500,000)	(5,658,658)
Total Other Financing Sources (Uses)	<u>\$ (1,966,557)</u>	<u>\$ 0</u>	<u>\$ 4,698,658</u>	<u>\$ 84,464,770</u>	<u>\$ (3,500,000)</u>	<u>\$ 83,696,871</u>
Net Change in Fund Balances	\$ 4,588,151	\$ 493,316	\$ (1,258,117)	\$ 78,742,987	\$ 738,031	\$ 83,304,368
Fund Balance, July 1, 2020	14,577,204	7,685,425	4,703,856	3,900,356	3,266,588	34,133,429
Fund Balance, June 30, 2021	<u>\$ 19,165,355</u>	<u>\$ 8,178,741</u>	<u>\$ 3,445,739</u>	<u>\$ 82,643,343</u>	<u>\$ 4,004,619</u>	<u>\$ 117,437,797</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, 2021

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)		\$ 83,304,368
(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	\$ 8,163,128	
Less: current-year depreciation expense	<u>(3,823,551)</u>	4,339,577
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Add: assets trade-in value	\$ 17,500	
Less: net book value of assets disposed	<u>(4,067,318)</u>	(4,049,818)
(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, 2020	\$ (3,653,212)	
Add: deferred delinquent property taxes and other deferred June 30, 2021	<u>3,802,624</u>	149,412
(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: capital lease proceeds	\$ (192,101)	
Less: bond proceeds	(76,190,000)	
Less: change in unamortized premium on debt issuances	(6,363,202)	
Add: principal payments on bonds	6,155,000	
Add: principal payments on notes	155,876	
Add: principal payments on other loans	1,706,723	
Add: principal payments on capital leases	598,204	
Add: change in nonexchange financial guarantee	85,638	
Less: change in deferred charge on refunding debt	<u>(83,344)</u>	(74,127,206)
(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	\$ (338,535)	
Change in compensated absences payable	(301,512)	
Change in OPEB liability	(703,357)	
Change in net pension asset - agent plan	165,677	
Change in deferred outflows related to pensions	(222,749)	
Change in deferred inflows related to pensions	1,314,599	
Change in deferred outflows related to OPEB	977,486	
Change in deferred inflows related to OPEB	<u>1,133,492</u>	2,025,101

(Continued)

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

(6) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.	<u>\$ (416,292)</u>
Change in net position of governmental activities (Exhibit B)	<u><u>\$ 11,225,142</u></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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 39,981,532	\$ 0	\$ 0	\$ 39,981,532	\$ 37,147,180	\$ 37,156,810	\$ 2,824,722
Licenses and Permits	590,550	0	0	590,550	461,077	461,077	129,473
Fines, Forfeitures, and Penalties	549,247	0	0	549,247	477,208	477,208	72,039
Charges for Current Services	1,686,521	0	0	1,686,521	1,872,525	1,872,525	(186,004)
Other Local Revenues	521,524	0	0	521,524	800,054	800,054	(278,530)
Fees Received From County Officials	7,641,395	0	0	7,641,395	7,520,989	7,520,989	120,406
State of Tennessee	7,574,123	0	0	7,574,123	6,766,089	9,420,219	(1,846,096)
Federal Government	8,227,419	0	0	8,227,419	6,466,404	9,447,887	(1,220,468)
Other Governments and Citizens Groups	1,049,392	0	0	1,049,392	974,874	1,358,505	(309,113)
Total Revenues	\$ 67,821,703	\$ 0	\$ 0	\$ 67,821,703	\$ 62,486,400	\$ 68,515,274	\$ (693,571)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 369,502	\$ 0	\$ 0	\$ 369,502	\$ 381,398	\$ 381,398	\$ 11,896
County Mayor/Executive	245,541	0	300	245,841	247,104	247,104	1,263
County Attorney	241,361	(100)	0	241,261	261,068	261,068	19,807
Election Commission	779,185	(12,137)	0	767,048	786,942	963,145	196,097
Register of Deeds	487,652	(3,665)	4,329	488,316	552,391	552,391	64,075
Planning	484,320	(1,426)	150	483,044	506,566	506,566	23,522
Geographical Information Systems	39	(39)	0	0	0	0	0
County Buildings	1,614,016	(107,970)	172,587	1,678,633	1,976,139	2,926,139	1,247,506
Other Facilities	228,659	0	0	228,659	207,481	269,981	41,322
Preservation of Records	341,720	(3,342)	634	339,012	180,315	384,323	45,311
Risk Management	1,258,466	0	0	1,258,466	1,569,118	1,409,118	150,652
<u>Finance</u>							
Accounting and Budgeting	813,207	(2,240)	275	811,242	832,946	960,374	149,132
Purchasing	602,502	(491)	1,500	603,511	616,579	687,970	84,459
Property Assessor's Office	1,703,660	(58,788)	14,867	1,659,739	1,827,732	1,827,732	167,993
County Trustee's Office	542,218	(1,215)	0	541,003	675,233	675,233	134,230
County Clerk's Office	1,605,887	(61,362)	1,122	1,545,647	1,723,651	1,723,651	178,004

(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 7/1/2020	Add: Encumbrances 6/30/2021	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	\$ 152,847	\$ (128,682)	\$ 128,716	\$ 152,881	\$ 178,469	\$ 178,469	\$ 25,588
Other Finance	756,576	0	0	756,576	757,500	757,500	924
<u>Administration of Justice</u>							
Circuit Court Judge	12,140	0	0	12,140	13,083	13,083	943
Circuit Court Clerk	1,903,007	(7,107)	7,719	1,903,619	1,864,244	1,952,343	48,724
General Sessions Court	569,839	0	0	569,839	585,633	585,633	15,794
General Sessions Judge	618,452	(764)	0	617,688	647,920	647,920	30,232
Drug Court	4,871	0	0	4,871	27,000	27,000	22,129
Chancery Court	615,203	(972)	3,402	617,633	646,250	636,002	18,369
Juvenile Court	778,788	(1,500)	129	777,417	844,360	844,360	66,943
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	333,038	(19)	0	333,019	381,581	381,581	48,562
Office of Public Defender	120,803	0	0	120,803	162,500	162,500	41,697
Judicial Commissioners	68,440	0	0	68,440	70,362	70,362	1,922
Other Administration of Justice	17,931	0	0	17,931	103,880	42,880	24,949
Courtroom Security	354,649	0	7,765	362,414	422,290	432,213	69,799
Victim Assistance Programs	73,740	0	0	73,740	77,539	77,539	3,799
<u>Public Safety</u>							
Sheriff's Department	12,016,580	(191,372)	183,215	12,008,423	12,382,307	12,510,148	501,725
Inmate Telephone Contract Grant	241,160	0	0	241,160	0	0	(241,160)
Administration of the Sexual Offender Registry	6,570	(2,530)	2,480	6,520	10,500	10,500	3,980
Jail	11,512,845	(446,608)	172,234	11,238,471	11,307,260	11,649,121	410,650
Workhouse	100,141	0	0	100,141	110,410	110,410	10,269
Juvenile Services	650,481	0	0	650,481	706,160	706,160	55,679
Fire Prevention and Control	1,475,494	0	341,611	1,817,105	1,787,105	1,817,105	0
Civil Defense	728,617	0	1,596	730,213	789,880	789,880	59,667
Rescue Squad	900,425	0	167,778	1,068,203	1,050,703	1,068,203	0
Disaster Relief	10,211	0	0	10,211	128,526	11,270	1,059
County Coroner/Medical Examiner	628,620	(251)	0	628,369	509,488	633,488	5,119

(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 7/1/2020	Add: Encumbrances 6/30/2021	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	\$ 336,610	\$ (60,674)	\$ 20,854	\$ 296,790	\$ 320,591	\$ 320,591	\$ 23,801
<u>Public Health and Welfare</u>							
Local Health Center	8,674,303	(68,423)	237,041	8,842,921	11,251,169	11,412,169	2,569,248
Rabies and Animal Control	533,567	(21,827)	6,966	518,706	541,660	541,660	22,954
Ambulance/Emergency Medical Services	5,351	(16,500)	11,149	0	371,370	118,651	118,651
Other Local Health Services	25,480	0	0	25,480	25,480	25,480	0
Regional Mental Health Center	90,275	0	0	90,275	96,225	96,225	5,950
Aid to Dependent Children	28,273	0	0	28,273	28,273	28,273	0
Other Local Welfare Services	18,000	0	0	18,000	19,500	19,500	1,500
Other Public Health and Welfare	83,800	0	0	83,800	58,800	83,800	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	848,993	(3,078)	928	846,843	890,019	893,969	47,126
Parks and Fair Boards	705,521	0	400	705,921	706,148	706,148	227
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	164,135	0	0	164,135	183,986	183,986	19,851
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	60,776	0	0	60,776	100,033	100,033	39,257
<u>Other Operations</u>							
Tourism	4,900	0	0	4,900	4,900	4,900	0
Industrial Development	669,125	0	0	669,125	963,740	963,740	294,615
Other Economic and Community Development	17,830	0	0	17,830	167,830	167,830	150,000
Veterans' Services	83,979	0	150	84,129	112,734	125,896	41,767
Employee Benefits	241,587	(7,750)	0	233,837	379,680	379,680	145,843
COVID-19 Grant #1	306,257	0	0	306,257	0	306,257	0
COVID-19 Grant #3	1,572,793	0	0	1,572,793	0	2,365,000	792,207
Miscellaneous	58,410	0	0	58,410	95,913	95,913	37,503
<u>Instruction</u>							
Career and Technical Education Program	0	0	0	0	10,339	10,339	10,339
Other	92,350	0	0	92,350	196,000	196,000	103,650

(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 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Principal on Debt</u>							
General Government	\$ 519,085	\$ 0	\$ 0	\$ 519,085	\$ 0	\$ 523,504	\$ 4,419
<u>Interest on Debt</u>							
General Government	34,041	0	0	34,041	0	34,041	0
<u>Other Debt Service</u>							
General Government	0	0	0	0	21,560	21,560	21,560
<u>Capital Projects</u>							
Social, Cultural, and Recreation Projects	830	0	0	830	996,371	996,371	995,541
Public Utility Projects	0	0	0	0	0	75,000	75,000
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	117,321	0	0	117,321	0	117,321	0
Total Expenditures	\$ 61,266,995	\$ (1,210,832)	\$ 1,489,897	\$ 61,546,060	\$ 65,455,934	\$ 70,809,700	\$ 9,263,640
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,554,708	\$ 1,210,832	\$ (1,489,897)	\$ 6,275,643	\$ (2,969,534)	\$ (2,294,426)	\$ 8,570,069
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 192,101	\$ 0	\$ 0	\$ 192,101	\$ 0	\$ 192,101	\$ 0
Transfers Out	(2,158,658)	0	0	(2,158,658)	(945,939)	(2,158,658)	0
Total Other Financing Sources	\$ (1,966,557)	\$ 0	\$ 0	\$ (1,966,557)	\$ (945,939)	\$ (1,966,557)	\$ 0
Net Change in Fund Balance	\$ 4,588,151	\$ 1,210,832	\$ (1,489,897)	\$ 4,309,086	\$ (3,915,473)	\$ (4,260,983)	\$ 8,570,069
Fund Balance, July 1, 2020	14,577,204	(1,210,832)	0	13,366,372	7,650,443	7,650,443	5,715,929
Fund Balance, June 30, 2021	\$ 19,165,355	\$ 0	\$ (1,489,897)	\$ 17,675,458	\$ 3,734,970	\$ 3,389,460	\$ 14,285,998

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,171,033	\$ 0	\$ 0	\$ 6,171,033	\$ 5,981,038	\$ 5,981,038	\$ 189,995
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	69,231	0	0	69,231	67,500	67,500	1,731
State of Tennessee	4,555,274	0	0	4,555,274	4,266,971	4,266,971	288,303
Federal Government	9,445	0	0	9,445	9,445	9,445	0
Other Governments and Citizens Groups	47,080	0	0	47,080	91,561	91,561	(44,481)
Total Revenues	\$ 11,102,063	\$ 0	\$ 0	\$ 11,102,063	\$ 10,666,515	\$ 10,666,515	\$ 435,548
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 390,648	\$ (4,797)	\$ 102	\$ 385,953	\$ 412,548	\$ 432,548	\$ 46,595
Highway and Bridge Maintenance	6,101,610	(18,871)	28,483	6,111,222	6,682,117	6,642,117	530,895
Operation and Maintenance of Equipment	448,887	(3,084)	52,921	498,724	625,000	645,000	146,276
Asphalt Plant Operations	1,723,436	(59)	0	1,723,377	2,010,000	2,010,000	286,623
Traffic Control	44,441	0	0	44,441	45,000	45,000	559
Other Charges	175,654	0	0	175,654	270,000	270,000	94,346
Capital Outlay	757,899	(125,874)	59,305	691,330	790,000	700,000	8,670
<u>Principal on Debt</u>							
Highways and Streets	79,119	0	0	79,119	0	79,119	0
<u>Interest on Debt</u>							
Highways and Streets	10,881	0	0	10,881	0	10,881	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	876,172	(634,609)	0	241,563	800,000	800,000	558,437
Total Expenditures	\$ 10,608,747	\$ (787,294)	\$ 140,811	\$ 9,962,264	\$ 11,634,665	\$ 11,634,665	\$ 1,672,401
Excess (Deficiency) of Revenues Over Expenditures	\$ 493,316	\$ 787,294	\$ (140,811)	\$ 1,139,799	\$ (968,150)	\$ (968,150)	\$ 2,107,949

(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 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 493,316	\$ 787,294	\$ (140,811)	\$ 1,139,799	\$ (968,150)	\$ (968,150)	\$ 2,107,949
Fund Balance, July 1, 2020	7,685,425	(787,294)	0	6,898,131	7,740,974	7,740,974	(842,843)
Fund Balance, June 30, 2021	\$ 8,178,741	\$ 0	\$ (140,811)	\$ 8,037,930	\$ 6,772,824	\$ 6,772,824	\$ 1,265,106

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, 2021

	Governmental Activities
	Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 293,769
Equity in Pooled Cash and Investments	638,573
Accounts Receivable	2,008
Due from Other Funds	18,612
Due from Component Units	187,166
Total Assets	<u>\$ 1,140,128</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 13,923
Claims and Judgments Payable	190,672
Total Liabilities	<u>\$ 204,595</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 935,533</u>
Total Net Position	<u>\$ 935,533</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, 2021

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 1,068,978
Cobra Insurance Payments	1,012
Total Operating Revenues	<u>\$ 1,069,990</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 27,534
Dental Insurance	292,631
Audit Services	77,667
Liability Insurance	460,927
Medical Claims	89
Bank Charges	40
Trustee's Commission	8
Vehicle and Equipment Insurance	31,181
Workers' Compensation Insurance	756,205
Total Operating Expenses	<u>\$ 1,646,282</u>
Operating Income (Loss)	<u>\$ (576,292)</u>
Income (Loss) before Transfers	\$ (576,292)
Transfers In	160,000
Change in Net Position	\$ (416,292)
Net Position, July 1, 2020	<u>1,351,825</u>
Net Position, June 30, 2021	<u><u>\$ 935,533</u></u>

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

Exhibit D-3

Sullivan County, Tennessee  
Statement of Cash Flows  
Proprietary Funds  
For the Year Ended June 30, 2021

	Governmental Activities Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 1,159,515
Excess Risk Insurance Recovery	129,741
Payments to Insurers and Claims Payments	(1,750,642)
Payments for Administrative Costs	(105,249)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (566,635)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers In	\$ 1,130,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,130,000</u>
Increase (Decrease) in Cash	\$ 563,365
Cash, July 1, 2020	<u>368,977</u>
Cash, June 30, 2021	<u><u>\$ 932,342</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (576,292)
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 Receivable	15,326
(Increase) Decrease in Other Receivables (non-transfers)	89,525
Increase (Decrease) in Other Current Liabilities (non-transfers)	<u>(95,194)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (566,635)</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 293,769
Equity in Pooled Cash and Investments Per Net Position	<u>638,573</u>
Cash, June 30, 2021	<u><u>\$ 932,342</u></u>

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

Exhibit E-1

Sullivan County, Tennessee  
Statement of Net Position  
Fiduciary Funds  
June 30, 2021

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 10,141,435
Equity in Pooled Cash and Investments	2,364,887
Accounts Receivable	9,294
Due from Other Governments	7,734,805
Taxes Receivable	29,645,599
Allowance for Uncollectible Taxes	<u>(793,149)</u>
Total Assets	<u>\$ 49,102,871</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 61
Accrued Payroll	1,750
Payroll Deductions Payable	46
Due to Other Taxing Units	<u>9,817,498</u>
Total Liabilities	<u>\$ 9,819,355</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	<u>\$ 28,794,510</u>
Total Deferred Inflows of Resources	<u>\$ 28,794,510</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 10,489,006</u>
Total Net Position	<u><u>\$ 10,489,006</u></u>

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

Exhibit E-2

Sullivan County, Tennessee  
Statement of Changes in Net Position  
Fiduciary Funds  
For the Year Ended June 30, 2021

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 27,292,513
ADA - Educational Funds Collected for Cities	48,954,857
Fines/Fees and Other Collections	29,693,048
Drug Task Force Collections	195,088
District Attorney General Collections	21,462
Total Additions	<u>\$ 106,156,968</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 27,292,513
Payments to City School Systems	48,954,857
Payments to State	22,258,773
Payments to Individuals and Others	8,559,098
Payment of Drug Task Force Expenses	201,373
Payment of District Attorney General Expenses	14,680
Total Deductions	<u>\$ 107,281,294</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ (1,124,326)
Net Position, July 1, 2020	0
Restatement - See Note I.D.11	<u>11,613,332</u>
Net Position, June 30, 2021	<u><u>\$ 10,489,006</u></u>

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

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## SULLIVAN COUNTY, TENNESSEE

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**SULLIVAN COUNTY, TENNESSEE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**For the Year Ended June 30, 2021**

**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, 2021. Other significant transactions between the primary government and the school department during the year include: \$611,337 paid from the General Purpose School Fund to the county's General Debt Service Fund as discussed in Note IV.G; \$505,226

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. 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 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. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds for the primary government and a private purpose trust fund of the discretely presented school department. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement.

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.

**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.

Additionally, Sullivan County reports the following fund types:

**Internal Service Funds** – The Self-Insurance Fund accounts for the self-insured general liability, property, casualty, and workers' compensation programs managed by the county for the primary government and the discretely presented school department. The Employee Insurance – General Fund accounts for the self-insured retirees' supplemental health and employee dental programs.

**Custodial Funds** – These funds account for amounts collected in a custodial 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.

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.

**School Federal Projects Fund** – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

**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 type:

**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.

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>

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 States 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 1.34 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 \$893,162 on the Statement of Net Position for the primary government consists of a liability of \$383,010 for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.E., and a liability of \$510,152 for undrafted deposits for health insurance premiums. The balance in the Other Current Liabilities account totaling \$20,707 on the Statement of Net Position for the discretely presented Sullivan County School Department consists of liability amounts held for student meal deposits. Claims and judgments payable are discussed in Note V.A. Risk Management.

Retainage payable in the primary government's Other Capital Projects Fund and the discretely presented school department's General Purpose School 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 applicable funds.

Due to Other Governments in the General Fund (\$15,378,622) represents American Rescue Plan Act funds received in advance.

**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, assumptions, investment earnings, and proportion; pension and OPEB contributions after the measurement date; OPEB changes in experience, assumptions, and 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 and proportion; OPEB changes in experience, assumptions, and 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 \$12,947,768 of restricted net position for the primary government, of which \$1,524,148 is restricted by enabling legislation.

As of June 30, 2021, Sullivan County had \$143,606,228 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 \$3,990,000 on June 30, 2021, 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 \$2,072,304 on June 30, 2021, 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 \$903,110 and fund balance appropriated for use in the 2021-22 year budget totaling \$3,844,171. Assigned fund balance in the school department's General Purpose School Fund

consists of amounts assigned for encumbrances of \$3,997,239 and fund balance appropriated for use in the 2021-22 year budget totaling \$8,799,077.

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. However, in governmental funds other than the General and General Purpose School funds, if expenditures incurred for specific purposes exceed the amounts that are restricted, committed, or assigned for those purposes, it may be necessary to report a negative unassigned fund balance, which would be a deficit.

**10. Special Item**

The discretely presented Sullivan County School Department transferred title of the Sullivan North High School to the city of Kingsport during the fiscal year ended June 30, 2021. The school department received \$20,000,000 in sale proceeds in a prior year, but the revenue had been deferred pending the transfer of title to the property to the city of Kingsport. The current year financial statements report a special item for revenue of \$20,000,000 in the Education Capital Projects Fund and a \$15,545,054 gain on the Statement of Activities.

**11. Restatements**

Due to the implementation of GASB Statement 84, a special revenue fund (Internal School Fund) is reflected in the financial statements of the discretely presented Sullivan County School Department. A restatement of \$2,886,770 has been presented to reflect the beginning balance of this fund.

In prior years, the custodial funds had no measurement focus. However, due to the implementation of GASB Statement 84, these funds have been restated by \$11,613,332 using the economic measurement focus and the accrual basis of accounting.

**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 Pension 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 Pension 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 Pension 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 and the school department's Internal School Fund (special revenue funds), which are not budgeted, and certain capital projects funds which adopt project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be

sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, County Mayor, County Attorney, Election Commission, etc.). Management may make revisions within major categories, but only the county commission may transfer appropriations between major categories. During the year, several supplementary appropriations were necessary.

The county's budgetary basis of accounting is consistent with GAAP, except instances in which encumbrances are treated as budgeted expenditures. The difference between the budgetary basis and the GAAP basis is presented on the face of each budgetary schedule.

At June 30, 2021, Sullivan County and the discretely presented Sullivan County School Department reported the following encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Funds:	
General	\$ 1,489,897
Highway/Public Works	140,811
Nonmajor Governmental	76,158
School Department:	
Major Funds:	
General Purpose School	3,997,239
School Federal Projects	246,583
Nonmajor Governmental	400,101

## **B. Fund Deficit**

The School Federal Projects Fund (special revenue fund) of the discretely presented Sullivan County School Department had a deficit unassigned fund balance of \$1,505,221 at June 30, 2021. This deficit unassigned fund balance resulted from the failure of school department personnel to request reimbursable grant funds in a timely manner. Receivables for those grant programs did not meet availability criteria necessary to be recognized in revenues for the 2020-2021 year. The deficit unassigned fund balance was liquidated when those revenues were recognized after June 30, 2021.

**C. Expenditures Exceeded Appropriations**

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>
Primary Government:	
General:	
Inmate Telephone Contract Grant	\$ 241,160
Discretely Presented School Department:	
General Purpose School:	
Director of Schools	95,284

Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by unbudgeted inmate telephone service revenues in the General Fund and by available fund balance in the General Purpose School Fund.

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

Purchases of \$241,160 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. Purchases made in this manner were first reported in the prior year audit. These types of purchases ceased after review of prior year audit findings with officials during the current year.

**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 three 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.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank receives funds from customers of the secondary depositories equal to or greater than the amount initially invested by the county. The balance of county funds with each secondary depository must not exceed FDIC insurance limits so that all funds are fully insured. Under this program, the trustee must provide the depository bank with a listing of all banks and savings and loan associations holding county funds under the same federal employer identification number (FEIN). To prevent deposits from exceeding FDIC coverage, the depository bank is prohibited from using any of those listed banks or savings and loan associations as secondary depositories. The use of this program must be approved by the county investment committee or finance committee as appropriate for the specific county. Further, the investment committee or finance committee must establish policies and procedures for the investments, including the establishment of controls to ensure that full FDIC insurance coverage is obtained. Service providers used by depositories must be approved by the state treasurer upon concurrence by the commissioner of financial institutions and finance and administration. There are currently only two eligible programs that have been approved by the state treasurer: the Certificate of Deposit Account Registry Service (CDARS) and the Insured Cash Sweep (ICS), which operate through IntraFi Network, LLC.

## **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, 2021, 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.

Investment	Weighted Average Maturity (days)	Amortized Cost
State Treasurer's Investment Pool	1 to 68	\$ 92,575,297

**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, 2021, 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 Annual Comprehensive Financial Report at <https://www.tn.gov/finance/rd-doa/fa-accfin-ar.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. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2021, the Sullivan County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 152,242
Developed Market International Equity	N/A	N/A	68,754
Emerging Market International Equity	N/A	N/A	19,644
U.S. Fixed Income	N/A	N/A	98,220
Real Estate	N/A	N/A	49,110
Short-term Securities	N/A	N/A	4,911
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>98,220</u>
Total			<u>\$ 491,101</u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of 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/ag20045.pdf>.

## B. Capital Assets

Capital assets activity for the year ended June 30, 2021, was as follows:

### Primary Government

#### Governmental Activities:

	Balance 7-1-20	Increases	Decreases	Balance 6-30-21
Capital Assets Not Depreciated:				
Land	\$ 2,287,872	\$ 200,378	\$ (513,421) (1)	\$ 1,974,829
Construction in Progress	478,829	5,171,593	(144,800)	5,505,622
Total Capital Assets Not Depreciated	\$ 2,766,701	\$ 5,371,971	\$ (658,221)	\$ 7,480,451
Capital Assets Depreciated:				
Buildings and Improvements	\$ 38,903,233	\$ 468,764	\$ (3,744,267) (1)	\$ 35,627,730
Infrastructure	21,158,820	0	0	21,158,820
Other Capital Assets	36,473,995	2,467,193	(407,504)	38,533,684
Total Capital Assets Depreciated	\$ 96,536,048	\$ 2,935,957	\$ (4,151,771)	\$ 95,320,234
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 16,462,440	\$ 768,188	\$ (219,725) (1)	\$ 17,010,903
Infrastructure	12,033,138	528,682	0	12,561,820
Other Capital Assets	23,438,353	2,526,681	(395,649)	25,569,385
Total Accumulated Depreciation	\$ 51,933,931	\$ 3,823,551	\$ (615,374)	\$ 55,142,108
Total Capital Assets Depreciated, Net	\$ 44,602,117	\$ (887,594)	\$ (3,536,397)	\$ 40,178,126
Governmental Activities Capital Assets, Net	\$ 47,368,818	\$ 4,484,377	\$ (4,194,618)	\$ 47,658,577

(1) Decreases to Land, Buildings and Improvements, and Accumulated Depreciation for Buildings and Improvements were for the transfer of ownership of the multi-purpose agricultural facility to the Sullivan County Cattlemen's Association.

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

**Governmental Activities:**

General Government	\$ 148,102
Administration of Justice	176,540
Public Safety	1,762,755
Public Health and Welfare	504,824
Social, Cultural, and Recreational	32,017
Highways	<u>1,199,313</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,823,551</u></u>

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

	Balance 7-1-20	Increases	Decreases	Balance 6-30-21
Capital Assets Not Depreciated:				
Land	\$ 5,620,557	\$ 416,440	\$ (404,994) (1)	\$ 5,632,003
Construction in Progress	61,675,020	27,404,093	0	89,079,113
Total Capital Assets Not Depreciated	<u>\$ 67,295,577</u>	<u>\$ 27,820,533</u>	<u>\$ (404,994)</u>	<u>\$ 94,711,116</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 119,955,336	\$ 221,160	\$ (15,791,792) (1)	\$ 104,384,704
Other Capital Assets	9,183,620	178,349	(848,715)	8,513,254
Total Capital Assets Depreciated	<u>\$ 129,138,956</u>	<u>\$ 399,509</u>	<u>\$ (16,640,507)</u>	<u>\$ 112,897,958</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 65,976,317	\$ 2,455,532	\$ (10,327,811) (1)	\$ 58,104,038
Other Capital Assets	7,986,880	298,862	(704,776)	7,580,966
Total Accumulated Depreciation	<u>\$ 73,963,197</u>	<u>\$ 2,754,394</u>	<u>\$ (11,032,587)</u>	<u>\$ 65,685,004</u>
Total Capital Assets Depreciated, Net	<u>\$ 55,175,759</u>	<u>\$ (2,354,885)</u>	<u>\$ (5,607,920)</u>	<u>\$ 47,212,954</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 122,471,336</u></u>	<u><u>\$ 25,465,648</u></u>	<u><u>\$ (6,012,914)</u></u>	<u><u>\$ 141,924,070</u></u>

(1) Decreases to Land, Building and Improvements, and Accumulated Depreciation for Buildings and Improvements, were for the sale and disposal of Holston Valley Middle School and the transfer of Sullivan North High School to the city of Kingsport.

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

**Governmental Activities:**

Instruction	\$ 2,430,378
Support Services	220,527
Operation of Non-instructional Services	<u>103,489</u>
Total Depreciation Expense – Governmental Activities	<u>\$ 2,754,394</u>

**C. Construction Commitments**

**Primary Government**

At June 30, 2021, the General Fund had uncompleted construction contracts of approximately \$46,749 for construction and architectural services related to EMS facility construction and renovation and courthouse building renovations. Funding has been provided for these future expenditures.

The Other Capital Projects Fund had uncompleted contracts of approximately \$4,426,408 for jail and EMS facility construction and renovation. Sullivan County issued \$76,190,000 in general obligation bonds during the year and placed the proceeds in the Other Capital Projects Fund to be used for these existing contracts as well as for planned future jail improvements and other capital projects.

**Discretely Presented Sullivan County School Department**

At June 30, 2021, the General Purpose School Fund had uncompleted construction contracts of \$2,886,537 for school construction and renovation including contracts related to a new high school. The Education Capital Projects Fund had uncompleted construction contracts of approximately \$3,105,927 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 \$85,305 for school repairs and renovations. Funding for these future expenditures is being provided from available fund balances. Funding for the construction contracts in excess of available fund balance in the Education Capital Projects Fund will be provided by the General Purpose School Fund.

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

The composition of interfund balances as of June 30, 2021, was as follows:

**Due to/from Other Funds:**

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Primary Government:		
General	Nonmajor governmental	\$ 433,948
"	Highway/Public Works	383
Internal Service	"	6,809
"	Nonmajor governmental	11,803
Nonmajor governmental	General	570
Discretely Presented School Department:		
General Purpose School	School Federal Projects	1,418,535
"	Nonmajor governmental	300,000
School Federal Projects	General Purpose School	175,642
Nonmajor governmental	School Federal Projects	92,180

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	\$ 348
Nonmajor governmental	"	6,574
Internal Service	"	187,166
Component Unit:		
School Department: General Purpose School	Primary Government: General	1,644,331

The amount due to the school department from the primary government includes \$1,344,331 for the correction of an error resulting from State Revenue Sharing – TVA revenues being placed in the wrong fund.

### Interfund Transfers:

Interfund transfers for the year ended June 30, 2021, consisted of the following amounts:

#### Primary Government

Transfers Out	Transfers In		
	General Debt Service Fund	Other Capital Projects Fund	Internal Service Fund
General Fund	\$ 1,198,658	\$ 800,000	\$ 160,000
Nonmajor Governmental Funds	3,500,000	0	0
Total	<u>\$ 4,698,658</u>	<u>\$ 800,000</u>	<u>\$ 160,000</u>

Transfers to the General Debt Service Fund represent contributions towards debt service principal and interest requirements. Transfers to the Other Capital Projects Fund represent amounts contributed for EMS facility construction and renovation. 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
School Federal Projects	\$ 106,509
Nonmajor governmental funds	<u>150,000</u>
Total	<u>\$ 256,509</u>

These transfers included \$106,509 for indirect costs and \$150,000 contributed toward debt retirement.

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, 2021, were \$52,138 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
2022	\$ 32,899
2023	23,280
2024	<u>23,280</u>
Total	<u>\$ 79,459</u>

**F. Capital Leases**

As of June 30, 2021, Sullivan County had the following outstanding capital leases.

	Original Amount	Date Entered	Maturity Date	Interest Rate	Balance 6-30-21
<u>Payable through General Fund</u>					
Clerk and Master Computers 2018 (1)	\$ 21,067	5-24-18	3-24-22	6.5%	\$ 4,354
Court System Computers 2018 (1)	33,501	8-15-18	6-15-23	6.5	14,637
Circuit Servers 2018 (1)	28,899	10-16-18	8-16-22	6.5	9,167
Sheriff Vehicles 2019	1,474,199	1-15-19	3-15-22	3.79	377,474
Sheriff Vehicles 2020	133,275	12-23-20	4-17-24	3.79	99,262
Circuit Servers 2021 (1)	58,826	3-4-21	1-4-25	6	53,395
<u>Payable through Highway/Public Works Fund</u>					
Dump Trucks (2)	494,574	11-30-17	11-1-23	4.26	<u>176,296</u>
Total					<u>\$ 734,585</u>

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

(2) 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, 2021, are as follows:

	Governmental Activities
	Primary Government
Machinery and Equipment	\$ 2,234,048
Less: Accumulated Depreciation	<u>(1,132,748)</u>
Total Book Value	<u><u>\$ 1,101,300</u></u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2021, were as follows:

Year Ending June 30	Governmental Funds
2022	\$ 555,096
2023	152,086
2024	61,083
2025	<u>7,218</u>
Total Minimum Lease Payments	\$ 775,483
Less: Amount Representing Interest	<u>(40,898)</u>
Present Value of Minimum Lease Payments	<u><u>\$ 734,585</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, 2021, 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, 2021, 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.E. 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, 2021, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-21
General Obligation Bonds	2 to 5%	5-1-47	\$ 215,675,000	\$ 207,700,000
General Obligation Bonds - Refunding	2 to 5	4-1-28	31,135,000	16,195,000
Direct Borrowing and Direct Placement:				
Capital Outlay Note	2.65	10-16-23	1,500,000	481,063
Other Loans - Qualified School Construction Bonds	0 to 1.515	8-1-27	20,553,000	6,976,068
Other Loans - Energy Efficient Schools Initiative	0	12-1-25	5,054,635	1,948,957
Capital Leases	3.79 to 6.5	1-4-25	2,244,341	734,585
Nonexchange Financial Guarantee	3 to 4.5	5-1-38	2,290,750	2,072,304

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 \$651,963 in principal and interest on this debt. The other participating government reimbursed the county \$319,462. The county absorbed the remaining \$332,501 of the debt payments. The amount of the refunding bonds outstanding at June 30, 2021, was \$3,990,000.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2021, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2022	\$ 9,065,000	\$ 8,244,213	\$ 17,309,213
2023	9,535,000	7,804,872	17,339,872
2024	10,060,000	7,341,203	17,401,203
2025	8,480,000	6,850,577	15,330,577
2026	8,330,000	6,438,618	14,768,618
2027-2031	39,480,000	27,058,285	66,538,285
2032-2036	45,490,000	19,778,025	65,268,025
2037-2041	51,930,000	12,843,125	64,773,125
2042-2046	33,940,000	5,412,363	39,352,363
2047	7,585,000	284,437	7,869,437
Total	<u>\$ 223,895,000</u>	<u>\$ 102,055,718</u>	<u>\$ 325,950,718</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2022	\$ 160,056	\$ 10,684	\$ 170,740
2023	164,348	6,387	170,735
2024	156,659	2,076	158,735
Total	<u>\$ 481,063</u>	<u>\$ 19,147</u>	<u>\$ 500,210</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
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
2027-2028	468,609	289,704	8,942	767,255
Total	<u>\$ 8,925,025</u>	<u>\$ 2,725,695</u>	<u>\$ 106,634</u>	<u>\$ 11,757,354</u>

The nonexchange financial guarantee will be retired from the General Debt Service Fund. The amount of the liability reported at June 30, 2021 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
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
2027-2031	585,000	231,539	816,539
2032-2036	685,000	127,930	812,930
2037-2038	305,000	16,675	321,675
Total	<u>\$ 2,060,000</u>	<u>\$ 703,194</u>	<u>\$ 2,763,194</u>

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance of Outstanding Aerospace Park Bonds, 6-30-21	\$ 2,060,000
Add: Interest Accrued on Bonds	<u>12,304</u>
Nonexchange Financial Guarantee Balance, 6-30-21	<u>\$ 2,072,304</u>

There is \$3,445,739 available in the debt service fund to service long-term debt. Bonded debt per capita totaled \$1,416 based on the 2020 census. Total debt per capita, including bonds, notes, other loans, capital leases, nonexchange financial guarantee, and unamortized premium on bonds, totaled \$1,576 based on the 2020 federal census.

During the year, the school department contributed \$611,337 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, 2021, was as follows:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2020	\$ 153,860,000	\$ 636,939	\$ 10,631,748
Additions	76,190,000	0	0
Reductions	(6,155,000)	(155,876)	(1,706,723)
Balance, June 30, 2021	<u>\$ 223,895,000</u>	<u>\$ 481,063</u>	<u>\$ 8,925,025</u>
Balance Due Within One Year	<u>\$ 9,065,000</u>	<u>\$ 160,056</u>	<u>\$ 1,709,915</u>

	Nonexchange Financial Guarantee	Capital Leases - Direct Placement
Balance, July 1, 2020	\$ 2,157,942	\$ 1,140,688
Additions	77,012	192,101
Reductions	(162,650)	(598,204)
Balance, June 30, 2021	<u>\$ 2,072,304</u>	<u>\$ 734,585</u>
Balance Due Within One Year	<u>\$ 102,304</u>	<u>\$ 525,594</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2021	\$ 236,107,977
Less: Balance Due Within One Year - Debt	(11,562,869)
Add: Unamortized Premium on Debt	<u>13,116,764</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 237,661,872</u>

**H. Long-term Obligations**

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2021, was as follows:

Governmental Activities:	Compensated Absences	Other Post- Employment Benefits
Balance, July 1, 2020	\$ 2,285,771	\$ 24,388,846
Additions	2,621,630	4,811,218
Reductions	(2,320,118)	(4,107,861)
Balance, June 30, 2021	<u>\$ 2,587,283</u>	<u>\$ 25,092,203</u>
Balance Due Within One Year	<u>\$ 1,526,497</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2021	\$ 27,679,486
Less: Balance Due Within One Year - Other	<u>(1,526,497)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 26,152,989</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, 2021, was as follows:

Governmental Activities:	Compensated Absences	Other Post- Employment Benefits
Balance, July 1, 2020	\$ 2,664,406	\$ 63,705,827
Additions	405,543	15,816,951
Reductions	(586,169)	(23,196,837)
Balance June 30, 2021	<u>\$ 2,483,780</u>	<u>\$ 56,325,941</u>
Balance Due Within One Year	<u>\$ 546,432</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2021	\$ 58,809,721
Less: Balance Due Within One Year - Other	<u>(546,432)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 58,263,289</u>

Compensated absences and other postemployment benefits 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 Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2021, were \$541,691 and \$115,239, 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, 2021, expenditures totaled \$5,600. At June 30, 2021, net position of the endowment fund was \$104,995.

**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 Annual Comprehensive 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 Annual Comprehensive 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
2019-2020	\$ 284,625	\$ 1,048,966	\$ (1,078,576)	\$ 255,015
2020-2021	255,015	1,248,313	(1,312,656)	190,672

Current year claims and estimates are presented net of excess risk insurance recovery of \$114,415.

### Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2019-2020	\$ 0	\$ 371,469	\$ (371,469)	\$ 0
2020-2021	0	292,720	(292,720)	0

The discretely presented Sullivan County School Department settled a lawsuit between the school department and the parent of a student attending Sullivan County Schools on September 21, 2020. Under the settlement order, the school department is required to pay monetary relief totaling \$113,750 in three installments, attorneys' fees and expenses of \$61,250, and compensatory educational relief beginning with the 2020-2021 fiscal year until the 2022-2023 fiscal year totaling up to \$50,000. During the 2020-21 fiscal year, the school department paid the first installment for monetary relief (\$37,916) and attorneys' fees and expenses (\$61,250) in accordance with settlement order. Claims and judgements payable totaling \$125,834 have been recognized in the General Purpose School Fund for the school department's remaining liability potential under this settlement order.

## **B. Accounting Changes**

GASB Statement No. 84, *Fiduciary Activities* establishes additional guidance for the identification, accounting, and reporting of fiduciary activities. The statement clarifies the four types of fiduciary funds that should be reported, if applicable: (1) pension (and other employee benefit) trust funds, (2) investment trust funds, (3) private-purpose trust funds, and (4) custodial funds. Custodial funds generally should report fiduciary activities that are not held in a trust or equivalent arrangement that meets specific criteria.

GASB Statement No. 90, *Majority Equity Interest* modifies previous guidance and provides guidance for the measurement and reporting of majority equity interest in a legally separate organization. This statement also provides guidance for reporting a component unit if a government acquires a 100

percent equity interest in that component unit.

Paragraphs 4 and 5 of GASB Statement No. 97, *Certain Component Unit Criteria, and Accounting and Financial Reporting for Internal Revenue Code Section 457 Deferred Compensation Plans* became effective during the year. Paragraph 4 establishes certain component unit criteria for a legally separate entity by the primary government in the absence of a governing board. Paragraph 5 clarifies that the financial benefit burden in paragraph 7 of GASB Statement 84 is applicable to only defined benefit pension plans and defined benefit OPEB plans that are administered through certain trusts.

**C. Contingent Liabilities**

The county has received various federal and state grants and other assistance for specific purposes that are subject to review and audit by grantor agencies. Such audits could result in reimbursements to the grantor agencies for expenditures disallowed under the terms of the grants. County management is not aware of any potential disallowances and believes that reimbursements, if any, would not be material.

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.E.). Sullivan County is contingently liable for 20 percent of the principal and interest on these bonds in the event revenues of the airport commission are not sufficient to cover the payments. The other governments participating in the joint venture are contingently liable for the remaining 80 percent of the principal and interest requirements. The amount of the bonds outstanding at June 30, 2021, was \$730,000.

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.

**D. Change in Administration**

Evelyn Rafalowski was appointed interim director of schools on April 8, 2021, overlapping David Cox's term as director. David Cox left the Office of Director of Schools effective June 30, 2021.

**E. 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, 2021, 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

## **F. Jointly Governed Organizations**

### **Primary Government**

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated, (TCA)*, and includes the counties of Claiborne, Cocke, Grainger, 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 Northeast Tennessee/Virginia Home Consortium, which administers funds received under the HOME Investment Partnership Act. An interlocal agreement established the consortium between the cities of Bluff City, Bristol, Johnson City and Kingsport, Tennessee; Bristol, Virginia; as well as the counties of Sullivan and Washington, Tennessee. The mayors all represent their respective district. The Bristol, Tennessee mayor serves as Chair of the Governing Board.

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

**G. 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 Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 80.33 percent, the non-certified employees of the discretely presented school department comprise 19.67 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 <https://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, 2020, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	1,175
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	1,085
Active Employees	1,074
Total	<u><u>3,334</u></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, 2021, the employer contribution for Sullivan County was \$5,312,731 based on a rate of 12.59 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, 2020, 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, 2020, 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, 2020, 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 Developed Market	5.69	%	31	%
International Equity Emerging Market	5.29		14	
International Equity Private Equity and Strategic Lending	6.36		4	
U.S. Fixed Income	5.79		20	
Real Estate	2.01		20	
Short-term Securities	4.32		10	
	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, 2019	\$ 198,462,025	\$ 206,895,120	\$ (8,433,095)
Changes for the Year:			
Service Cost	\$ 3,251,238	\$ 0	\$ 3,251,238
Interest	14,243,334	0	14,243,334
Differences Between Expected and Actual Experience	(1,395,572)	0	(1,395,572)
Contributions-Employer	0	5,215,093	(5,215,093)
Contributions-Employees	0	954,131	(954,131)
Net Investment Income	0	10,152,275	(10,152,275)
Benefit Payments, Including Refunds of Employee Contributions	(10,506,959)	(10,506,959)	0
Administrative Expense	0	(93,939)	93,939
Net Changes	\$ 5,592,041	\$ 5,720,601	\$ (128,560)
Balance, June 30, 2020	\$ 204,054,066	\$ 212,615,721	\$ (8,561,655)

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

	Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government 80.33%	\$ 163,916,631	\$ 170,794,209	\$ (6,877,577)
School Department 19.67%	40,137,435	41,821,512	(1,684,078)
Total	\$ 204,054,066	\$ 212,615,721	\$ (8,561,655)

*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
Sullivan County	6.25%	7.25%	8.25%

Net Pension Liability (Asset)    \$ 16,117,253    \$ (8,561,655)    \$ (29,204,937)

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

*Pension Expense or (Negative Pension Expense).* For the year ended June 30, 2021, Sullivan County recognized pension expense (negative pension expense) of \$3,799,565.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, 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	\$ 924,765	\$ 1,046,679
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,486,928	0
Contributions Subsequent to the Measurement Date of June 30, 2020 (1)	5,312,731	N/A
Total	<u>\$ 7,724,424</u>	<u>\$ 1,046,679</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2020,” 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	\$ 6,185,032	\$ 840,797
School Department	1,539,392	205,882
Total	<u>\$ 7,724,424</u>	<u>\$ 1,046,679</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
2022	\$ (612,567)
2023	527,725
2024	512,464
2025	937,395
2026	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, 2021, Sullivan County reported a payable of \$336,530 for the outstanding amount of contributions due to the pension plan required at year ended June 30, 2021.

**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 Pension Plan, an agent multiple-employer pension plan administered by the

TCRS. The primary government employees comprise 80.33 percent and the non-certified employees of the discretely presented school department comprise 19.67 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 <https://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, 2021, to the Teacher Retirement Plan were \$171,420, which is 2.02 percent of covered payroll. In addition, employer contributions of \$159,501 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, 2021, the school department reported a liability (asset) of (\$295,767) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, 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, 2020, the school department's proportion was .520129 percent. The proportion as of June 30, 2019, was .553292 percent.

*Pension Expense or (Negative Pension Expense).* For the year ended June 30, 2021, the school department recognized pension expense (negative pension expense) of \$123,003.

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, 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	\$ 10,988	\$ 74,118
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	24,094	0
Changes in Assumptions	9,274	0
Changes in Proportion of Net Pension Liability (Asset)	41,832	8,476
LEA's Contributions Subsequent to the Measurement Date of June 30, 2020	171,420	N/A
Total	\$ 257,608	\$ 82,594

The school department's employer contributions of \$171,420, 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, 2022. 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
2022	\$ 988
2023	4,470
2024	6,245
2025	6,751
2026	(1,410)
Thereafter	(13,449)

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, 2020, 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, 2020, 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 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		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)   \$ 230,057   \$ (295,767)   \$ (683,365)

*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 <https://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.

*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, 2021, to the Teacher Legacy Pension Plan were \$3,272,642, which is 10.27 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 (Negative Pension Expense), and Deferred Outflows of Resources and Deferred Inflows of Resources Related to Pensions**

*Pension Liability (Assets).* At June 30, 2021, the school department reported a liability (asset) of (\$7,286,785) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2020, 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, 2020, the school department's proportion was .955552 percent. The proportion measured at June 30, 2019, was .972820 percent.

*Pension Expense or (Negative Pension Expense).* For the year ended June 30, 2021, the school department recognized pension expense (negative pension expense) of (\$286,857).

*Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, 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	\$ 277,011	\$ 3,503,357
Changes in Assumptions	661,971	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	1,627,429	0
Changes in Proportion of Net Pension Liability (Asset)	115,732	63,214
LEA's Contributions Subsequent to the Measurement Date of June 30, 2020	3,272,642	N/A
Total	\$ 5,954,785	\$ 3,566,571

The school department's employer contributions of \$3,272,642 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, 2022. 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
2022	\$ (1,777,624)
2023	(255,578)
2024	70,720
2025	1,078,055
2026	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, 2020, 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, 2020, 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 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		Current	
Proportionate Share of	1%	Discount	1%
the Net Pension	Decrease	Rate	Increase
Liability (Asset)	6.25%	7.25%	8.25%

Net Pension Liability (Asset)    \$ 22,661,740    \$ (7,286,785)    \$ (32,121,147)

*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 \$420,242 and teachers contributed \$527,712 to this deferred compensation pension plan.

## H. **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, 2021, 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 Eligible for Benefits	765
Total	<u>968</u>

### **Total OPEB Liability**

The plan's total OPEB liability of \$14,068,284 was measured as of June 30, 2021, 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	2.18%
Healthcare Cost Trend Rates	4.50%
Retirees share of	Discussed under Benefits Provided
Benefit-related Cost	

The discount rate of 2.18 percent is based on 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 – As of the Measurement Date**

Balance July 1, 2020	<u>\$ 11,563,556</u>
Changes for the Year:	
Service Cost	\$ 755,238
Interest	336,203
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	1,601,045
Benefit Payments	<u>(187,758)</u>
Net Changes	<u>\$ 2,504,728</u>
Balance June 30, 2021	<u><u>\$ 14,068,284</u></u>

*Changes in Assumptions.* The discount rate changed from 3 percent as of the valuation date to 2.18 percent as of the measurement date of June 30, 2021. 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, 2021, the county recognized OPEB expense of \$1,139,166. At June 30, 2021, 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	\$ 0	\$ 1,855,331
Changes of Assumptions/Inputs	<u>2,511,926</u>	
Total	<u><u>\$ 2,511,926</u></u>	<u><u>\$ 1,855,331</u></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 June 30</u>	<u>Amount</u>
2022	\$ 47,725
2023	47,725
2024	47,725
2025	47,725
2026	236,976
Thereafter	228,719

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 1.18%	Current Discount Rate 2.18%	1% Increase 3.18%
Total OPEB Liability	\$ 17,188,983	\$ 14,068,284	\$ 11,648,019

*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 3.5%	Current Trend Rate 4.5%	1% Increase 5.5%
Total OPEB Liability	\$ 11,258,673	\$ 14,068,284	\$ 17,897,426

### **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, 2020, and was determined by an actuarial valuation as of that date.

*Actuarial Assumptions and Other Inputs.* The total OPEB liability in the June 30, 2020, 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	2.1%
Salary Increases	Salary increases used in the July 1, 2020 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	2.21%
Healthcare Cost Trend Rates	LGP and LEP: Based on the Getzen Model, with trend starting 9.02% for pre-65 retirees in the 2021 calendar year, and decreasing annually over a 10 year period to an ultimate trend rate of 4.5% TNM: 7.56% for post-65 retirees in the 2021 calendar year and decreasing annually over a 10 year period to an ultimate rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 2.21 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 undertake on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2020, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2020, valuations were the same as those employed in the July 1, 2019 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 3.51 percent as of the beginning of the measurement period to 2.21 percent as of the measurement date of June 30, 2020. 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 2021 plan year was revised from 6.03 percent to 9.02 percent. The assumed long term inflation rate was changed from 2.2 percent to 2.1 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 \$1,452 per month based on coverage selected.

### **Employees Covered by Benefit Terms**

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

Inactive Employees Currently Receiving Benefit Payments	58
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible for Benefits	715
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 \$521,166 to the LGP for OPEB benefits as they came due.

#### Changes in the Total OPEB Liability – As of the Measurement Date

	Primary Government
Balance July 1, 2019	<u>\$ 12,825,290</u>
Changes for the Year:	
Service Cost	\$ 595,804
Interest	458,784
Changes in Benefit Terms	(3,125,910)
Difference between Expected and Actuarial Experience	(87,455)
Changes in Assumption and Other Inputs	1,064,144
Benefit Payments	(706,738)
Net Changes	<u>\$ (1,801,371)</u>
Balance June 30, 2020	<u>\$ 11,023,919</u>

Changes in benefit terms are based upon new subsidy amounts provided to the actuary. The assumed participation rates were also updated based on the new subsidy amounts.

*OPEB Expense or (Negative OPEB Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, the county recognized OPEB expense (negative OPEB expense) of (\$1,837,863). At June 30, 2021, 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	\$ 4,425,890	\$ 4,492,782
Changes of Assumptions/Inputs	1,048,193	433,976
Benefits Paid After the Measurement Date of June 30, 2020	<u>521,166</u>	<u>0</u>
Total	<u>\$ 5,995,249</u>	<u>\$ 4,926,758</u>

The amount shown above for “Benefits Paid After the Measurement Date” will be recognized as a reduction to OPEB liability in the following measurement period.

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:

Year Ending June 30	Primary Government
2022	\$ 233,459
2023	233,459
2024	233,459
2025	233,459
2026	248,579
Thereafter	(635,090)

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>		Current Discount Rate	
	1% Decrease		1% Increase
	1.21%	2.21%	3.21%

Total OPEB Liability	\$	11,927,309	\$	11,023,919	\$	10,180,143
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*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>Healthcare Cost Trend Rate</u>		Current Trend Rate	
	1% Decrease		1% Increase
	8.02 to 3.5%	9.02 to 4.5%	10.02 to 5.5%

Total OPEB Liability	\$	9,828,863	\$	11,023,919	\$	12,445,175
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#### **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, 2020, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	159
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible For Benefits	837
Total	<u>996</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 \$1,399,296 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability – As of the Measurement Date

	<u>Share of Collective Liability</u>		
	<u>Sullivan County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	<u>74.4347%</u>	<u>25.5653%</u>	<u>Liability</u>
Balance July 1, 2019	\$ 19,475,958	\$ 6,042,217	\$ 25,518,175
Changes for the Year:			
Service Cost	\$ 765,513	\$ 262,922	\$ 1,028,435
Interest	667,484	229,254	896,738
Difference between Expected and Actuarial Experience	(1,507,554)	(517,783)	(2,025,337)
Changes in Proportion	(481,582)	481,582	0
Changes in Assumption and Other Inputs	1,670,675	573,809	2,244,484
Benefit Payments	(1,499,407)	(514,985)	(2,014,392)
Net Changes	<u>\$ (384,868)</u>	<u>\$ 514,796</u>	<u>\$ 129,928</u>
Balance June 30, 2020	<u>\$ 19,091,090</u>	<u>\$ 6,557,013</u>	<u>\$ 25,648,103</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 \$516,884 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 74.4347 percent and the State of Tennessee's Share was 25.5653 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, the school department recognized OPEB expense of \$1,986,165, including the state's share of the expense. At June 30, 2021, 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	\$ 2,147,658	\$ 2,183,242
Changes of Assumptions/Inputs	1,892,251	1,530,285
Changes in Proportion	883,016	1,000,480
Benefits Paid After the Measurement Date of June 30, 2020	<u>1,399,296</u>	<u>0</u>
Total	<u>\$ 6,322,221</u>	<u>\$ 4,714,007</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:

Year Ending June 30	School Department
2022	\$ 36,284
2023	36,284
2024	36,284
2025	36,284
2026	95,546
Thereafter	(31,764)

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>	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
Proportionate Share of the Collective Total OPEB Liability	\$ 20,342,487	\$ 19,091,090	\$ 17,886,205

*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.

Healthcare Cost Trend Rate

	1% Decrease 8.02 to 3.5%	Curent Rate 9.02 to 4.5%	1% Increase 10.02 to 5.5%
Proportionate Share of the Collective Total OPEB Liability	\$ 17,215,728	\$ 19,091,090	\$ 21,295,289

**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, 2020, 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 \$141 per month for noncertified retirees and \$91 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, 2020, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	605
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	185
Active Employees Eligible For Benefits	878
Total	<u><u>1,668</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 \$613,249 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability – As of the Measurement Date

	<u>Share of Collective Liability</u>		
	<u>Sullivan County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	84.1811%	15.8189%	Liability
Balance July 1, 2019	\$ 44,229,869	\$ 5,469,404	\$ 49,699,273
Changes for the Year:			
Service Cost	\$ 1,227,616	\$ 230,688	\$ 1,458,304
Interest	1,497,369	281,378	1,778,747
Changes in Benefit Terms	(14,817,681)	(2,784,466)	(17,602,147)
Difference between			
Expected and Actuarial			
Experience	(1,681,607)	(315,999)	(1,997,606)
Changes in Proportion	(2,392,473)	2,392,473	0
Changes in Assumption			
and Other Inputs	9,988,656	1,877,019	11,865,675
Benefit Payments	(816,898)	(153,508)	(970,406)
Net Changes	\$ (6,995,018)	\$ 1,527,585	\$ (5,467,433)
Balance June 30, 2020	\$ 37,234,851	\$ 6,996,989	\$ 44,231,840

Changes in benefit terms are due to the clarification of eligibility rules. Previous actuarial studies were based upon support staff and teachers being considered eligible for the full premium support with 15 years of service with Sullivan County. It was confirmed this year that for support staff to be eligible, they must be age 55 with 25 years of service with at least 15 of those years with Sullivan County. For teachers, 30 years are required with at least 15 of those years with Sullivan County.

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 negative revenues (\$1,279,613) 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 84.1811 percent and the State of Tennessee's Share was 15.8189 percent.

*OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources.* For the year ended June 30, 2021, the school department recognized negative OPEB expense of (\$14,149,055), including the state's share of the expenses. At June 30, 2021, 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	\$ 4,277,554
Changes of Assumptions and Other Inputs	10,225,168	3,017,567
Changes in Proportion	54,279	4,190,287
Benefits Paid After the Measurement Date of June 30, 2020	<u>613,249</u>	<u>0</u>
Total	<u>\$ 10,892,696</u>	<u>\$ 11,485,408</u>

The amount shown above for “Benefits Paid After the Measurement Date” will be recognized as a reduction to OPEB liability in the following measurement period.

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:

Year Ending June 30	School Department
2022	\$ (776,746)
2023	(776,746)
2024	(654,223)
2025	485,816
2026	515,938
Thereafter	0

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 1-percentage point lower or 1-percentage point higher than the current discount rate.

<u>Discount Rate</u>	1% Decrease 1.21%	Current Discount Rate 2.21%	1% Increase 3.21%
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Proportionate Share of the Collective Total OPEB Liability	\$ 45,781,406	\$ 37,234,851	\$ 30,677,581
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*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 TNM, 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>	1% Decrease 6.56 to 3.5%	Current Rate 7.56 to 4.5%	1% Increase 8.56 to 5.5%
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Proportionate Share of the Collective Total OPEB Liability	\$ 30,316,020	\$ 37,234,851	\$ 46,607,321
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**I. Office of Central Accounting**

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

**J. Purchasing Laws**

The Office of Purchasing Agent was established by Chapter 261, Private Acts of 1947, as amended. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. The county commission has adopted a resolution pursuant to Section 12-3-1212, *Tennessee Code Annotated*, requiring competitive bids on purchases exceeding \$25,000.

**K. Subsequent Events**

On July 1, 2021, Sullivan County began implementation of Chapter 46, Private Acts of 2020 to provide for a central system of accounting, budgeting, and

purchasing for all county departments. The act is required to be fully implemented within two years from the date implementation began.

Subsequent to June 30, 2021, the discretely presented Sullivan County School Department paid 33 qualifying individuals a total of \$532,868 for a one-time retirement incentive program. The payments were approved by the board of education during December 2020, conditional upon approval of funding by the county commission in the 2021-2022 school department budget. Budget approval was obtained in July 2021. To qualify employees must have been full time, worked for the Sullivan County School Department for at least 15 years by the end of the 2020-2021 school year, be employed in position requiring teaching licensure, and eligible for service retirement, early service, or 25 year retirement benefit through the Tennessee Consolidated Retirement System.

On August 16, 2021, Sullivan County paid \$200,000 in a lawsuit settlement to the estate of an individual who died in a car accident from a collision with a county vehicle driven by a county employee.

On October 7, 2021, Sullivan County School Department appointed Interim Director of Schools Evelyn Rafalowski to the Office of Director of Schools.

On October 28, 2021, Sullivan County issued \$690,579 in capital leases for vehicles for the sheriff's department.

On December 22, 2021, Sullivan County issued \$4,000,000 in general obligation bonds.

## **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	2020
<b>Total Pension Liability</b>							
Service Cost	\$ 2,831,605	\$ 2,806,297	\$ 2,762,316	\$ 2,909,793	\$ 3,111,626	\$ 3,231,201	\$ 3,251,238
Interest	11,770,957	12,081,223	12,279,709	12,841,796	13,133,761	13,649,859	14,243,334
Differences Between Actual and Expected Experience	(2,239,987)	(3,669,701)	1,151,421	(1,235,482)	520,288	1,589,385	(1,395,572)
Changes in Assumptions	0	0	0	4,414,805	0	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)	(10,506,959)
Net Change in Total Pension Liability	\$ 4,295,414	\$ 2,884,200	\$ 7,472,351	\$ 9,959,158	\$ 7,334,671	\$ 8,368,160	\$ 5,592,041
Total Pension Liability, Beginning	158,148,071	162,443,485	165,327,685	172,800,036	182,759,194	190,093,865	198,462,025
Total Pension Liability, Ending (a)	\$ 162,443,485	\$ 165,327,685	\$ 172,800,036	\$ 182,759,194	\$ 190,093,865	\$ 198,462,025	\$ 204,054,066
<b>Plan Fiduciary Net Position</b>							
Contributions - Employer	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,250,729	\$ 5,215,093
Contributions - Employee	181,889	314,187	411,340	552,979	686,023	825,252	954,131
Net Investment Income	23,440,229	4,990,588	4,355,091	18,784,625	15,094,052	14,445,869	10,152,275
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)	(10,506,959)
Administrative Expense	(46,764)	(54,252)	(80,776)	(87,757)	(99,330)	(93,903)	(93,939)
Other	0	0	0	13,231	0	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	\$ 5,720,601
Plan Fiduciary Net Position, Beginning	142,828,455	163,437,714	165,626,846	167,115,140	183,210,890	195,569,458	206,895,120
Plan Fiduciary Net Position, Ending (b)	\$ 163,437,714	\$ 165,626,846	\$ 167,115,140	\$ 183,210,890	\$ 195,569,458	\$ 206,895,120	\$ 212,615,721
Net Pension Liability (Asset), Ending (a - b)	\$ (994,229)	\$ (299,161)	\$ 5,684,896	\$ (451,696)	\$ (5,475,593)	\$ (8,433,095)	\$ (8,561,655)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.61%	100.18%	96.71%	100.25%	102.88%	104.25%	104.20%
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,303,498	\$ 39,259,816	\$ 40,145,966	\$ 41,497,832
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.93)%	(0.88)%	15.96%	(1.21)%	(13.95)%	(21.01)%	(20.63)%

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

Note 2: 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	2021
Actuarially Determined Contribution	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,250,729	\$ 5,215,093	\$ 5,312,731
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)	(5,215,093)	(5,312,731)
Contribution Deficiency (Excess)	\$ 0	\$ 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	\$ 41,497,832	\$ 42,398,250
Contributions as a Percentage of Covered Payroll	15.01%	15.54%	15.51%	15.56%	15.56%	15.57%	12.57%	12.59%

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

Note 2: 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	2021
Contractually Required Contribution	\$ 85,668	\$ 112,024	\$ 164,636	\$ 185,741	\$ 113,586	\$ 133,241	\$ 171,420
Less Contributions in Relation to the Contractually Required Contribution	(85,668)	(112,024)	(164,636)	(185,741)	(113,586)	(133,241)	(171,420)
Contribution Deficiency (Excess)	\$ 0	\$ 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	\$ 8,486,081
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.93%	2.03%	2.02%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust.  
2019: Pension - 1.94%, SRT - 2.02%  
2020: Pension - 2.03%, SRT - 1.97%  
2021: Pension - 2.02%, SRT - 1.98%

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	2021
Contractually Required Contribution	\$ 3,498,250	\$ 3,295,803	\$ 3,340,997	\$ 3,193,092	\$ 3,105,091	\$ 3,412,056	\$ 3,380,682	\$ 3,272,642
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)	(3,272,642)
Contribution Deficiency (Excess)	\$ 0	\$ 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	\$ 31,866,053
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.45%	10.63%	10.27%

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	2020
School Department's Proportion of the Net Pension Liability (Asset)	1.030791%	0.636495%	0.627100%	0.531369%	0.553292%	0.520129%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (41,468)	\$ (66,261)	\$ (165,450)	\$ (240,991)	\$ (312,326)	\$ (295,767)
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519	\$ 5,883,347	\$ 6,528,341
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)%	(4.53)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%

Note: Ten years of data will be precented 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	2020
School Department's Proportion of the Net Pension Liability (Asset)	1.003689%	0.973901%	1.023823%	0.999217%	0.976591%	0.972820%	0.955520%
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)	\$ (7,286,785)
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999	\$ 32,635,697	\$ 31,803,254
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)%	(22.91)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%

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	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 674,447	\$ 616,388	\$ 406,514	\$ 595,804
Interest	388,266	466,207	236,743	458,784
Changes in Benefit Terms	0	(195,447)	0	(3,125,910)
Differences Between Actual and Expected Experience	0	(6,555,370)	6,161,534	(87,455)
Changes in Assumptions or Other Inputs	(665,298)	(105,484)	188,228	1,064,144
Benefit Payments	(527,853)	(553,006)	(596,842)	(706,738)
Net Change in Total OPEB Liability	\$ (130,438)	\$ (6,326,712)	\$ 6,396,177	\$ (1,801,371)
Total OPEB Liability, Beginning	12,886,263	12,755,825	6,429,113	12,825,290
 Total OPEB Liability, Ending	 \$ 12,755,825	 \$ 6,429,113	 \$ 12,825,290	 \$ 11,023,919
 Covered Employee Payroll	 \$ 29,584,358	 \$ 31,066,331	 \$ 32,783,306	 \$ 32,453,034
Net OPEB Liability as a Percentage of Covered Employee Payroll	43.12%	20.69%	39.12%	33.97%

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%
2020	2.21%

(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%
2021 plan year	- from 6.03% to 9.02%

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

Note 4: Changes in benefit terms in 2020 were due to new subsidy amounts being provided to the actuary.

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	2021
<b>Total OPEB Liability</b>				
Service Cost	\$ 53,667	\$ 55,277	\$ 712,318	\$ 755,238
Interest	269,599	212,962	330,746	336,203
Differences Between Actual and Expected Experience	(1,814,613)	0	(1,303,852)	0
Changes in Assumptions or Other Inputs	0	0	1,595,442	1,601,045
Benefit Payments	(247,972)	(302,641)	(166,058)	(187,758)
Net Change in Total OPEB Liability	\$ (1,739,319)	\$ (34,402)	\$ 1,168,596	\$ 2,504,728
Total OPEB Liability, Beginning	8,932,964	7,193,645	7,159,243	11,563,556
Prior-period Adjustment	0	0	3,235,717	0
<b>Total OPEB Liability, Ending</b>	<b>\$ 7,193,645</b>	<b>\$ 7,159,243</b>	<b>\$ 11,563,556</b>	<b>\$ 14,068,284</b>
Covered Employee Payroll	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	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%
2021	2.18%

(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%  
For the 2021 plan - 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	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 1,381,882	\$ 1,286,273	\$ 1,402,716	\$ 1,028,435
Interest	887,727	1,027,885	1,069,766	896,738
Changes in Benefit Terms	0	(4,787,153)	(500,918)	0
Differences Between Actual and Expected Experience	0	4,430,982	(1,596,334)	(2,025,337)
Changes in Assumptions or Other Inputs	(1,114,613)	930,622	(1,981,383)	2,244,484
Benefit Payments	(2,535,201)	(2,640,476)	(2,030,934)	(2,014,392)
Net Change in Total OPEB Liability	\$ (1,380,205)	\$ 248,133	\$ (3,637,087)	\$ 129,928
Total OPEB Liability, Beginning	30,287,334	28,907,129	29,155,262	25,518,175
 Total OPEB Liability, Ending	 \$ 28,907,129	 \$ 29,155,262	 \$ 25,518,175	 \$ 25,648,103
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 7,281,908	 \$ 6,031,582	 \$ 6,042,217	 \$ 6,557,103
Employer Proportionate Share of the Total OPEB Liability	21,625,221	23,123,680	19,475,958	19,091,090
 Covered Employee Payroll	 \$ 51,009,548	 \$ 51,286,184	 \$ 50,914,137	 \$ 50,952,301
Net OPEB Liability as a Percentage of Covered Employee Payroll	42.39%	45.09%	38.25%	37.47%

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%
2020	2.21%

(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%
2021 plan year - from 6.03% to 9.02%

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	2020
<b>Total OPEB Liability</b>				
Service Cost	\$ 2,726,590	\$ 2,209,974	\$ 2,062,040	\$ 1,458,304
Interest	1,535,988	1,783,198	1,762,402	1,778,747
Change in Benefit Terms	0	0	0	(17,602,147)
Differences Between Actual and Expected Experience	0	(1,727,090)	(3,900,724)	(1,997,606)
Changes in Assumptions or Other Inputs	(5,404,726)	(2,627,201)	3,624,992	11,865,675
Benefit Payments	(844,602)	(862,842)	(936,766)	(970,406)
Net Change in Total OPEB Liability	\$ (1,986,750)	\$ (1,223,961)	\$ 2,611,944	\$ (5,467,433)
Total OPEB Liability, Beginning	50,298,040	48,311,290	47,087,329	49,699,273
 Total OPEB Liability, Ending	 \$ 48,311,290	 \$ 47,087,329	 \$ 49,699,273	 \$ 44,231,840
 Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	 \$ 2,661,131	 \$ 2,524,775	 \$ 5,469,404	 \$ 6,996,989
Employer Proportionate Share of the Total OPEB Liability	45,650,159	44,562,554	44,229,869	37,234,851
 Covered Employee Payroll	 N/A	 N/A	 N/A	 N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	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:

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%

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

Note 4: Changes in benefit terms in 2020 were due to the clarification of eligibility rules. Previously, support staff and teachers were considered eligible for the full premium with 15 years with Sullivan County. It was confirmed in 2020 that for support staff to be eligible, they must be age 55 with 25 years of service, with at least 15 of those years with Sullivan County. For teachers, 30 years is required, with at least 15 of those years with Sullivan County.

**SULLIVAN COUNTY, TENNESSEE**  
**NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION**  
**For the Year Ended June 30, 2021**

**TENNESSEE CONSOLIDATED RETIREMENT SYSTEM**

*Valuation Date:* Actuarially determined contribution rates for fiscal year 2021 were calculated based on the June 30, 2019, 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 Adjustment	2.25%

*Changes of assumptions.* In 2017, the following assumptions were changed: (1) decreased inflation rate from 3 percent to 2.5 percent; (2) decreased the investment rate of return from 7.5 percent to 7.25 percent; (3) decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; (4) decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and (5) modified mortality assumptions.

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

# Nonmajor Governmental Funds

## Special Revenue Funds

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

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

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

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

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

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

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

## Exhibit G-1

Sullivan County, Tennessee  
Combining Balance Sheet  
Nonmajor Governmental Funds  
June 30, 2021

	Special Revenue Funds				
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total
<u>ASSETS</u>					
Cash	\$ 30,373	\$ 161,992	\$ 0	\$ 209,840	\$ 402,205
Equity in Pooled Cash and Investments	1,225,717	1,634,072	273,617	0	3,133,406
Accounts Receivable	85,797	2,949,654	0	126,067	3,161,518
Allowance for Uncollectibles	0	(888,007)	0	0	(888,007)
Due from Other Governments	315	0	0	0	315
Due from Other Funds	570	0	0	0	570
Due from Component Units	6,574	0	0	0	6,574
Property Taxes Receivable	806,758	0	0	0	806,758
Allowance for Uncollectible Property Taxes	(20,846)	0	0	0	(20,846)
Total Assets	<u>\$ 2,135,258</u>	<u>\$ 3,857,711</u>	<u>\$ 273,617</u>	<u>\$ 335,907</u>	<u>\$ 6,602,493</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 8,764	\$ 0	\$ 8,764
Accrued Payroll	32,792	227,890	0	0	260,682
Payroll Deductions Payable	6,520	47,015	0	0	53,535
Due to Other Funds	53	109,791	0	335,907	445,751
Total Liabilities	<u>\$ 39,365</u>	<u>\$ 384,696</u>	<u>\$ 8,764</u>	<u>\$ 335,907</u>	<u>\$ 768,732</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 774,021	\$ 0	\$ 0	\$ 0	\$ 774,021
Deferred Delinquent Property Taxes	10,412	0	0	0	10,412

(Continued)

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

	Special Revenue Funds				
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total
DEFERRED INFLOWS OF RESOURCES (Cont.)					
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,527,204	\$ 0	\$ 0	\$ 1,527,204
Total Deferred Inflows of Resources	\$ 784,433	\$ 1,527,204	\$ 0	\$ 0	\$ 2,311,637
FUND BALANCES					
Restricted:					
Restricted for Public Safety	\$ 0	\$ 0	\$ 264,853	\$ 0	\$ 264,853
Restricted for Capital Projects	0	0	0	0	0
Committed:					
Committed for Public Health and Welfare	1,311,460	1,945,811	0	0	3,257,271
Total Fund Balances	\$ 1,311,460	\$ 1,945,811	\$ 264,853	\$ 0	\$ 3,522,124
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,135,258	\$ 3,857,711	\$ 273,617	\$ 335,907	\$ 6,602,493

(Continued)

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

	<u>Capital Projects Fund</u>		<u>Total Nonmajor Governmental Funds</u>	
	General Capital Projects			
<u>ASSETS</u>				
Cash	\$	0	\$	402,205
Equity in Pooled Cash and Investments		475,258		3,608,664
Accounts Receivable		0		3,161,518
Allowance for Uncollectibles		0		(888,007)
Due from Other Governments		0		315
Due from Other Funds		0		570
Due from Component Units		0		6,574
Property Taxes Receivable		3,818,697		4,625,455
Allowance for Uncollectible Property Taxes		(100,290)		(121,136)
Total Assets	\$	4,193,665	\$	10,796,158
<u>LIABILITIES</u>				
Accounts Payable	\$	0	\$	8,764
Accrued Payroll		0		260,682
Payroll Deductions Payable		0		53,535
Due to Other Funds		0		445,751
Total Liabilities	\$	0	\$	768,732
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$	3,660,201	\$	4,434,222
Deferred Delinquent Property Taxes		50,969		61,381

(Continued)

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

	<u>Capital Projects Fund</u>		<u>Total General Capital Projects</u>		<u>Nonmajor Governmental Funds</u>	
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Other Deferred/Unavailable Revenue	\$	0	\$	1,527,204		
Total Deferred Inflows of Resources	\$	3,711,170	\$	6,022,807		
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$	0	\$	264,853		
Restricted for Capital Projects		482,495		482,495		
Committed:						
Committed for Public Health and Welfare		0		3,257,271		
Total Fund Balances	\$	482,495	\$	4,004,619		
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$	4,193,665	\$	10,796,158		

## 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, 2021

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total	
<u>Revenues</u>						
Local Taxes	\$ 780,309	\$ 0	\$ 0	\$ 0	\$ 780,309	
Fines, Forfeitures, and Penalties	0	0	39,254	0	39,254	
Charges for Current Services	350,140	7,119,283	0	11,439	7,480,862	
Other Local Revenues	214,512	4,379	0	0	218,891	
State of Tennessee	158,149	299,707	0	0	457,856	
Federal Government	0	0	41,431	0	41,431	
Other Governments and Citizens Groups	114,608	7,677	0	0	122,285	
Total Revenues	\$ 1,617,718	\$ 7,431,046	\$ 80,685	\$ 11,439	\$ 9,140,888	
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 900	\$ 900	
Finance	0	0	0	2,545	2,545	
Administration of Justice	0	0	0	7,204	7,204	
Public Safety	0	0	105,132	790	105,922	
Public Health and Welfare	1,423,231	7,106,885	0	0	8,530,116	
Total Expenditures	\$ 1,423,231	\$ 7,106,885	\$ 105,132	\$ 11,439	\$ 8,646,687	
Excess (Deficiency) of Revenues						
Over Expenditures	\$ 194,487	\$ 324,161	\$ (24,447)	\$ 0	\$ 494,201	
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	

(Continued)

Exhibit G-2

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

	Special Revenue Funds				
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total
Net Change in Fund Balances	\$ 194,487	\$ 324,161	\$ (24,447)	\$ 0	\$ 494,201
Fund Balance, July 1, 2020	1,116,973	1,621,650	289,300	0	3,027,923
Fund Balance, June 30, 2021	\$ 1,311,460	\$ 1,945,811	\$ 264,853	\$ 0	\$ 3,522,124

(Continued)

Exhibit G-2

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

	<u>Capital Projects Fund</u>		Total Nonmajor Governmental Funds	
	General Capital Projects			
<u>Revenues</u>				
Local Taxes	\$ 3,819,443	\$	4,599,752	
Fines, Forfeitures, and Penalties	0		39,254	
Charges for Current Services	0		7,480,862	
Other Local Revenues	0		218,891	
State of Tennessee	0		457,856	
Federal Government	0		41,431	
Other Governments and Citizens Groups	0		122,285	
Total Revenues	<u>\$ 3,819,443</u>	<u>\$</u>	<u>12,960,331</u>	
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$	900	
Finance	75,613		78,158	
Administration of Justice	0		7,204	
Public Safety	0		105,922	
Public Health and Welfare	0		8,530,116	
Total Expenditures	<u>\$ 75,613</u>	<u>\$</u>	<u>8,722,300</u>	
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,743,830</u>	<u>\$</u>	<u>4,238,031</u>	
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (3,500,000)	\$	(3,500,000)	
Total Other Financing Sources (Uses)	<u>\$ (3,500,000)</u>	<u>\$</u>	<u>(3,500,000)</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 Fund</u>		Total Nonmajor Governmental Funds	
	General Capital Projects			
Net Change in Fund Balances	\$	243,830	\$	738,031
Fund Balance, July 1, 2020		238,665		3,266,588
Fund Balance, June 30, 2021	\$	482,495	\$	4,004,619

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 780,309	\$ 0	\$ 0	\$ 780,309	\$ 754,239	\$ 754,239	\$ 26,070
Charges for Current Services	350,140	0	0	350,140	332,271	332,271	17,869
Other Local Revenues	214,512	0	0	214,512	116,034	116,034	98,478
State of Tennessee	158,149	0	0	158,149	167,804	167,804	(9,655)
Other Governments and Citizens Groups	114,608	0	0	114,608	100,000	100,000	14,608
Total Revenues	<u>\$ 1,617,718</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,617,718</u>	<u>\$ 1,470,348</u>	<u>\$ 1,470,348</u>	<u>\$ 147,370</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 4,938	\$ 0	\$ 0	\$ 4,938	\$ 26,000	\$ 26,000	\$ 21,062
Transfer Stations	1,418,293	(13,899)	586	1,404,980	1,935,649	1,935,649	530,669
Total Expenditures	<u>\$ 1,423,231</u>	<u>\$ (13,899)</u>	<u>\$ 586</u>	<u>\$ 1,409,918</u>	<u>\$ 1,961,649</u>	<u>\$ 1,961,649</u>	<u>\$ 551,731</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 194,487</u>	<u>\$ 13,899</u>	<u>\$ (586)</u>	<u>\$ 207,800</u>	<u>\$ (491,301)</u>	<u>\$ (491,301)</u>	<u>\$ 699,101</u>
Net Change in Fund Balance	\$ 194,487	\$ 13,899	\$ (586)	\$ 207,800	\$ (491,301)	\$ (491,301)	\$ 699,101
Fund Balance, July 1, 2020	<u>1,116,973</u>	<u>(13,899)</u>	<u>0</u>	<u>1,103,074</u>	<u>1,366,537</u>	<u>1,366,537</u>	<u>(263,463)</u>
Fund Balance, June 30, 2021	<u>\$ 1,311,460</u>	<u>\$ 0</u>	<u>\$ (586)</u>	<u>\$ 1,310,874</u>	<u>\$ 875,236</u>	<u>\$ 875,236</u>	<u>\$ 435,638</u>

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 7,119,283	\$ 0	\$ 0	\$ 7,119,283	\$ 8,300,000	\$ 8,300,000	\$ (1,180,717)
Other Local Revenues	4,379	0	0	4,379	100	100	4,279
State of Tennessee	299,707	0	0	299,707	660,565	660,565	(360,858)
Other Governments and Citizens Groups	7,677	0	0	7,677	0	0	7,677
Total Revenues	\$ 7,431,046	\$ 0	\$ 0	\$ 7,431,046	\$ 8,960,665	\$ 8,960,665	\$ (1,529,619)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 7,106,885	\$ (130,942)	\$ 56,817	\$ 7,032,760	\$ 8,918,527	\$ 9,157,508	\$ 2,124,748
Total Expenditures	\$ 7,106,885	\$ (130,942)	\$ 56,817	\$ 7,032,760	\$ 8,918,527	\$ 9,157,508	\$ 2,124,748
Excess (Deficiency) of Revenues Over Expenditures	\$ 324,161	\$ 130,942	\$ (56,817)	\$ 398,286	\$ 42,138	\$ (196,843)	\$ 595,129
Net Change in Fund Balance	\$ 324,161	\$ 130,942	\$ (56,817)	\$ 398,286	\$ 42,138	\$ (196,843)	\$ 595,129
Fund Balance, July 1, 2020	1,621,650	(130,942)	0	1,490,708	1,825,888	1,825,888	(335,180)
Fund Balance, June 30, 2021	\$ 1,945,811	\$ 0	\$ (56,817)	\$ 1,888,994	\$ 1,868,026	\$ 1,629,045	\$ 259,949

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 39,254	\$ 0	\$ 0	\$ 39,254	\$ 121,613	\$ 121,613	\$ (82,359)
Federal Government	41,431	0	0	41,431	5,812	5,812	35,619
Total Revenues	<u>\$ 80,685</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 80,685</u>	<u>\$ 127,425</u>	<u>\$ 127,425</u>	<u>\$ (46,740)</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 105,132	\$ (250)	\$ 18,755	\$ 123,637	\$ 120,000	\$ 170,000	\$ 46,363
Total Expenditures	<u>\$ 105,132</u>	<u>\$ (250)</u>	<u>\$ 18,755</u>	<u>\$ 123,637</u>	<u>\$ 120,000</u>	<u>\$ 170,000</u>	<u>\$ 46,363</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (24,447)</u>	<u>\$ 250</u>	<u>\$ (18,755)</u>	<u>\$ (42,952)</u>	<u>\$ 7,425</u>	<u>\$ (42,575)</u>	<u>\$ (377)</u>
Net Change in Fund Balance	\$ (24,447)	\$ 250	\$ (18,755)	\$ (42,952)	\$ 7,425	\$ (42,575)	\$ (377)
Fund Balance, July 1, 2020	<u>289,300</u>	<u>(250)</u>	<u>0</u>	<u>289,050</u>	<u>251,982</u>	<u>251,982</u>	<u>37,068</u>
Fund Balance, June 30, 2021	<u><u>\$ 264,853</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (18,755)</u></u>	<u><u>\$ 246,098</u></u>	<u><u>\$ 259,407</u></u>	<u><u>\$ 209,407</u></u>	<u><u>\$ 36,691</u></u>

## Exhibit G-6

Sullivan County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Capital Projects Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,819,443	\$ 3,598,738	\$ 3,598,738	\$ 220,705
Total Revenues	\$ 3,819,443	\$ 3,598,738	\$ 3,598,738	\$ 220,705
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 75,613	\$ 85,000	\$ 85,000	\$ 9,387
Total Expenditures	\$ 75,613	\$ 85,000	\$ 85,000	\$ 9,387
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,743,830	\$ 3,513,738	\$ 3,513,738	\$ 230,092
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (3,500,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 0
Total Other Financing Sources	\$ (3,500,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 0
Net Change in Fund Balance	\$ 243,830	\$ 13,738	\$ 13,738	\$ 230,092
Fund Balance, July 1, 2020	238,665	137,436	137,436	101,229
Fund Balance, June 30, 2021	\$ 482,495	\$ 151,174	\$ 151,174	\$ 331,321

# **Major Governmental Fund**

## **General Debt Service Fund**

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

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## Exhibit H

Sullivan County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
General Debt Service Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 9,126,747	\$ 8,751,818	\$ 8,751,818	\$ 374,929
Other Local Revenues	555,287	984,952	984,952	(429,665)
Other Governments and Citizens Groups	611,337	824,052	611,337	0
Total Revenues	<u>\$ 10,293,371</u>	<u>\$ 10,560,822</u>	<u>\$ 10,348,107</u>	<u>\$ (54,736)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 180,460	\$ 210,000	\$ 210,000	\$ 29,540
<u>Principal on Debt</u>				
General Government	3,450,000	3,885,000	3,450,000	0
Education	4,567,599	4,411,723	4,567,599	0
<u>Interest on Debt</u>				
General Government	2,194,493	1,083,942	2,194,493	0
Education	5,673,806	5,658,937	5,673,806	0
<u>Other Debt Service</u>				
General Government	163,850	5,000	166,650	2,800
Education	19,938	20,539	20,539	601
Total Expenditures	<u>\$ 16,250,146</u>	<u>\$ 15,275,141</u>	<u>\$ 16,283,087</u>	<u>\$ 32,941</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,956,775)</u>	<u>\$ (4,714,319)</u>	<u>\$ (5,934,980)</u>	<u>\$ (21,795)</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 0	\$ 4,445,939	\$ 0	\$ 0
Transfers In	4,698,658	0	4,445,939	252,719
Total Other Financing Sources	<u>\$ 4,698,658</u>	<u>\$ 4,445,939</u>	<u>\$ 4,445,939</u>	<u>\$ 252,719</u>
Net Change in Fund Balance	\$ (1,258,117)	\$ (268,380)	\$ (1,489,041)	\$ 230,924
Fund Balance, July 1, 2020	<u>4,703,856</u>	<u>4,417,819</u>	<u>4,417,819</u>	<u>286,037</u>
Fund Balance, June 30, 2021	<u><u>\$ 3,445,739</u></u>	<u><u>\$ 4,149,439</u></u>	<u><u>\$ 2,928,778</u></u>	<u><u>\$ 516,961</u></u>

# Proprietary Funds

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

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

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

## Exhibit I-1

Sullivan County, Tennessee  
Combining Statement of Net Position  
Proprietary Funds  
June 30, 2021

	<u>Internal Service Funds</u>		
	Self-	Employee	Total
	Insurance	Insurance -	Proprietary
		General	Funds
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 272,491	\$ 21,278	\$ 293,769
Equity in Pooled Cash and Investments	168,488	470,085	638,573
Accounts Receivable	2,008	0	2,008
Due from Other Funds	18,612	0	18,612
Due from Component Units	187,166	0	187,166
Total Assets	<u>\$ 648,765</u>	<u>\$ 491,363</u>	<u>\$ 1,140,128</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 10,352	\$ 3,571	\$ 13,923
Claims and Judgments Payable	190,672	0	190,672
Total Liabilities	<u>\$ 201,024</u>	<u>\$ 3,571</u>	<u>\$ 204,595</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 447,741</u>	<u>\$ 487,792</u>	<u>\$ 935,533</u>
Total Net Position	<u>\$ 447,741</u>	<u>\$ 487,792</u>	<u>\$ 935,533</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, 2021

	Internal Service Funds		
	Self-	Employee	
	Insurance	Insurance -	Total
		General	
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 726,179	\$ 342,799	\$ 1,068,978
Cobra Insurance Payments	0	1,012	1,012
Total Operating Revenues	\$ 726,179	\$ 343,811	\$ 1,069,990
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 0	\$ 27,534	\$ 27,534
Dental Insurance	0	292,631	292,631
Audit Services	77,667	0	77,667
Liability Insurance	460,927	0	460,927
Medical Claims	0	89	89
Bank Charges	40	0	40
Trustee's Commission	8	0	8
Vehicle and Equipment Insurance	31,181	0	31,181
Workers' Compensation Insurance	756,205	0	756,205
Total Operating Expenses	\$ 1,326,028	\$ 320,254	\$ 1,646,282
Operating Income (Loss)	\$ (599,849)	\$ 23,557	\$ (576,292)
Income (Loss) before Transfers	\$ (599,849)	\$ 23,557	\$ (576,292)
Transfers In	160,000	0	160,000
Change in Net Position	\$ (439,849)	\$ 23,557	\$ (416,292)
Net Position, July 1, 2020	887,590	464,235	1,351,825
Net Position, June 30, 2021	\$ 447,741	\$ 487,792	\$ 935,533

Exhibit I-3

Sullivan County, Tennessee  
Combining Statement of Cash Flows  
All Proprietary Funds  
For the Year Ended June 30, 2021

	<u>Internal Service Funds</u>		
	<u>Self-Insurance</u>	<u>Employee Insurance - General</u>	<u>Total</u>
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-Insurance Premiums	\$ 536,549	\$ 622,966	\$ 1,159,515
Excess Risk Insurance Recovery	129,741	0	129,741
Payments to Insurers and Claims Payments	(1,459,038)	(291,604)	(1,750,642)
Payments for Administrative Costs	(77,715)	(27,534)	(105,249)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (870,463)</u>	<u>\$ 303,828</u>	<u>\$ (566,635)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers In	\$ 1,130,000	\$ 0	\$ 1,130,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,130,000</u>	<u>\$ 0</u>	<u>\$ 1,130,000</u>
Increase (Decrease) in Cash	\$ 259,537	\$ 303,828	\$ 563,365
Cash, July 1, 2020	181,442	187,535	368,977
Cash, June 30, 2021	<u>\$ 440,979</u>	<u>\$ 491,363</u>	<u>\$ 932,342</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (599,849)	\$ 23,557	\$ (576,292)
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	15,326	0	15,326
(Increase) Decrease in Operating Receivables	(189,630)	279,155	89,525
Increase (Decrease) in Current Liabilities	(96,310)	1,116	(95,194)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (870,463)</u>	<u>\$ 303,828</u>	<u>\$ (566,635)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>			
Cash Per Net Position	\$ 272,491	\$ 21,278	\$ 293,769
Equity in Pooled Cash and Investments Per Net Position	168,488	470,085	638,573
Cash, June 30, 2021	<u>\$ 440,979</u>	<u>\$ 491,363</u>	<u>\$ 932,342</u>

# Custodial Funds

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Custodial Funds are used to account for assets held by the county in a custodial capacity or as an agent for individuals, private organizations, and other governments. Custodial Funds are reported using the economic resources measurement focus and the accrual basis of accounting. Custodial fund reporting focuses on net position and changes in net position. Custodial funds are distinguished from trust funds by the absence of a trust agreement or equivalent arrangement.

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

City School ADA - Bristol Fund, 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 - Custodial Fund – The Constitutional Officers - Custodial Fund is used to account for amounts collected in a custodial 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, 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 Net Position  
Custodial Funds  
June 30, 2021

	Custodial Funds				
	Cities -	City	City	City	Constitu -
	Sales	School	School	School	tional
	Tax	ADA -	ADA -	ADA -	Officers -
		Bristol	Kingsport	Johnson City	Custodial
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,140,454
Equity in Pooled Cash and Investments	0	354,287	1,671,196	0	0
Accounts Receivable	0	189	341	0	0
Due from Other Governments	4,685,054	1,085,075	1,963,416	0	0
Property Taxes Receivable	0	10,490,155	18,956,465	198,979	0
Allowance for Uncollectible Property Taxes	0	(280,654)	(507,161)	(5,334)	0
Total Assets	\$ 4,685,054	\$ 11,649,052	\$ 22,084,257	\$ 193,645	\$ 10,140,454
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Accrued Payroll	0	0	0	0	0
Payroll Deductions Payable	0	0	0	0	0
Due to Other Taxing Units	4,685,054	1,460,192	3,672,252	0	0
Total Liabilities	\$ 4,685,054	\$ 1,460,192	\$ 3,672,252	\$ 0	\$ 0
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 10,188,860	\$ 18,412,005	\$ 193,645	\$ 0
Total Deferred Inflows of Resources	\$ 0	\$ 10,188,860	\$ 18,412,005	\$ 193,645	\$ 0
<u>NET POSITION</u>					
Restricted for Individuals, Organizations, and Other Governments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,140,454
Total Net Position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,140,454

(Continued)

## Exhibit J-1

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

		<u>Custodial Funds (Cont.)</u>		
		Judicial District Drug	District Attorney General	Total
<u>ASSETS</u>				
Cash		\$ 981	\$ 0	\$ 10,141,435
Equity in Pooled Cash and Investments		277,612	61,792	2,364,887
Accounts Receivable		8,764	0	9,294
Due from Other Governments		1,260	0	7,734,805
Property Taxes Receivable		0	0	29,645,599
Allowance for Uncollectible Property Taxes		0	0	(793,149)
Total Assets		<u>\$ 288,617</u>	<u>\$ 61,792</u>	<u>\$ 49,102,871</u>
<u>LIABILITIES</u>				
Accounts Payable		\$ 61	\$ 0	\$ 61
Accrued Payroll		1,750	0	1,750
Payroll Deductions Payable		46	0	46
Due to Other Taxing Units		0	0	9,817,498
Total Liabilities		<u>\$ 1,857</u>	<u>\$ 0</u>	<u>\$ 9,819,355</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes		\$ 0	\$ 0	\$ 28,794,510
Total Deferred Inflows of Resources		<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 28,794,510</u>
<u>NET POSITION</u>				
Restricted for Individuals, Organizations, and Other Governments		<u>\$ 286,760</u>	<u>\$ 61,792</u>	<u>\$ 10,489,006</u>
Total Net Position		<u>\$ 286,760</u>	<u>\$ 61,792</u>	<u>\$ 10,489,006</u>

Exhibit J-2

Sullivan County, Tennessee  
Combining Statement of Changes in Net Position  
Custodial Funds  
For the Year Ended June 30, 2021

	Custodial Funds							
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	City School ADA - Johnson City	Constitu - tional Officers - Custodial	Judicial District Drug	District Attorney General	Total
<u>Additions</u>								
Sales Tax Collections for Other Governments	\$ 27,292,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,292,513
ADA - Educational Funds Collected for Cities	0	17,312,065	31,315,782	327,010	0	0	0	48,954,857
Fines/Fees and Other Collections	0	0	0	0	29,693,048	0	0	29,693,048
Drug Task Force Collections	0	0	0	0	0	195,088	0	195,088
District Attorney General Collections	0	0	0	0	0	0	21,462	21,462
Total Additions	\$ 27,292,513	\$ 17,312,065	\$ 31,315,782	\$ 327,010	\$ 29,693,048	\$ 195,088	\$ 21,462	\$ 106,156,968
<u>Deductions</u>								
Payment of Sales Tax Collections for Other Governments	\$ 27,292,513	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 27,292,513
Payments to City School System	0	17,312,065	31,315,782	327,010	0	0	0	48,954,857
Payments to State	0	0	0	0	22,258,773	0	0	22,258,773
Payments to Individuals and Others	0	0	0	0	8,559,098	0	0	8,559,098
Payment of Drug Task Force Expenses	0	0	0	0	0	201,373	0	201,373
Payment of District Attorney General Expenses	0	0	0	0	0	0	14,680	14,680
Total Deductions	\$ 27,292,513	\$ 17,312,065	\$ 31,315,782	\$ 327,010	\$ 30,817,871	\$ 201,373	\$ 14,680	\$ 107,281,294
Change in Net Position	\$ 0	\$ 0	\$ 0	\$ 0	\$ (1,124,823)	\$ (6,285)	\$ 6,782	\$ (1,124,326)
Net Position July 1, 2020	0	0	0	0	0	0	0	0
Restatement - See Note I.D.11	0	0	0	0	11,265,277	293,045	55,010	11,613,332
Net Position June 30, 2021	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,140,454	\$ 286,760	\$ 61,792	\$ 10,489,006

# Sullivan County School Department

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

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

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.

Internal School Fund – The Internal School Fund is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities.

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, 2021

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position Total Governmental Activities
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 50,133,638	\$ 23,950	\$ 8,601,972	\$ 0	\$ (41,507,716)
Support Services	26,224,227	155,701	631,071	0	(25,437,455)
Operation of Non-instructional Services	8,003,014	90,024	6,796,702	0	(1,116,288)
Total Governmental Activities	\$ 84,360,879	\$ 269,675	\$ 16,029,745	\$ 0	\$ (68,061,459)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 24,576,769
Local Option Sales Tax					14,508,018
Grants and Contributions Not Restricted for Specific Programs					44,792,056
Unrestricted Investment Income					1,469
Miscellaneous					243,950
Gain on Investments					78,966
Gain on Sale of Capital Assets					97,500
Total General Revenues					\$ 84,298,728
Special Item - See Note I.D.10					\$ 15,545,054
Change in Net Position					\$ 31,782,323
Net Position, July 1, 2020					92,569,266
Restatement - See note I.D.11					2,886,770
Net Position, June 30, 2021					\$ 127,238,359

## Exhibit K-2

Sullivan County, Tennessee  
 Balance Sheet - Governmental Funds  
 Discretely Presented Sullivan County School Department  
 June 30, 2021

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 23,234	\$ 0	\$ 0	\$ 3,004,456	\$ 3,027,690
Equity in Pooled Cash and Investments	14,969,455	587,529	2,078,654	1,262,165	18,897,803
Inventories	87,049	0	0	25,503	112,552
Accounts Receivable	9,138	2,896	0	191,419	203,453
Due from Other Governments	4,711,440	1,903,234	0	0	6,614,674
Due from Other Funds	1,718,535	175,642	0	92,180	1,986,357
Due from Primary Government	1,644,331	0	0	0	1,644,331
Property Taxes Receivable	23,866,553	0	0	0	23,866,553
Allowance for Uncollectible Property Taxes	(638,526)	0	0	0	(638,526)
Prepaid Items	0	0	0	3,610	3,610
Restricted Assets	491,101	0	0	0	491,101
Total Assets	<u>\$ 46,882,310</u>	<u>\$ 2,669,301</u>	<u>\$ 2,078,654</u>	<u>\$ 4,579,333</u>	<u>\$ 56,209,598</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 59,889	\$ 67,411	\$ 0	\$ 153	\$ 127,453
Payroll Deductions Payable	34,898	809,313	0	5,461	849,672
Retainage Payable	94,797	0	0	0	94,797
Claims and Judgments Payable	125,834	0	0	0	125,834
Due to Other Funds	175,642	1,510,715	0	300,000	1,986,357
Due to Primary Government	194,088	0	0	0	194,088
Due to State of Tennessee	15,195	0	0	0	15,195
Other Current Liabilities	0	0	0	20,707	20,707
Total Liabilities	<u>\$ 700,343</u>	<u>\$ 2,387,439</u>	<u>\$ 0</u>	<u>\$ 326,321</u>	<u>\$ 3,414,103</u>

(Continued)

Exhibit K-2

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

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 22,850,355	\$ 0	\$ 0	\$ 0	\$ 22,850,355
Deferred Delinquent Property Taxes	330,712	0	0	0	330,712
Other Deferred/Unavailable Revenue	2,301,650	1,587,083	0	0	3,888,733
Total Deferred Inflows of Resources	<u>\$ 25,482,717</u>	<u>\$ 1,587,083</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 27,069,800</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 84,832	\$ 0	\$ 0	\$ 25,503	\$ 110,335
Prepaid Items	0	0	0	3,610	3,610
Restricted:					
Restricted for Education	0	0	0	3,973,437	3,973,437
Restricted for Capital Projects	0	0	2,078,654	0	2,078,654
Restricted for Hybrid Retirement Stabilization Funds	491,101	0	0	0	491,101
Committed:					
Committed for Education	0	200,000	0	250,462	450,462
Assigned:					
Assigned for Education	9,450,267	0	0	0	9,450,267
Assigned for Capital Outlay	3,346,049	0	0	0	3,346,049
Unassigned	7,327,001	(1,505,221)	0	0	5,821,780
Total Fund Balances	<u>\$ 20,699,250</u>	<u>\$ (1,305,221)</u>	<u>\$ 2,078,654</u>	<u>\$ 4,253,012</u>	<u>\$ 25,725,695</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,882,310</u>	<u>\$ 2,669,301</u>	<u>\$ 2,078,654</u>	<u>\$ 4,579,333</u>	<u>\$ 56,209,598</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, 2021

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)		\$ 25,725,695
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 5,632,003	
Add: construction in progress	89,079,113	
Add: buildings and improvements net of accumulated depreciation	46,280,666	
Add: other capital assets net of accumulated depreciation	<u>932,288</u>	141,924,070
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		4,219,445
(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	\$ (2,483,780)	
Less: other postemployment benefits liability	<u>(56,325,941)</u>	(58,809,721)
(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	\$ 7,751,785	
Less: deferred inflows of resources related to pensions	(3,855,047)	
Add: deferred outflows of resources related to OPEB	17,214,917	
Less: deferred inflows of resources related to OPEB	<u>(16,199,415)</u>	4,912,240
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.		
Add: net pension asset - agent plan	\$ 1,684,078	
Add: net pension asset - teacher retirement plan	295,767	
Add: net pension asset - teacher legacy pension plan	<u>7,286,785</u>	<u>9,266,630</u>
Net position of governmental activities (Exhibit A)		<u>\$ 127,238,359</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, 2021

	Major Funds			Nonmajor Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 39,293,874	\$ 0	\$ 0	\$ 0	\$ 39,293,874
Licenses and Permits	4,977	0	0	0	4,977
Charges for Current Services	10,415	0	0	114,187	124,602
Other Local Revenues	545,992	0	0	3,201,346	3,747,338
State of Tennessee	44,200,924	0	0	43,688	44,244,612
Federal Government	954,854	7,380,302	0	3,575,134	11,910,290
Other Governments and Citizens Groups	5,991	0	0	230	6,221
Total Revenues	<u>\$ 85,017,027</u>	<u>\$ 7,380,302</u>	<u>\$ 0</u>	<u>\$ 6,934,585</u>	<u>\$ 99,331,914</u>
<u>Expenditures</u>					
Current:					
Instruction	\$ 48,322,325	\$ 6,520,857	\$ 0	\$ 0	\$ 54,843,182
Support Services	30,119,136	2,286,854	0	0	32,405,990
Operation of Non-Instructional Services	1,359,524	193,329	0	7,551,277	9,104,130
Capital Outlay	8,765,468	0	0	610,435	9,375,903
Debt Service:					
Other Debt Service	611,337	0	0	0	611,337
Capital Projects	0	0	20,816,966	0	20,816,966
Total Expenditures	<u>\$ 89,177,790</u>	<u>\$ 9,001,040</u>	<u>\$ 20,816,966</u>	<u>\$ 8,161,712</u>	<u>\$ 127,157,508</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,160,763)</u>	<u>\$ (1,620,738)</u>	<u>\$ (20,816,966)</u>	<u>\$ (1,227,127)</u>	<u>\$ (27,825,594)</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 Funds	
	General Purpose School	School Federal Projects	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 10,284	\$ 0	\$ 0	\$ 0	\$ 10,284
Transfers In	256,509	0	0	0	256,509
Transfers Out	0	(106,509)	0	(150,000)	(256,509)
Special Item - See Note I.D.10	0	0	20,000,000	0	20,000,000
Total Other Financing Sources (Uses)	<u>\$ 266,793</u>	<u>\$ (106,509)</u>	<u>\$ 20,000,000</u>	<u>\$ (150,000)</u>	<u>\$ 20,010,284</u>
Net Change in Fund Balances	\$ (3,893,970)	\$ (1,727,247)	\$ (816,966)	\$ (1,377,127)	\$ (7,815,310)
Restatement - See Note I.D.11	0	0	0	2,886,770	2,886,770
Fund Balance, July 1, 2020	<u>24,593,220</u>	<u>422,026</u>	<u>2,895,620</u>	<u>2,743,369</u>	<u>30,654,235</u>
Fund Balance, June 30, 2021	<u>\$ 20,699,250</u>	<u>\$ (1,305,221)</u>	<u>\$ 2,078,654</u>	<u>\$ 4,253,012</u>	<u>\$ 25,725,695</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, 2021

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)		\$ (7,815,310)
(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	\$ 28,220,042	
Less: current-year depreciation expense	<u>(2,754,394)</u>	25,465,648
(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		(6,012,914)
(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, 2020	\$ (1,657,526)	
Add: deferred delinquent property taxes/other deferred June 30, 2021	<u>4,219,445</u>	2,561,919
(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	\$ 180,626	
Change in other postemployment benefits liability	7,379,886	
Change in net pension asset/liability	(2,769,229)	
Change in deferred outflows related to pensions	601,498	
Change in deferred inflows related to pensions	6,030,886	
Change in deferred outflows related to OPEB	8,084,323	
Change in deferred inflows related to OPEB	<u>(1,925,010)</u>	<u>17,582,980</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 31,782,323</u>

## Exhibit K-6

Sullivan County, Tennessee  
Combining Balance Sheet - Nonmajor Governmental Funds  
Discretely Presented Sullivan County School Department  
June 30, 2021

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School	
<u>ASSETS</u>					
Cash	\$ 10,475	\$ 0	\$ 0	\$ 2,993,981	\$ 3,004,456
Equity in Pooled Cash and Investments	777,748	49,386	435,031	0	1,262,165
Inventories	25,503	0	0	0	25,503
Accounts Receivable	187,707	0	0	3,712	191,419
Due from Other Funds	91,104	1,076	0	0	92,180
Prepaid Items	0	0	0	3,610	3,610
Total Assets	<u>\$ 1,092,537</u>	<u>\$ 50,462</u>	<u>\$ 435,031</u>	<u>\$ 3,001,303</u>	<u>\$ 4,579,333</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 153	\$ 0	\$ 0	\$ 0	\$ 153
Payroll Deductions Payable	5,461	0	0	0	5,461
Due to Other Funds	0	0	300,000	0	300,000
Other Current Liabilities	20,707	0	0	0	20,707
Total Liabilities	<u>\$ 26,321</u>	<u>\$ 0</u>	<u>\$ 300,000</u>	<u>\$ 0</u>	<u>\$ 326,321</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 25,503	\$ 0	\$ 0	\$ 0	\$ 25,503
Prepaid Items	0	0	0	3,610	3,610
Restricted:					
Restricted for Education	840,713	0	135,031	2,997,693	3,973,437

(Continued)

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School	
<u>FUND BALANCES (Cont.)</u>					
Committed:					
Committed for Education	\$ 200,000	\$ 50,462	\$ 0	\$ 0	\$ 250,462
Total Fund Balances	<u>\$ 1,066,216</u>	<u>\$ 50,462</u>	<u>\$ 135,031</u>	<u>\$ 3,001,303</u>	<u>\$ 4,253,012</u>
Total Liabilities and Fund Balances	<u>\$ 1,092,537</u>	<u>\$ 50,462</u>	<u>\$ 435,031</u>	<u>\$ 3,001,303</u>	<u>\$ 4,579,333</u>

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, 2021

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School	
<u>Revenues</u>					
Charges for Current Services	\$ 90,237	\$ 23,950	\$ 0	\$ 0	\$ 114,187
Other Local Revenues	23,466	0	0	3,177,880	3,201,346
State of Tennessee	43,688	0	0	0	43,688
Federal Government	3,575,134	0	0	0	3,575,134
Other Governments and Citizens Groups	230	0	0	0	230
Total Revenues	\$ 3,732,755	\$ 23,950	\$ 0	\$ 3,177,880	\$ 6,934,585
<u>Expenditures</u>					
Current:					
Operation of Non-Instructional Services	\$ 4,470,060	\$ 17,870	\$ 0	\$ 3,063,347	\$ 7,551,277
Capital Outlay	0	0	610,435	0	610,435
Total Expenditures	\$ 4,470,060	\$ 17,870	\$ 610,435	\$ 3,063,347	\$ 8,161,712
Excess (Deficiency) of Revenues Over Expenditures	\$ (737,305)	\$ 6,080	\$ (610,435)	\$ 114,533	\$ (1,227,127)
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ 0	\$ 0	\$ (150,000)	\$ 0	\$ (150,000)
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ (150,000)	\$ 0	\$ (150,000)
Net Change in Fund Balances	\$ (737,305)	\$ 6,080	\$ (760,435)	\$ 114,533	\$ (1,377,127)
Restatement - See Note I.D.11	0	0	0	2,886,770	2,886,770
Fund Balance, July 1, 2020	1,803,521	44,382	895,466	0	2,743,369
Fund Balance, June 30, 2021	\$ 1,066,216	\$ 50,462	\$ 135,031	\$ 3,001,303	\$ 4,253,012

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 39,293,874	\$ 0	\$ 0	\$ 39,293,874	\$ 35,659,718	\$ 35,659,718	\$ 3,634,156
Licenses and Permits	4,977	0	0	4,977	4,000	4,000	977
Charges for Current Services	10,415	0	0	10,415	16,000	316,000	(305,585)
Other Local Revenues	545,992	0	0	545,992	365,350	365,350	180,642
State of Tennessee	44,200,924	0	0	44,200,924	44,728,147	46,727,023	(2,526,099)
Federal Government	954,854	0	0	954,854	494,596	933,309	21,545
Other Governments and Citizens Groups	5,991	0	0	5,991	330,000	30,000	(24,009)
Total Revenues	\$ 85,017,027	\$ 0	\$ 0	\$ 85,017,027	\$ 81,597,811	\$ 84,035,400	\$ 981,627
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 39,986,512	\$ (490,368)	\$ 155,234	\$ 39,651,378	\$ 42,960,090	\$ 43,766,724	\$ 4,115,346
Special Education Program	5,156,608	(3,157)	4,495	5,157,946	5,683,000	5,683,000	525,054
Career and Technical Education Program	3,179,205	(297,687)	11,125	2,892,643	3,131,750	3,131,750	239,107
<u>Support Services</u>							
Health Services	931,440	(1,563)	6,141	936,018	1,009,893	1,009,893	73,875
Other Student Support	2,213,003	0	0	2,213,003	2,299,594	2,312,738	99,735
Regular Instruction Program	2,937,171	(23,562)	236,778	3,150,387	3,271,930	3,553,519	403,132
Special Education Program	503,867	0	0	503,867	600,500	600,500	96,633
Career and Technical Education Program	166,387	0	0	166,387	177,415	177,415	11,028
Other Programs	656,930	0	0	656,930	0	656,930	0
Board of Education	1,435,658	0	150	1,435,808	1,507,334	1,507,334	71,526
Director of Schools	671,559	0	0	671,559	507,275	576,275	(95,284)
Office of the Principal	5,349,587	0	0	5,349,587	5,896,204	5,948,058	598,471
Fiscal Services	425,991	0	200	426,191	470,040	470,040	43,849
Human Services/Personnel	231,211	(383)	562	231,390	344,750	369,750	138,360
Operation of Plant	6,912,929	(57,926)	63,765	6,918,768	7,170,125	7,170,124	251,356
Maintenance of Plant	3,190,257	(126,946)	178,275	3,241,586	3,624,563	3,624,564	382,978
Transportation	4,493,146	0	313,800	4,806,946	5,759,394	5,931,071	1,124,125

(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 7/1/2020	Add: Encumbrances 6/30/2021	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	\$ 9,397	\$ 0	\$ 0	\$ 9,397	\$ 30,798	\$ 30,798	\$ 21,401
Early Childhood Education	765,177	(4,709)	14,695	775,163	799,342	837,742	62,579
COVID-19 Expenditures	584,950	0	0	584,950	0	584,950	0
<u>Capital Outlay</u>							
Regular Capital Outlay	8,765,468	(4,879,233)	3,012,019	6,898,254	1,250,000	7,206,161	307,907
<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	611,337	0	0	611,337	0	630,000	18,663
Total Expenditures	\$ 89,177,790	\$ (5,885,534)	\$ 3,997,239	\$ 87,289,495	\$ 87,123,997	\$ 95,779,336	\$ 8,489,841
Excess (Deficiency) of Revenues Over Expenditures	\$ (4,160,763)	\$ 5,885,534	\$ (3,997,239)	\$ (2,272,468)	\$ (5,526,186)	\$ (11,743,936)	\$ 9,471,468
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,284	\$ 0	\$ 0	\$ 10,284	\$ 0	\$ 0	\$ 10,284
Transfers In	256,509	0	0	256,509	200,000	200,000	56,509
Total Other Financing Sources	\$ 266,793	\$ 0	\$ 0	\$ 266,793	\$ 200,000	\$ 200,000	\$ 66,793
Net Change in Fund Balance	\$ (3,893,970)	\$ 5,885,534	\$ (3,997,239)	\$ (2,005,675)	\$ (5,326,186)	\$ (11,543,936)	\$ 9,538,261
Fund Balance, July 1, 2020	24,593,220	(5,885,534)	0	18,707,686	10,677,877	16,905,627	1,802,059
Fund Balance, June 30, 2021	\$ 20,699,250	\$ 0	\$ (3,997,239)	\$ 16,702,011	\$ 5,351,691	\$ 5,361,691	\$ 11,340,320

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 7,380,302	\$ 0	\$ 0	\$ 7,380,302	\$ 10,318,730	\$ 19,951,934	\$ (12,571,632)
Total Revenues	\$ 7,380,302	\$ 0	\$ 0	\$ 7,380,302	\$ 10,318,730	\$ 19,951,934	\$ (12,571,632)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 4,060,260	\$ (51,700)	\$ 19,273	\$ 4,027,833	\$ 4,294,364	\$ 5,167,400	\$ 1,139,567
Special Education Program	2,228,735	0	0	2,228,735	2,592,512	2,989,023	760,288
Career and Technical Education Program	231,862	(6,809)	9,600	234,653	171,899	234,654	1
<u>Support Services</u>							
Health Services	52,239	0	0	52,239	21,321	231,897	179,658
Other Student Support	540,200	0	0	540,200	709,253	749,662	209,462
Regular Instruction Program	874,310	0	0	874,310	1,506,067	1,553,025	678,715
Special Education Program	467,444	0	0	467,444	685,904	702,045	234,601
Career and Technical Education Program	2,373	0	0	2,373	0	2,372	(1)
Technology	150	0	174,291	174,441	0	306,613	132,172
Director of Schools	2,986	0	0	2,986	0	2,939	(47)
Office of the Principal	95,416	0	0	95,416	0	95,416	0
Fiscal Services	7,557	0	0	7,557	0	7,557	0
Human Services/Personnel	3,588	0	0	3,588	0	3,588	0
Operation of Plant	94,589	0	0	94,589	0	94,589	0
Maintenance of Plant	57,453	0	0	57,453	0	57,451	(2)
Transportation	88,549	0	41,960	130,509	109,598	603,436	472,927
<u>Operation of Non-Instructional Services</u>							
Food Service	168,281	0	0	168,281	77,177	906,502	738,221
Early Childhood Education	25,048	0	0	25,048	0	25,048	0
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	1,459	1,459	0	6,062,115	6,060,656
Total Expenditures	\$ 9,001,040	\$ (58,509)	\$ 246,583	\$ 9,189,114	\$ 10,168,095	\$ 19,795,332	\$ 10,606,218

(Continued)

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 (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,620,738)	\$ 58,509	\$ (246,583)	\$ (1,808,812)	\$ 150,635	\$ 156,602	\$ (1,965,414)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (106,509)	\$ 0	\$ 0	\$ (106,509)	\$ (150,635)	\$ (156,602)	\$ 50,093
Total Other Financing Sources	\$ (106,509)	\$ 0	\$ 0	\$ (106,509)	\$ (150,635)	\$ (156,602)	\$ 50,093
Net Change in Fund Balance	\$ (1,727,247)	\$ 58,509	\$ (246,583)	\$ (1,915,321)	\$ 0	\$ 0	\$ (1,915,321)
Fund Balance, July 1, 2020	422,026	(58,509)	0	363,517	0	0	363,517
Fund Balance, June 30, 2021	\$ (1,305,221)	\$ 0	\$ (246,583)	\$ (1,551,804)	\$ 0	\$ 0	\$ (1,551,804)

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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 90,237	\$ 0	\$ 0	\$ 90,237	\$ 1,207,500	\$ 1,207,500	\$ (1,117,263)
Other Local Revenues	23,466	0	0	23,466	3,500	3,500	19,966
State of Tennessee	43,688	0	0	43,688	50,000	50,000	(6,312)
Federal Government	3,575,134	0	0	3,575,134	3,768,144	3,768,144	(193,010)
Other Governments and Citizens Groups	230	0	0	230	2,000	2,000	(1,770)
Total Revenues	\$ 3,732,755	\$ 0	\$ 0	\$ 3,732,755	\$ 5,031,144	\$ 5,031,144	\$ (1,298,389)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,470,060	\$ (562,392)	\$ 314,796	\$ 4,222,464	\$ 5,031,144	\$ 5,031,144	\$ 808,680
Total Expenditures	\$ 4,470,060	\$ (562,392)	\$ 314,796	\$ 4,222,464	\$ 5,031,144	\$ 5,031,144	\$ 808,680
Excess (Deficiency) of Revenues Over Expenditures	\$ (737,305)	\$ 562,392	\$ (314,796)	\$ (489,709)	\$ 0	\$ 0	\$ (489,709)
Net Change in Fund Balance	\$ (737,305)	\$ 562,392	\$ (314,796)	\$ (489,709)	\$ 0	\$ 0	\$ (489,709)
Fund Balance, July 1, 2020	1,803,521	(562,392)	0	1,241,129	797,694	797,694	443,435
Fund Balance, June 30, 2021	\$ 1,066,216	\$ 0	\$ (314,796)	\$ 751,420	\$ 797,694	\$ 797,694	\$ (46,274)

## Exhibit K-11

Sullivan County, Tennessee  
Schedule of Revenues, Expenditures, and Changes  
in Fund Balance - Actual and Budget  
Discretely Presented Sullivan County School Department  
Other Education Special Revenue Fund  
For the Year Ended June 30, 2021

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 23,950	\$ 200,000	\$ 200,000	\$ (176,050)
State of Tennessee	0	40,000	40,000	(40,000)
Total Revenues	<u>\$ 23,950</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ (216,050)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	\$ 17,870	\$ 235,896	\$ 235,896	\$ 218,026
Total Expenditures	<u>\$ 17,870</u>	<u>\$ 235,896</u>	<u>\$ 235,896</u>	<u>\$ 218,026</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 6,080	\$ 4,104	\$ 4,104	\$ 1,976
Net Change in Fund Balance	\$ 6,080	\$ 4,104	\$ 4,104	\$ 1,976
Fund Balance, July 1, 2020	44,382	44,382	44,382	0
Fund Balance, June 30, 2021	<u>\$ 50,462</u>	<u>\$ 48,486</u>	<u>\$ 48,486</u>	<u>\$ 1,976</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, 2021

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2020	Add: Encumbrances 6/30/2021	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	\$ 610,435	\$ (392,577)	\$ 85,305	\$ 303,163	\$ 0	\$ 3,147,000	\$ 2,843,837
Total Expenditures	\$ 610,435	\$ (392,577)	\$ 85,305	\$ 303,163	\$ 0	\$ 3,147,000	\$ 2,843,837
Excess (Deficiency) of Revenues Over Expenditures	\$ (610,435)	\$ 392,577	\$ (85,305)	\$ (303,163)	\$ 0	\$ (3,147,000)	\$ 2,843,837
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 3,297,000	\$ (3,297,000)
Transfers Out	(150,000)	0	0	(150,000)	0	(150,000)	0
Total Other Financing Sources	\$ (150,000)	\$ 0	\$ 0	\$ (150,000)	\$ 0	\$ 3,147,000	\$ (3,297,000)
Net Change in Fund Balance	\$ (760,435)	\$ 392,577	\$ (85,305)	\$ (453,163)	\$ 0	\$ 0	\$ (453,163)
Fund Balance, July 1, 2020	895,466	(392,577)	0	502,889	498,167	498,167	4,722
Fund Balance, June 30, 2021	\$ 135,031	\$ 0	\$ (85,305)	\$ 49,726	\$ 498,167	\$ 498,167	\$ (448,441)

Sullivan County, Tennessee  
Statement of Fiduciary Net Position  
Discretely Presented Sullivan County School Department  
Fiduciary Fund  
June 30, 2021

	Private- Purpose Trust Fund
	Endowment Fund
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 107,795
Total Assets	\$ 107,795
<u>LIABILITIES</u>	
Accounts Payable	\$ 2,800
Total Liabilities	\$ 2,800
<u>NET POSITION</u>	
Unrestricted	\$ 104,995
Total Net Position	\$ 104,995

Sullivan County, Tennessee  
Statement of Changes in Fiduciary Net Position  
Discretely Presented Sullivan County School Department  
Fiduciary Fund  
For the Year Ended June 30, 2021

	Private- Purpose Trust Fund
	Endowment Fund
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	\$ 5,600
Total Deductions	\$ 5,600
Change in Net Position	\$ (5,600)
Net Position, July 1, 2020	110,595
Net Position, June 30, 2021	\$ 104,995

## 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, 2021

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-20	Issued or Other Increases During Period	Matured During Period	Outstanding 6-30-21
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Roof	\$ 1,500,000	2.65	%	10-12-15	10-16-23	\$ 636,939	\$ 0	\$ 155,876 \$ 481,063
Total Notes Payable						\$ 636,939	\$ 0	\$ 155,876 \$ 481,063
<u>OTHER LOANS PAYABLE</u>								
<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	\$ 5,981,709	\$ 0	\$ 965,928 \$ 5,015,781
Qualified School Construction Bonds, Series 2010 (1)	5,073,000	0		10-7-10	8-1-27	2,276,834	0	316,547 1,960,287
Energy Efficient Schools Initiative	5,054,635	0		5-16-11	12-1-25	2,373,205	0	424,248 1,948,957
Total Other Loans Payable						\$ 10,631,748	\$ 0	\$ 1,706,723 \$ 8,925,025
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Circuit Computers 2017	58,677	6		4-17-17	3-17-21	\$ 8,438	\$ 0	\$ 8,438 \$ 0
Clerk and Master Computers 2018	21,067	6.5		5-24-18	3-24-22	9,840	0	5,486 4,354
Sheriff Vehicles 2018	355,937	4.75		6-10-18	6-10-21	88,064	0	88,064 0
Court System Computers 2018	33,501	6.5		8-15-18	6-15-23	21,274	0	6,637 14,637
Circuit Servers 2018	28,899	6.5		10-16-18	8-16-22	16,492	0	7,325 9,167
Sheriff Vehicles 2019	1,474,199	3.79		1-15-19	3-15-22	741,165	0	363,691 377,474
Sheriff Vehicles 2020	133,275	3.79		12-23-20	4-17-24	0	133,275	34,013 99,262
Circuit Computers 2021	58,826	6		3-4-21	1-4-25	0	58,826	5,431 53,395
Total Payable through General Fund						\$ 885,273	\$ 192,101	\$ 519,085 \$ 558,289
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks 2018	494,574	4.26		11-30-17	11-1-23	\$ 255,415	\$ 0	\$ 79,119 \$ 176,296
Total Payable through Highway/Public Works Fund						\$ 255,415	\$ 0	\$ 79,119 \$ 176,296
Total Capital Leases Payable						\$ 1,140,688	\$ 192,101	\$ 598,204 \$ 734,585

(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 7-1-20	Issued or Other Increases During Period	Matured During Period	Outstanding 6-30-21
<b><u>BONDS PAYABLE</u></b>									
<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	\$ 14,995,000	\$ 0	\$ 2,790,000	\$ 12,205,000
General Obligation Refunding Bonds, Series 2015C	6,265,000	2 to 3.35		3-30-15	4-1-28	4,515,000	0	525,000	3,990,000
General Obligation Bonds, Series 2017	135,740,000	3 to 5		3-30-17	5-1-47	130,705,000	0	2,705,000	128,000,000
General Obligation Bonds, Series 2019	3,745,000	2.25 to 5		12-5-19	6-1-39	3,645,000	0	135,000	3,510,000
General Obligation Bonds, Series 2020	76,190,000	2 to 5		10-28-20	5-1-41	0	76,190,000	0	76,190,000
Total Bonds Payable						<u>\$ 153,860,000</u>	<u>\$ 76,190,000</u>	<u>\$ 6,155,000</u>	<u>\$ 223,895,000</u>
<b><u>NONEXCHANGE FINANCIAL GUARANTEE</u></b>									
<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	\$ 2,157,942	\$ 77,012	\$ 162,650	\$ 2,072,304
Total Payable through General Debt Service Fund						<u>\$ 2,157,942</u>	<u>\$ 77,012</u>	<u>\$ 162,650</u>	<u>\$ 2,072,304</u>
Total Nonexchange Financial Guarantee						<u>\$ 2,157,942</u>	<u>\$ 77,012</u>	<u>\$ 162,650</u>	<u>\$ 2,072,304</u>

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

Exhibit L-2

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

Year Ending June 30	Notes		
	Principal	Interest	Total
2022	\$ 160,056	\$ 10,684	\$ 170,740
2023	164,348	6,387	170,735
2024	156,659	2,076	158,735
Total	<u>\$ 481,063</u>	<u>\$ 19,147</u>	<u>\$ 500,210</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
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>\$ 8,925,025</u>	<u>\$ 2,725,695</u>	<u>\$ 106,634</u>	<u>\$ 11,757,354</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2022	\$ 525,594	\$ 29,502	\$ 555,096
2023	143,393	8,693	152,086
2024	58,487	2,596	61,083
2025	7,111	107	7,218
Total	<u>\$ 734,585</u>	<u>\$ 40,898</u>	<u>\$ 775,483</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
2022	\$ 9,065,000	\$ 8,244,213	\$ 17,309,213
2023	9,535,000	7,804,872	17,339,872
2024	10,060,000	7,341,203	17,401,203
2025	8,480,000	6,850,577	15,330,577
2026	8,330,000	6,438,618	14,768,618
2027	7,640,000	6,056,317	13,696,317
2028	7,920,000	5,759,468	13,679,468
2029	7,640,000	5,412,650	13,052,650
2030	7,985,000	5,071,400	13,056,400
2031	8,295,000	4,758,450	13,053,450
2032	8,585,000	4,469,450	13,054,450
2033	8,845,000	4,210,638	13,055,638
2034	9,110,000	3,943,112	13,053,112
2035	9,350,000	3,701,544	13,051,544
2036	9,600,000	3,453,281	13,053,281
2037	9,860,000	3,191,475	13,051,475
2038	10,170,000	2,889,925	13,059,925
2039	10,480,000	2,577,925	13,057,925
2040	10,545,000	2,255,400	12,800,400
2041	10,875,000	1,928,400	12,803,400
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	\$ 223,895,000	\$ 102,055,718	\$ 325,950,718

(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:			
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>\$ 2,060,000</u>	<u>\$ 703,194</u>	<u>\$ 2,763,194</u>

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance	\$ 2,060,000
Add: Accrued Interest	<u>12,304</u>
Sullivan County's Nonexchange Financial Guarantee Liability 6-30-21	<u><u>\$ 2,072,304</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, 2021

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Tax credit rebate	\$ 245,939
"	"	Debt retirement	952,719
"	Other Capital Projects	Operations	800,000
"	Self-Insurance	Operations	160,000
General Capital Projects	General Debt Service	Debt retirement	<u>3,500,000</u>
Total Transfers Primary Government			<u>\$ 5,658,658</u>
<u>DISCRETELY PRESENTED SULLIVAN</u> <u>COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 106,509
School Improvement	"	Debt retirement	<u>150,000</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 256,509</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, 2021

Official	Authorization for Salary	Salary Paid During Period		Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 128,599	(1)	\$ 100,000	Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, <i>TCA</i>	122,475		100,000	Western Surety Company
Director of Schools:					
David Cox (7-1-20 to 6-30-21)	State Board of Education and County Board of Education	163,348	(2)	100,000	Cincinnati Insurance Company
Evelyn Rafalowski (4-8-21 to 6-30-21)	State Board of Education and County Board of Education	46,782	(3)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	105,127		5,200,598	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	105,127		50,000	"
Director of Accounts and Budgets	County Commission	105,127		100,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	105,127		100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	105,127		100,000	"
Circuit, General Sessions, and Law Courts Clerk	Section 8-24-102, <i>TCA</i>	105,127		100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	105,127	(4)	150,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	105,127		100,000	Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	123,275	(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) Total is comprised of \$136,680 salary, \$9,600 vehicle allowance, \$2,400 home office allowance, \$1,000 Cares Act stipend, and \$13,668 vacation days payout. Amounts were charged to the General Purpose School Fund (\$152,387 to County Official line item and \$9,961 to Other Salaries and Wages) and to the School Federal Projects Fund (\$933 to County Official line item and \$67 to Other Salaries and Wages).

(3) Evelyn Rafalowski was appointed as interim director on April 8, 2021, overlapping David Cox's term as director, which expired June 30, 2021. Total is comprised of \$43,282 salary, \$2,400 vehicle allowance, \$600 home office allowance, and \$500 Cares Act stipend. Amounts were charged to the General Purpose School Fund (\$44,137 to County Official line item and \$2,145 to Other Salaries and Wages) and to the School Federal Projects Fund (\$500 County Official line item).

(4) Does not include special commissioner fees of \$1,380.

(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, 2021

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 30,638,970	\$ 718,692	\$ 0	\$ 0	\$ 0	\$ 2,836,954
Trustee's Collections - Prior Year	893,056	20,950	0	0	0	82,696
Circuit Clerk/Clerk and Master Collections - Prior Years	560,677	13,485	0	0	0	53,229
Interest and Penalty	453,977	10,822	0	0	0	42,741
Pickup Taxes	565,997	13,277	0	0	0	52,407
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	542,270	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	2,592,594	0	0	0	0	2,500,000
Litigation Tax - General	248,650	0	0	0	0	0
Litigation Tax - Office of Public Defender	119,983	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	14,696	0	0	0	0	0
Litigation Tax - Courthouse Security	309,330	0	0	0	0	0
Business Tax	2,892,854	0	0	0	0	0
Mixed Drink Tax	11,161	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	155,362
<u>Statutory Local Taxes</u>						
Bank Excise Tax	131,412	3,083	0	0	0	12,168
Wholesale Beer Tax	0	0	0	0	0	435,476
Total Local Taxes	<u>\$ 39,981,532</u>	<u>\$ 780,309</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,171,033</u>
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 459,076	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000

(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	Constitu - tional Officers - Fees	Highway / Public Works
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Building Permits	\$ 131,474	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Licenses and Permits	\$ 590,550	\$ 0	\$ 0	\$ 0	\$ 0	\$ 250,000
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 20,910	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	66,539	0	0	0	0	0
Drug Court Fees	5,145	0	0	0	0	0
Jail Fees	56,114	0	0	0	0	0
Data Entry Fee - Circuit Court	45,463	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	23,515	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	76,338	0	0	0	0	0
Fines for Littering	48	0	0	0	0	0
Officers Costs	126,895	0	0	0	0	0
Game and Fish Fines	282	0	0	0	0	0
Drug Control Fines	0	0	0	13,406	0	0
Drug Court Fees	20,163	0	0	0	0	0
Victims Assistance Assessments	74,816	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	844	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	4,458	0	0	0	0	0
Data Entry Fee - Chancery Court	25,257	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	Constitu - tional 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	\$ 25,848	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	2,460	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 549,247	\$ 0	\$ 0	\$ 39,254	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 350,140	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	76,922	0	7,119,283	0	0	0
Zoning Studies	4,769	0	0	0	0	0
Work Release Charges for Board	5,805	0	0	0	0	0
Health Department Collections	396,852	0	0	0	0	0
Other General Service Charges	93,862	0	0	0	0	0
Service Charges	149,339	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	387,643	0	0	0	0	0
Copy Fees	876	0	0	0	0	0
Library Fees	1,877	0	0	0	0	0
Archives and Records Management Fee	234,682	0	0	0	0	0
Greenbelt Late Application Fee	350	0	0	0	0	0
Telephone Commissions	227,325	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	10,059	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	1,380	0
Data Processing Fee - Register	57,716	0	0	0	0	0
Data Processing Fee - Sheriff	1,599	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>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Sexual Offender Registration Fee - Sheriff	\$ 12,900	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - County Clerk	22,437	0	0	0	0	0
Subscription and Electronic Filing Fee - Circuit and General Sessions	5,100	0	0	0	0	0
Vehicle Registration Reinstatement Fees	5,975	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	492	0	0	0	0	0
Total Charges for Current Services	\$ 1,686,521	\$ 350,140	\$ 7,119,283	\$ 0	\$ 11,439	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 55,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 60,000
Lease/Rentals	58,602	0	0	0	0	0
Sale of Materials and Supplies	0	0	0	0	0	7,578
Commissary Sales	34,824	0	0	0	0	0
Sale of Maps	2,025	0	0	0	0	0
Sale of Recycled Materials	104	214,371	0	0	0	0
Miscellaneous Refunds	29,115	141	1,379	0	0	213
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	30,328	0	3,000	0	0	0
Sale of Property	25,132	0	0	0	0	0
Damages Recovered from Individuals	673	0	0	0	0	1,440
Contributions and Gifts	37,471	0	0	0	0	0
<u>Other Local Revenues</u>						
Other Local Revenues	247,337	0	0	0	0	0
Total Other Local Revenues	\$ 521,524	\$ 214,512	\$ 4,379	\$ 0	\$ 0	\$ 69,231

(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	Constitu - tional Officers - Fees	Highway / Public Works
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 1,984,700	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	429,923	0	0	0	0	0
General Sessions Court Clerk	741,568	0	0	0	0	0
Clerk and Master	734,301	0	0	0	0	0
Register	962,029	0	0	0	0	0
Sheriff	4,481	0	0	0	0	0
Trustee	2,784,393	0	0	0	0	0
Total Fees Received From County Officials	\$ 7,641,395	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 50,093	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	112,800	0	0	0	0	0
Other Public Safety Grants	331,638	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	194,314	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	747,024
Litter Program	58,781	26,119	0	0	0	0
Other Public Works Grants	582,549	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	292,144	0	0	0	0	0
Beer Tax	18,379	0	0	0	0	0
Vehicle Certificate of Title Fees	26,635	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	Constitu - tional Officers - Fees	Highway / Public Works
<u>State of Tennessee (Cont.)</u>						
<u>Other State Revenues (Cont.)</u>						
Alcoholic Beverage Tax	\$ 296,462	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
State Revenue Sharing - Telecommunications	335,805	0	0	0	0	0
Prisoner Transportation	7,935	0	0	0	0	0
Contracted Prisoner Boarding	1,454,466	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	3,695,095
Petroleum Special Tax	0	0	0	0	0	113,155
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	930,275	0	0	0	0	0
Other State Revenues	2,866,683	132,030	299,707	0	0	0
Total State of Tennessee	\$ 7,574,123	\$ 158,149	\$ 299,707	\$ 0	\$ 0	\$ 4,555,274
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 62,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Homeland Security Grants	127,532	0	0	0	0	0
COVID-19 Grant #1	229,693	0	0	0	0	0
COVID-19 Grant #2	4,534	0	0	0	0	0
COVID-19 Grant #3	2,365,019	0	0	0	0	0
COVID-19 Grant #4	86,642	0	0	0	0	0
COVID-19 Grant #5	2,892,422	0	0	0	0	0
COVID-19 Grant A	72,315	0	0	0	0	0
Other Federal through State	1,920,954	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	96,273	0	0	0	0	9,445
Asset Forfeiture Funds	0	0	0	41,431	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	Constitu - tional Officers - Fees	Highway / Public Works
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Tax Credit Bond Rebate	\$ 231,675	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Direct Federal Revenue	137,860	0	0	0	0	0
Total Federal Government	<u>\$ 8,227,419</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 41,431</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	\$ 46,167
Contributions	127,490	0	0	0	0	0
Contracted Services	798,945	114,608	0	0	0	913
<u>Citizens Groups</u>						
Donations	30,177	0	7,677	0	0	0
<u>Other</u>						
Other	92,780	0	0	0	0	0
Total Other Governments and Citizens Groups	<u>\$ 1,049,392</u>	<u>\$ 114,608</u>	<u>\$ 7,677</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 47,080</u>
Total	<u>\$ 67,821,703</u>	<u>\$ 1,617,718</u>	<u>\$ 7,431,046</u>	<u>\$ 80,685</u>	<u>\$ 11,439</u>	<u>\$ 11,102,063</u>

(Continued)

## Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>				
<u>County Property Taxes</u>				
Current Property Tax	\$ 8,321,689	\$ 3,517,830	\$ 0	\$ 46,034,135
Trustee's Collections - Prior Year	242,576	102,544	0	1,341,822
Circuit Clerk/Clerk and Master Collections - Prior Years	156,138	66,004	0	849,533
Interest and Penalty	125,358	52,992	0	685,890
Pickup Taxes	153,728	64,985	0	850,394
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	5,905
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	542,270
<u>County Local Option Taxes</u>				
Local Option Sales Tax	0	0	0	5,092,594
Litigation Tax - General	0	0	0	248,650
Litigation Tax - Office of Public Defender	0	0	0	119,983
Litigation Tax - Jail, Workhouse, or Courthouse	91,566	0	0	106,262
Litigation Tax - Courthouse Security	0	0	0	309,330
Business Tax	0	0	0	2,892,854
Mixed Drink Tax	0	0	0	11,161
Mineral Severance Tax	0	0	0	155,362
<u>Statutory Local Taxes</u>				
Bank Excise Tax	35,692	15,088	0	197,443
Wholesale Beer Tax	0	0	0	435,476
Total Local Taxes	\$ 9,126,747	\$ 3,819,443	\$ 0	\$ 59,879,064
<u>Licenses and Permits</u>				
<u>Licenses</u>				
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 709,076

(Continued)

## Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>				
<u>Permits</u>				
Building Permits	\$ 0	\$ 0	\$ 0	\$ 131,474
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 840,550
<u>Fines, Forfeitures, and Penalties</u>				
<u>Circuit Court</u>				
Fines	\$ 0	\$ 0	\$ 0	\$ 20,910
Officers Costs	0	0	0	66,539
Drug Court Fees	0	0	0	5,145
Jail Fees	0	0	0	56,114
Data Entry Fee - Circuit Court	0	0	0	45,463
<u>Criminal Court</u>				
DUI Treatment Fines	0	0	0	23,515
<u>General Sessions Court</u>				
Fines	0	0	0	76,338
Fines for Littering	0	0	0	48
Officers Costs	0	0	0	126,895
Game and Fish Fines	0	0	0	282
Drug Control Fines	0	0	0	13,406
Drug Court Fees	0	0	0	20,163
Victims Assistance Assessments	0	0	0	74,816
<u>Juvenile Court</u>				
Fines	0	0	0	844
<u>Chancery Court</u>				
Officers Costs	0	0	0	4,458
Data Entry Fee - Chancery Court	0	0	0	25,257

(Continued)

Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Fines, Forfeitures, and Penalties (Cont.)</u>				
<u>Judicial District Drug Program</u>				
Drug Task Force Forfeitures and Seizures	\$ 0	\$ 0	\$ 0	\$ 25,848
<u>Other Fines, Forfeitures, and Penalties</u>				
Other Fines, Forfeitures, and Penalties	0	0	0	2,460
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 588,501
<u>Charges for Current Services</u>				
<u>General Service Charges</u>				
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 350,140
Patient Charges	0	0	0	7,196,205
Zoning Studies	0	0	0	4,769
Work Release Charges for Board	0	0	0	5,805
Health Department Collections	0	0	0	396,852
Other General Service Charges	0	0	0	93,862
Service Charges	0	0	0	149,339
<u>Fees</u>				
Recreation Fees	0	0	0	387,643
Copy Fees	0	0	0	876
Library Fees	0	0	0	1,877
Archives and Records Management Fee	0	0	0	234,682
Greenbelt Late Application Fee	0	0	0	350
Telephone Commissions	0	0	0	227,325
Constitutional Officers' Fees and Commissions	0	0	0	10,059
Special Commissioner Fees/Special Master Fees	0	0	0	1,380
Data Processing Fee - Register	0	0	0	57,716
Data Processing Fee - Sheriff	0	0	0	1,599

(Continued)

## Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>				
<u>Fees (Cont.)</u>				
Sexual Offender Registration Fee - Sheriff	\$ 0	\$ 0	\$ 0	\$ 12,900
Data Processing Fee - County Clerk	0	0	0	22,437
Subscription and Electronic Filing Fee - Circuit and General Sessions	0	0	0	5,100
Vehicle Registration Reinstatement Fees	0	0	0	5,975
<u>Education Charges</u>				
Other Charges for Services	0	0	0	492
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 9,167,383
<u>Other Local Revenues</u>				
<u>Recurring Items</u>				
Investment Income	\$ 235,825	\$ 0	\$ 3	\$ 351,741
Lease/Rentals	0	0	0	58,602
Sale of Materials and Supplies	0	0	0	7,578
Commissary Sales	0	0	0	34,824
Sale of Maps	0	0	0	2,025
Sale of Recycled Materials	0	0	0	214,475
Miscellaneous Refunds	0	0	0	30,848
<u>Nonrecurring Items</u>				
Revenue from Joint Ventures	319,462	0	0	319,462
Sale of Equipment	0	0	0	33,328
Sale of Property	0	0	0	25,132
Damages Recovered from Individuals	0	0	0	2,113
Contributions and Gifts	0	0	0	37,471
<u>Other Local Revenues</u>				
Other Local Revenues	0	0	0	247,337
Total Other Local Revenues	\$ 555,287	\$ 0	\$ 3	\$ 1,364,936

(Continued)

## Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Fees Received From County Officials</u>				
<u>Fees In-Lieu-of Salary</u>				
County Clerk	\$ 0	\$ 0	\$ 0	\$ 1,984,700
Circuit Court Clerk	0	0	0	429,923
General Sessions Court Clerk	0	0	0	741,568
Clerk and Master	0	0	0	734,301
Register	0	0	0	962,029
Sheriff	0	0	0	4,481
Trustee	0	0	0	2,784,393
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 7,641,395
<u>State of Tennessee</u>				
<u>General Government Grants</u>				
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 50,093
<u>Public Safety Grants</u>				
Law Enforcement Training Programs	0	0	0	112,800
Other Public Safety Grants	0	0	0	331,638
<u>Health and Welfare Grants</u>				
Health Department Programs	0	0	0	194,314
<u>Public Works Grants</u>				
State Aid Program	0	0	0	747,024
Litter Program	0	0	0	84,900
Other Public Works Grants	0	0	0	582,549
<u>Other State Revenues</u>				
Income Tax	0	0	0	292,144
Beer Tax	0	0	0	18,379
Vehicle Certificate of Title Fees	0	0	0	26,635

(Continued)

## Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>State of Tennessee (Cont.)</u>				
<u>Other State Revenues (Cont.)</u>				
Alcoholic Beverage Tax	\$ 0	\$ 0	\$ 0	\$ 296,462
State Revenue Sharing - Telecommunications	0	0	0	335,805
Prisoner Transportation	0	0	0	7,935
Contracted Prisoner Boarding	0	0	0	1,454,466
Gasoline and Motor Fuel Tax	0	0	0	3,695,095
Petroleum Special Tax	0	0	0	113,155
Registrar's Salary Supplement	0	0	0	15,164
Other State Grants	0	0	0	930,275
Other State Revenues	0	0	0	3,298,420
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 12,587,253
<u>Federal Government</u>				
<u>Federal Through State</u>				
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 62,500
Homeland Security Grants	0	0	0	127,532
COVID-19 Grant #1	0	0	0	229,693
COVID-19 Grant #2	0	0	0	4,534
COVID-19 Grant #3	0	0	0	2,365,019
COVID-19 Grant #4	0	0	0	86,642
COVID-19 Grant #5	0	0	0	2,892,422
COVID-19 Grant A	0	0	0	72,315
Other Federal through State	0	0	0	1,920,954
<u>Direct Federal Revenue</u>				
Forest Service	0	0	0	105,718
Asset Forfeiture Funds	0	0	0	41,431

(Continued)

## Exhibit L-5

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

	Debt Service Fund	Capital Projects Funds		
	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>				
<u>Direct Federal Revenue (Cont.)</u>				
Tax Credit Bond Rebate	\$ 0	\$ 0	\$ 0	\$ 231,675
Other Direct Federal Revenue	0	0	0	137,860
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 8,278,295</u>
<u>Other Governments and Citizens Groups</u>				
<u>Other Governments</u>				
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 46,167
Contributions	611,337	0	0	738,827
Contracted Services	0	0	0	914,466
<u>Citizens Groups</u>				
Donations	0	0	0	37,854
<u>Other</u>				
Other	0	0	0	92,780
Total Other Governments and Citizens Groups	<u>\$ 611,337</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,830,094</u>
Total	<u>\$ 10,293,371</u>	<u>\$ 3,819,443</u>	<u>\$ 3</u>	<u>\$ 102,177,471</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, 2021

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 22,823,266	\$ 0	\$ 0	\$ 0	\$ 0	\$ 22,823,266
Trustee's Collections - Prior Year	665,859	0	0	0	0	665,859
Circuit Clerk/Clerk and Master Collections - Prior Years	494,773	0	0	0	0	494,773
Interest and Penalty	359,541	0	0	0	0	359,541
Pickup Taxes	421,659	0	0	0	0	421,659
<u>County Local Option Taxes</u>						
Local Option Sales Tax	14,430,876	0	0	0	0	14,430,876
<u>Statutory Local Taxes</u>						
Bank Excise Tax	97,900	0	0	0	0	97,900
Total Local Taxes	\$ 39,293,874	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,293,874
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 4,977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,977
Total Licenses and Permits	\$ 4,977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,977
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Other	\$ 0	\$ 0	\$ 0	\$ 23,950	\$ 0	\$ 23,950
Lunch Payments - Children	0	0	6,157	0	0	6,157
Income from Breakfast	0	0	610	0	0	610
A la Carte Sales	0	0	82,667	0	0	82,667
Receipts from Individual Schools	10,380	0	213	0	0	10,593
TBI Criminal Background Fee	35	0	0	0	0	35

(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	Internal School	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Other Charges for Services	\$ 0	\$ 0	\$ 590	\$ 0	\$ 0	\$ 590
Total Charges for Current Services	\$ 10,415	\$ 0	\$ 90,237	\$ 23,950	\$ 0	\$ 124,602
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 78,966	\$ 0	\$ 1,469	\$ 0	\$ 0	\$ 80,435
Sale of Materials and Supplies	13,779	0	0	0	0	13,779
Sale of Recycled Materials	8,288	0	0	0	0	8,288
Rebates	0	0	21,933	0	0	21,933
Miscellaneous Refunds	221,029	0	64	0	0	221,093
<u>Nonrecurring Items</u>						
Sale of Equipment	123,156	0	0	0	0	123,156
Sale of Property	99,850	0	0	0	0	99,850
Damages Recovered from Individuals	550	0	0	0	0	550
<u>Other Local Revenues</u>						
Other Local Revenues	374	0	0	0	3,177,880	3,178,254
Total Other Local Revenues	\$ 545,992	\$ 0	\$ 23,466	\$ 0	\$ 3,177,880	\$ 3,747,338
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 656,930	\$ 0	\$ 0	\$ 0	\$ 0	\$ 656,930
<u>State Education Funds</u>						
Basic Education Program	40,063,770	0	0	0	0	40,063,770
Early Childhood Education	662,195	0	0	0	0	662,195

(Continued)

## Exhibit L-6

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

	General Purpose School	Special Revenue Funds				Total
		School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
School Food Service	\$ 0	\$ 0	\$ 43,688	\$ 0	\$ 0	\$ 43,688
Energy Efficient School Initiative	127,731	0	0	0	0	127,731
Other State Education Funds	581,522	0	0	0	0	581,522
Career Ladder Program	170,098	0	0	0	0	170,098
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	1,792,441	0	0	0	0	1,792,441
Other State Grants	146,237	0	0	0	0	146,237
Total State of Tennessee	\$ 44,200,924	\$ 0	\$ 43,688	\$ 0	\$ 0	\$ 44,244,612
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,348,632	\$ 0	\$ 0	\$ 2,348,632
USDA - Commodities	0	0	322,394	0	0	322,394
Breakfast	0	0	860,292	0	0	860,292
USDA - Other	0	0	31,422	0	0	31,422
Vocational Education - Basic Grants to States	0	186,216	0	0	0	186,216
Title I Grants to Local Education Agencies	0	2,813,142	0	0	0	2,813,142
Special Education - Grants to States	38,796	2,305,286	0	0	0	2,344,082
Special Education Preschool Grants	0	172,288	0	0	0	172,288
Education for Homeless Children and Youth	0	33,815	0	0	0	33,815
Eisenhower Professional Development State Grants	0	485,955	0	0	0	485,955
COVID-19 Grant #1	438,713	1,115,569	0	0	0	1,554,282
COVID-19 Grant #3	0	125,000	0	0	0	125,000
COVID-19 Grant #4	314,596	0	0	0	0	314,596
Other Federal through State	0	143,031	0	0	0	143,031

(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	Internal School	
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	\$ 162,749	\$ 0	\$ 0	\$ 0	\$ 0	\$ 162,749
Other Direct Federal Revenue	0	0	12,394	0	0	12,394
Total Federal Government	<u>\$ 954,854</u>	<u>\$ 7,380,302</u>	<u>\$ 3,575,134</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 11,910,290</u>
<u>Other Governments and Citizens Groups</u>						
<u>Citizens Groups</u>						
Donations	\$ 5,991	\$ 0	\$ 230	\$ 0	\$ 0	\$ 6,221
Total Other Governments and Citizens Groups	<u>\$ 5,991</u>	<u>\$ 0</u>	<u>\$ 230</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 6,221</u>
Total	<u>\$ 85,017,027</u>	<u>\$ 7,380,302</u>	<u>\$ 3,732,755</u>	<u>\$ 23,950</u>	<u>\$ 3,177,880</u>	<u>\$ 99,331,914</u>

Exhibit L-7

Sullivan County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
For the Year Ended June 30, 2021

General Fund

General Government

County Commission

Board and Committee Members Fees	\$	209,587	
Social Security		12,994	
Employer Medicare		3,038	
Audit Services		62,729	
Communication		2,164	
Contracts with Government Agencies		55,884	
Dues and Memberships		3,998	
Legal Services		1,644	
Legal Notices, Recording, and Court Costs		6,923	
Maintenance and Repair Services - Office Equipment		3,471	
Postal Charges		15	
Travel		3,535	
Tuition		1,200	
Other Contracted Services		993	
Data Processing Supplies		250	
Food Supplies		68	
Office Supplies		593	
Other Supplies and Materials		416	
Total County Commission			\$ 369,502

County Mayor/Executive

County Official/Administrative Officer	\$	128,599	
Secretary(ies)		45,143	
Social Security		10,745	
Pensions		21,851	
Life Insurance		51	
Medical Insurance		21,149	
Dental Insurance		897	
Employer Medicare		2,513	
Communication		2,865	
Data Processing Services		834	
Legal Services		1,244	
Legal Notices, Recording, and Court Costs		42	
Maintenance and Repair Services - Office Equipment		535	
Postal Charges		125	
Travel		8,114	
Data Processing Supplies		663	
Office Supplies		171	
Total County Mayor/Executive			245,541

County Attorney

County Official/Administrative Officer	\$	135,029	
Secretary(ies)		32,522	
Social Security		10,111	
Pensions		21,068	
Life Insurance		62	
Medical Insurance		23,815	

(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.)

Dental Insurance	\$	672	
Employer Medicare		2,365	
Communication		3,338	
Data Processing Services		3,899	
Dues and Memberships		1,629	
Maintenance and Repair Services - Office Equipment		411	
Postal Charges		207	
Printing, Stationery, and Forms		37	
Travel		371	
Office Supplies		3,772	
Periodicals		2,053	
Total County Attorney			\$ 241,361

Election Commission

County Official/Administrative Officer	\$	105,127	
Clerical Personnel		159,490	
Temporary Personnel		124,571	
Election Commission		18,000	
Election Workers		59,409	
Social Security		27,336	
Pensions		35,407	
Life Insurance		156	
Medical Insurance		45,102	
Dental Insurance		1,791	
Unemployment Compensation		161	
Employer Medicare		6,393	
Communication		12,349	
Data Processing Services		33,702	
Legal Notices, Recording, and Court Costs		5,388	
Maintenance and Repair Services - Equipment		475	
Maintenance and Repair Services - Office Equipment		1,301	
Postal Charges		21,621	
Printing, Stationery, and Forms		1,348	
Travel		6,581	
Disposal Fees		455	
Data Processing Supplies		1,903	
Food Supplies		2,171	
Office Supplies		7,991	
Other Charges		100,957	
Total Election Commission			779,185

Register of Deeds

County Official/Administrative Officer	\$	105,127	
Clerical Personnel		209,880	
Social Security		18,896	
Pensions		39,400	
Life Insurance		182	

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds (Cont.)

Medical Insurance	\$	36,860	
Dental Insurance		1,714	
Employer Medicare		4,419	
Communication		6,759	
Data Processing Services		48,775	
Dues and Memberships		2,311	
Maintenance and Repair Services - Office Equipment		2,265	
Postal Charges		777	
Travel		2,073	
Tuition		80	
Data Processing Supplies		5,374	
Food Supplies		310	
Gasoline		31	
Office Supplies		2,419	
Total Register of Deeds			\$ 487,652

Planning

Supervisor/Director	\$	61,868	
Clerical Personnel		34,973	
Other Salaries and Wages		194,812	
Board and Committee Members Fees		3,075	
Social Security		17,084	
Pensions		35,806	
Life Insurance		198	
Medical Insurance		80,772	
Dental Insurance		2,352	
Employer Medicare		3,995	
Communication		8,707	
Data Processing Services		9,723	
Dues and Memberships		1,950	
Legal Notices, Recording, and Court Costs		1,501	
Licenses		159	
Maintenance and Repair Services - Office Equipment		5,829	
Maintenance and Repair Services - Vehicles		47	
Postal Charges		831	
Printing, Stationery, and Forms		505	
Travel		466	
Tuition		1,634	
Permits		3,460	
Other Contracted Services		5,742	
Data Processing Supplies		1,365	
Food Supplies		201	
Gasoline		4,018	
Office Supplies		1,498	
Periodicals		69	
Vehicle Parts		1,155	
Other Supplies and Materials		525	
Total Planning			484,320

(Continued)

Exhibit L-7

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

General Fund (Cont.)

General Government (Cont.)

Geographical Information Systems

Data Processing Supplies	\$	39		
Total Geographical Information Systems			\$	39

County Buildings

Supervisor/Director	\$	59,059
Mechanic(s)		77,842
Guards		73,293
Clerical Personnel		20,976
Custodial Personnel		86,493
Maintenance Personnel		211,995
Social Security		31,048
Pensions		63,082
Life Insurance		525
Medical Insurance		168,780
Dental Insurance		5,335
Unemployment Compensation		3,532
Employer Medicare		7,262
Communication		10,655
Contracts with Government Agencies		210
Data Processing Services		3,101
Dues and Memberships		100
Evaluation and Testing		1,155
Freight Expenses		28
Licenses		685
Maintenance Agreements		2,437
Maintenance and Repair Services - Buildings		11,563
Maintenance and Repair Services - Equipment		43,403
Maintenance and Repair Services - Office Equipment		1,431
Maintenance and Repair Services - Vehicles		839
Pest Control		2,020
Rentals		1,325
Disposal Fees		5,182
Permits		740
Other Contracted Services		25,467
Custodial Supplies		23,853
Data Processing Supplies		17,590
Electricity		376,494
Equipment and Machinery Parts		7,441
Food Supplies		366
Garage Supplies		1,756
Gasoline		15,895
General Construction Materials		29,657
Natural Gas		11,162
Office Supplies		2,002
Small Tools		2,404
Tires and Tubes		902
Uniforms		730

(Continued)

## Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)County Buildings (Cont.)

Vehicle Parts	\$	5,256	
Water and Sewer		17,413	
Chemicals		1,296	
Other Supplies and Materials		2,506	
Building Improvements		69,878	
Furniture and Fixtures		6,935	
Heating and Air Conditioning Equipment		29,994	
Maintenance Equipment		14,177	
Motor Vehicles		55,848	
Disabilities Act Improvements		898	
Total County Buildings			\$ 1,614,016

Other Facilities

Contracts with Government Agencies	\$	166,159	
Contributions		62,500	
Total Other Facilities			228,659

Preservation of Records

Supervisor/Director	\$	65,318	
Part-time Personnel		20,452	
Social Security		5,293	
Pensions		8,358	
Life Insurance		33	
Medical Insurance		8,050	
Dental Insurance		541	
Employer Medicare		1,238	
Advertising		1,327	
Communication		5,900	
Data Processing Services		5,520	
Freight Expenses		328	
Maintenance Agreements		1,200	
Maintenance and Repair Services - Office Equipment		1,505	
Postal Charges		219	
Rentals		262	
Other Contracted Services		1,391	
Electricity		2,856	
Food Supplies		534	
Library Books/Media		55	
Office Supplies		6,397	
Data Processing Equipment		1,740	
Furniture and Fixtures		2,825	
Land		200,378	
Total Preservation of Records			341,720

Risk Management

Supervisor/Director	\$	2,228	
Clerical Personnel		7,732	

(Continued)

## Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)Risk Management (Cont.)

Social Security	\$	155	
Employer Medicare		36	
Communication		213	
Legal Notices, Recording, and Court Costs		17	
Postal Charges		123	
Building and Contents Insurance		331,628	
Liability Insurance		129,761	
Premiums on Corporate Surety Bonds		1,068	
Vehicle and Equipment Insurance		643,548	
Workers' Compensation Insurance		126,631	
Other Self-insured Claims		15,326	
Total Risk Management			\$ 1,258,466

FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	105,127	
Supervisor/Director		238,961	
Clerical Personnel		235,002	
Social Security		34,071	
Pensions		58,945	
Life Insurance		290	
Medical Insurance		89,554	
Dental Insurance		4,031	
Employer Medicare		7,968	
Bank Charges		39	
Communication		17,021	
Dues and Memberships		410	
Freight Expenses		355	
Licenses		153	
Maintenance and Repair Services - Office Equipment		2,900	
Postal Charges		8,877	
Printing, Stationery, and Forms		109	
Travel		219	
Tuition		690	
Disposal Fees		1,315	
Data Processing Supplies		3,733	
Food Supplies		532	
Office Supplies		2,905	
Total Accounting and Budgeting			813,207

Purchasing

County Official/Administrative Officer	\$	105,127
Assistant(s)		65,961
Purchasing Personnel		137,320
Equipment Operators		33,721
Clerical Personnel		55,562
Social Security		23,702

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Pensions	\$	49,505	
Life Insurance		270	
Medical Insurance		67,688	
Dental Insurance		2,629	
Employer Medicare		5,543	
Advertising		64	
Communication		12,718	
Data Processing Services		5,115	
Dues and Memberships		854	
Freight Expenses		164	
Legal Notices, Recording, and Court Costs		3,946	
Maintenance and Repair Services - Equipment		867	
Maintenance and Repair Services - Office Equipment		4,397	
Postal Charges		669	
Printing, Stationery, and Forms		2,411	
Rentals		530	
Travel		290	
Tuition		596	
Custodial Supplies		2,043	
Data Processing Supplies		9,114	
Equipment and Machinery Parts		455	
Food Supplies		420	
Gasoline		1,568	
General Construction Materials		373	
Office Supplies		7,633	
Periodicals		122	
Propane Gas		40	
Tires and Tubes		382	
Uniforms		551	
Vehicle Parts		151	
Other Supplies and Materials		1	
Total Purchasing			\$ 602,502

Property Assessor's Office

County Official/Administrative Officer	\$	105,127
Assistant(s)		56,684
Supervisor/Director		4,335
Deputy(ies)		399,642
Clerical Personnel		444,549
Board and Committee Members Fees		1,240
Social Security		60,047
Pensions		126,256
Life Insurance		718
Medical Insurance		213,284
Dental Insurance		7,499
Unemployment Compensation		3,988
Employer Medicare		14,043

(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.)

Audit Services	\$	38,025	
Communication		25,595	
Contracts with Government Agencies		43,421	
Data Processing Services		31,687	
Dues and Memberships		2,810	
Freight Expenses		352	
Legal Services		2,535	
Legal Notices, Recording, and Court Costs		175	
Licenses		225	
Maintenance and Repair Services - Office Equipment		9,177	
Maintenance and Repair Services - Vehicles		2,181	
Postal Charges		6,447	
Printing, Stationery, and Forms		1,068	
Travel		2,453	
Tuition		1,800	
Other Contracted Services		58	
Data Processing Supplies		163	
Food Supplies		801	
Gasoline		4,778	
General Construction Materials		1,700	
Office Supplies		3,171	
Tires and Tubes		388	
Vehicle Parts		1,059	
Other Supplies and Materials		638	
Other Charges		11,433	
Furniture and Fixtures		3,557	
Motor Vehicles		70,551	
Total Property Assessor's Office			\$ 1,703,660

County Trustee's Office

County Official/Administrative Officer	\$	105,127
Deputy(ies)		200,320
Part-time Personnel		11,522
Social Security		18,837
Pensions		38,527
Life Insurance		187
Medical Insurance		75,776
Dental Insurance		2,240
Employer Medicare		4,406
Accounting Services		1,410
Communication		10,125
Data Processing Services		1,480
Dues and Memberships		195
Legal Notices, Recording, and Court Costs		120
Licenses		164
Maintenance Agreements		18,021
Postal Charges		34,275

(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.)

Printing, Stationery, and Forms	\$	10,370	
Travel		943	
Tuition		80	
Other Contracted Services		1,475	
Data Processing Supplies		5,100	
Office Supplies		1,518	
Total County Trustee's Office			\$ 542,218

County Clerk's Office

County Official/Administrative Officer	\$	105,127	
Deputy(ies)		781,342	
Part-time Personnel		29,731	
Board and Committee Members Fees		480	
Social Security		54,033	
Pensions		111,214	
Life Insurance		712	
Medical Insurance		222,402	
Dental Insurance		7,614	
Employer Medicare		12,637	
Communication		18,003	
Data Processing Services		3,614	
Dues and Memberships		1,488	
Janitorial Services		8,435	
Legal Notices, Recording, and Court Costs		541	
Maintenance Agreements		91,667	
Maintenance and Repair Services - Equipment		756	
Maintenance and Repair Services - Office Equipment		3,896	
Postal Charges		62,649	
Printing, Stationery, and Forms		7,407	
Travel		944	
Tuition		80	
Other Contracted Services		1,055	
Data Processing Supplies		11,152	
Food Supplies		655	
Office Supplies		17,235	
Building Improvements		40,040	
Office Equipment		9,181	
Building Purchases		1,797	
Total County Clerk's Office			1,605,887

Data Processing

Data Processing Services	\$	13,325	
Licenses		34,856	
Maintenance Agreements		90,762	
Maintenance and Repair Services - Office Equipment		2,122	
Other Contracted Services		1,000	
Data Processing Supplies		10,499	
Office Supplies		283	
Total Data Processing			152,847

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Finance (Cont.)

Other Finance

Trustee's Commission	\$	756,576	
Total Other Finance			\$ 756,576

Administration of Justice

Circuit Court Judge

Communication	\$	9,340	
Postal Charges		135	
Printing, Stationery, and Forms		696	
Data Processing Supplies		70	
Office Supplies		1,899	
Total Circuit Court Judge			12,140

Circuit Court Clerk

County Official/Administrative Officer	\$	105,127	
Clerical Personnel		1,018,374	
Part-time Personnel		50,714	
Social Security		69,701	
Pensions		140,808	
Life Insurance		913	
Medical Insurance		232,832	
Dental Insurance		9,200	
Employer Medicare		16,301	
Communication		25,948	
Contracts with Other Public Agencies		4,351	
Data Processing Services		49,535	
Dues and Memberships		1,971	
Maintenance and Repair Services - Buildings		12,963	
Maintenance and Repair Services - Office Equipment		9,844	
Postal Charges		10,390	
Printing, Stationery, and Forms		3,727	
Rentals		202	
Travel		1,286	
Data Processing Supplies		4,709	
Equipment Parts - Light		9,188	
Food Supplies		751	
Office Supplies		62,209	
Periodicals		67	
Other Charges		3,070	
Data Processing Equipment		58,826	
Total Circuit Court Clerk			1,903,007

General Sessions Court

Judge(s)	\$	348,226	
Secretary(ies)		85,242	
Social Security		22,289	
Pensions		53,832	
Employee and Dependent Insurance		178	

(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 (Cont.)

Life Insurance	\$	103	
Medical Insurance		36,194	
Dental Insurance		1,362	
Employer Medicare		6,153	
Communication		4,318	
Data Processing Services		153	
Dues and Memberships		2,510	
Licenses		583	
Maintenance and Repair Services - Office Equipment		2,304	
Postal Charges		725	
Printing, Stationery, and Forms		1,518	
Data Processing Supplies		1,026	
Food Supplies		209	
Library Books/Media		1,081	
Office Supplies		1,262	
Periodicals		571	
Total General Sessions Court			\$ 569,839

General Sessions Judge

Judge(s)	\$	348,226	
Assistant(s)		73,811	
Secretary(ies)		39,274	
Social Security		24,054	
Pensions		57,958	
Life Insurance		156	
Medical Insurance		45,203	
Dental Insurance		2,242	
Employer Medicare		6,633	
Communication		4,321	
Data Processing Services		177	
Dues and Memberships		2,003	
Licenses		454	
Maintenance and Repair Services - Office Equipment		3,312	
Postal Charges		963	
Printing, Stationery, and Forms		2,892	
Travel		542	
Tuition		200	
Data Processing Supplies		3,015	
Library Books/Media		89	
Office Supplies		1,471	
Periodicals		1,456	
Total General Sessions Judge			618,452

Drug Court

Communication	\$	955	
Data Processing Services		240	
Tuition		600	
Other Contracted Services		3,076	
Total Drug Court			4,871

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court

County Official/Administrative Officer	\$	105,127	
Clerical Personnel		283,015	
Part-time Personnel		13,756	
Social Security		23,568	
Pensions		48,730	
Life Insurance		273	
Medical Insurance		81,260	
Dental Insurance		2,853	
Employer Medicare		5,512	
Communication		11,265	
Data Processing Services		22,526	
Dues and Memberships		910	
Legal Notices, Recording, and Court Costs		167	
Maintenance Agreements		125	
Maintenance and Repair Services - Office Equipment		5,324	
Postal Charges		4,252	
Printing, Stationery, and Forms		992	
Rentals		140	
Tuition		500	
Other Contracted Services		204	
Food Supplies		270	
Office Supplies		3,982	
Periodicals		452	
Total Chancery Court			\$ 615,203

Juvenile Court

Probation Officer(s)	\$	28,963	
Guidance Personnel		339,930	
Secretary(ies)		78,992	
Clerical Personnel		38,774	
Social Security		28,799	
Pensions		57,142	
Life Insurance		303	
Medical Insurance		107,928	
Dental Insurance		3,452	
Employer Medicare		6,735	
Communication		2,866	
Data Processing Services		397	
Evaluation and Testing		2,195	
Legal Services		18,000	
Maintenance and Repair Services - Office Equipment		576	
Maintenance and Repair Services - Vehicles		54	
Travel		216	
Other Contracted Services		53,022	
Data Processing Supplies		7,936	
Food Supplies		351	
Gasoline		116	

(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.)

Library Books/Media	\$	213	
Office Supplies		1,505	
Periodicals		323	
Total Juvenile Court			\$ 778,788

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	196,332	
Supervisor/Director		37,590	
Salary Supplements		4,256	
Secretary(ies)		24,841	
Social Security		15,647	
Pensions		32,075	
Life Insurance		151	
Medical Insurance		13,016	
Dental Insurance		893	
Employer Medicare		3,659	
Data Processing Services		1,920	
Postal Charges		198	
Travel		1,459	
Data Processing Supplies		240	
Office Supplies		761	
Total District Attorney General			333,038

Office of Public Defender

Paraprofessionals	\$	95,685	
Social Security		5,714	
Pensions		11,721	
Life Insurance		31	
Medical Insurance		5,733	
Dental Insurance		223	
Employer Medicare		1,336	
Licenses		360	
Total Office of Public Defender			120,803

Judicial Commissioners

Other Salaries and Wages	\$	63,036	
Social Security		3,903	
Employer Medicare		913	
Dues and Memberships		375	
Data Processing Supplies		154	
Office Supplies		59	
Total Judicial Commissioners			68,440

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Administration of Justice (Cont.)

Other Administration of Justice

Jury and Witness Expense	\$	14,978	
Legal Services		2,953	
Total Other Administration of Justice			\$ 17,931

Courtroom Security

Deputy(ies)	\$	205,201	
Part-time Personnel		36,350	
Social Security		14,143	
Pensions		25,625	
Life Insurance		176	
Medical Insurance		61,514	
Dental Insurance		1,791	
Unemployment Compensation		274	
Employer Medicare		3,308	
Law Enforcement Supplies		2,305	
Office Supplies		826	
Uniforms		1,196	
Other Supplies and Materials		1,940	
Total Courtroom Security			354,649

Victim Assistance Programs

Remittance of Revenue Collected	\$	73,740	
Total Victim Assistance Programs			73,740

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	123,275	
Assistant(s)		236,336	
Deputy(ies)		2,627,216	
Captain(s)		364,516	
Lieutenant(s)		585,015	
Sergeant(s)		1,431,275	
Mechanic(s)		134,634	
Dispatchers/Radio Operators		628,742	
Secretary(ies)		432,527	
School Resource Officer		639,653	
Social Security		424,047	
Pensions		863,629	
Life Insurance		4,862	
Medical Insurance		1,608,610	
Dental Insurance		52,440	
Unemployment Compensation		3,543	
Employer Medicare		99,189	
Advertising		137	
Communication		80,760	
Data Processing Services		109,080	
Dues and Memberships		11,791	

(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.)

Freight Expenses	\$	84	
Operating Lease Payments		23,280	
Licenses		3,630	
Maintenance and Repair Services - Buildings		708	
Maintenance and Repair Services - Equipment		64,615	
Maintenance and Repair Services - Office Equipment		14,940	
Maintenance and Repair Services - Vehicles		1,334	
Medical and Dental Services		3,607	
Postal Charges		5,575	
Printing, Stationery, and Forms		3,180	
Rentals		1,570	
Towing Services		4,400	
Transportation - Other than Students		235,836	
Travel		37,566	
Tuition		38,852	
Veterinary Services		2,837	
Disposal Fees		2,799	
Permits		55	
Other Contracted Services		13,288	
Animal Food and Supplies		4,645	
Custodial Supplies		20,198	
Data Processing Supplies		85,041	
Electricity		24,393	
Equipment and Machinery Parts		4,213	
Food Supplies		3,793	
Garage Supplies		1,099	
Gasoline		370,249	
General Construction Materials		16,459	
Instructional Supplies and Materials		398	
Law Enforcement Supplies		127,199	
Lubricants		3,774	
Office Supplies		32,822	
Periodicals		504	
Small Tools		1,145	
Tires and Tubes		30,885	
Uniforms		60,951	
Vehicle Parts		83,582	
Water and Sewer		1,854	
Other Supplies and Materials		4,598	
Other Charges		455	
Motor Vehicles		218,890	
Total Sheriff's Department			\$ 12,016,580

Inmate Telephone Contract Grant

Other Supplies and Materials	\$	74,324	
Data Processing Equipment		100,197	
Law Enforcement Equipment		66,639	
Total Inmate Telephone Contract Grant			241,160

(Continued)

## Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Administration of the Sexual Offender Registry

Communication	\$	752	
Maintenance and Repair Services - Office Equipment		720	
Tuition		200	
Other Contracted Services		3,050	
Data Processing Supplies		1,380	
Office Supplies		468	
Total Administration of the Sexual Offender Registry			\$ 6,570

Jail

Assistant(s)	\$	145,697
Deputy(ies)		4,049,841
Captain(s)		117,162
Lieutenant(s)		417,282
Sergeant(s)		271,205
Psychological Personnel		47,723
Medical Personnel		436,987
Secretary(ies)		27,957
Cafeteria Personnel		206,510
Board and Committee Members Fees		4,225
Social Security		339,560
Pensions		707,756
Life Insurance		4,165
Medical Insurance		995,538
Dental Insurance		37,934
Unemployment Compensation		19,871
Employer Medicare		79,411
Advertising		260
Communication		21,965
Data Processing Services		77,718
Dues and Memberships		125
Freight Expenses		170
Licenses		2,278
Maintenance and Repair Services - Buildings		1,305
Maintenance and Repair Services - Equipment		100,079
Maintenance and Repair Services - Office Equipment		9,490
Medical and Dental Services		710,499
Pest Control		2,270
Printing, Stationery, and Forms		100
Rentals		1,532
Transportation - Other than Students		29,325
Travel		14,870
Tuition		26,708
Disposal Fees		11,608
Permits		1,130
Other Contracted Services		72,162
Custodial Supplies		66,580
Data Processing Supplies		23,249

(Continued)

## Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Jail (Cont.)

Diesel Fuel	\$	778	
Drugs and Medical Supplies		58,574	
Electricity		316,155	
Equipment and Machinery Parts		52,409	
Food Preparation Supplies		32,392	
Food Supplies		836,994	
Garage Supplies		352	
Gasoline		50,382	
General Construction Materials		15,396	
Law Enforcement Supplies		28,522	
Lubricants		3,000	
Natural Gas		52,491	
Office Supplies		17,565	
Periodicals		255	
Prisoners Clothing		51,521	
Small Tools		313	
Tires and Tubes		8,208	
Uniforms		60,224	
Vehicle Parts		10,353	
Water and Sewer		231,876	
Other Supplies and Materials		9,340	
Building Improvements		135,620	
Law Enforcement Equipment		5,939	
Motor Vehicles		451,939	
Total Jail			\$ 11,512,845

Workhouse

Deputy(ies)	\$	66,606	
Social Security		3,803	
Pensions		8,173	
Life Insurance		62	
Medical Insurance		15,404	
Dental Insurance		448	
Employer Medicare		889	
Disposal Fees		2,548	
Custodial Supplies		2,208	
Total Workhouse			100,141

Juvenile Services

Contracts with Government Agencies	\$	343,301	
Contributions		307,180	
Total Juvenile Services			650,481

Fire Prevention and Control

Contributions	\$	1,475,494	
Total Fire Prevention and Control			1,475,494

(Continued)

## Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Civil Defense

Supervisor/Director	\$	64,702	
Medical Personnel		401,420	
Secretary(ies)		33,980	
Part-time Personnel		23,419	
Social Security		30,574	
Pensions		60,498	
Life Insurance		312	
Medical Insurance		89,812	
Dental Insurance		3,301	
Employer Medicare		7,150	
Communication		3,711	
Dues and Memberships		355	
Licenses		492	
Medical and Dental Services		300	
Postal Charges		2	
Printing, Stationery, and Forms		39	
Food Supplies		131	
Gasoline		2,645	
General Construction Materials		189	
Office Supplies		1,692	
Uniforms		3,329	
Vehicle Parts		480	
Other Supplies and Materials		84	
Total Civil Defense			\$ 728,617

Rescue Squad

Contributions	\$	900,425	
Total Rescue Squad			900,425

Disaster Relief

Other Supplies and Materials	\$	10,211	
Total Disaster Relief			10,211

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	82,575	
Communication		529	
Contributions		378,354	
Maintenance and Repair Services - Vehicles		764	
Other Contracted Services		141,825	
Drugs and Medical Supplies		11,423	
Gasoline		4,115	
Office Supplies		20	
Tires and Tubes		777	
Vehicle Parts		2,138	
Other Charges		6,100	
Total County Coroner/Medical Examiner			628,620

(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	\$	2,003	
Contracts with Government Agencies		238,400	
Maintenance and Repair Services - Equipment		80,519	
Postal Charges		72	
Electricity		13,080	
Equipment Parts - Light		1,355	
Natural Gas		536	
Tires and Tubes		645	
Total Other Public Safety			\$ 336,610

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	87,487	
Assistant(s)		332,214	
Supervisor/Director		430,051	
Teachers		706,041	
Medical Personnel		1,924,415	
Education Media Personnel		1,200	
Clerical Personnel		529,168	
Custodial Personnel		36,354	
Part-time Personnel		25,890	
Social Security		240,332	
Pensions		486,039	
Life Insurance		2,436	
Medical Insurance		626,237	
Dental Insurance		24,239	
Unemployment Compensation		927	
Employer Medicare		57,073	
Advertising		325,001	
Bank Charges		9,468	
Communication		95,336	
Contracts with Government Agencies		184,612	
Contracts with Private Agencies		26,757	
Data Processing Services		12,052	
Licenses		36,421	
Maintenance and Repair Services - Buildings		4,000	
Maintenance and Repair Services - Equipment		59,858	
Maintenance and Repair Services - Vehicles		90	
Medical and Dental Services		1,517,974	
Pest Control		1,040	
Postal Charges		12,742	
Printing, Stationery, and Forms		19,545	
Rentals		48,649	
Travel		5,124	
Tuition		3,497	
Disposal Fees		5,413	
Other Contracted Services		29,129	

(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	\$	4,568	
Data Processing Supplies		160,990	
Drugs and Medical Supplies		269,120	
Electricity		86,108	
Equipment and Machinery Parts		3,662	
Food Supplies		4,116	
Gasoline		1,878	
General Construction Materials		11,730	
Instructional Supplies and Materials		57,708	
Natural Gas		4,824	
Office Supplies		32,922	
Periodicals		366	
Vehicle Parts		883	
Water and Sewer		19,676	
Other Supplies and Materials		31,696	
Communication Equipment		33,345	
Health Equipment		43,900	
Total Local Health Center			\$ 8,674,303

Rabies and Animal Control

Truck Drivers	\$	49,503	
Clerical Personnel		80,946	
Part-time Personnel		109,960	
Social Security		14,791	
Pensions		16,742	
Life Insurance		112	
Medical Insurance		40,738	
Dental Insurance		1,250	
Unemployment Compensation		4,335	
Employer Medicare		3,459	
Bank Charges		2,178	
Communication		3,879	
Licenses		1,004	
Maintenance and Repair Services - Buildings		807	
Maintenance and Repair Services - Equipment		202	
Maintenance and Repair Services - Vehicles		635	
Pest Control		1,705	
Postal Charges		159	
Printing, Stationery, and Forms		207	
Veterinary Services		57,250	
Disposal Fees		2,078	
Animal Food and Supplies		18,011	
Custodial Supplies		4,797	
Data Processing Supplies		5,018	
Drugs and Medical Supplies		75,167	
Electricity		9,398	
Equipment and Machinery Parts		8,130	

(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.)

Food Supplies	\$	315	
Gasoline		7,395	
General Construction Materials		1,998	
Natural Gas		3,918	
Office Supplies		4,073	
Tires and Tubes		198	
Uniforms		334	
Vehicle Parts		1,342	
Water and Sewer		1,533	
Total Rabies and Animal Control			\$ 533,567

Ambulance/Emergency Medical Services

Architects	\$	5,351	
Total Ambulance/Emergency Medical Services			5,351

Other Local Health Services

Contributions	\$	25,480	
Total Other Local Health Services			25,480

Regional Mental Health Center

Contracts with Government Agencies	\$	18,350	
Contributions		71,725	
Evaluation and Testing		200	
Total Regional Mental Health Center			90,275

Aid to Dependent Children

Contributions	\$	28,273	
Total Aid to Dependent Children			28,273

Other Local Welfare Services

Pauper Burials	\$	18,000	
Total Other Local Welfare Services			18,000

Other Public Health and Welfare

Contributions	\$	83,800	
Total Other Public Health and Welfare			83,800

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	104,681	
Clerical Personnel		268,759	
Custodial Personnel		7,836	
Part-time Personnel		106,095	
Social Security		28,912	
Pensions		46,511	
Life Insurance		282	
Medical Insurance		69,295	

(Continued)

## Exhibit L-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Libraries (Cont.)

Dental Insurance	\$	2,589	
Unemployment Compensation		7	
Employer Medicare		6,762	
Communication		28,653	
Contributions		29,400	
Data Processing Services		12,095	
Dues and Memberships		700	
Janitorial Services		91	
Maintenance and Repair Services - Equipment		322	
Maintenance and Repair Services - Office Equipment		1,254	
Matching Share		14,604	
Pest Control		720	
Postal Charges		31	
Rentals		1,273	
Travel		121	
Disposal Fees		234	
Other Contracted Services		300	
Custodial Supplies		2,272	
Electricity		15,687	
Food Supplies		225	
General Construction Materials		611	
Instructional Supplies and Materials		43,860	
Library Books/Media		32,659	
Natural Gas		3,520	
Office Supplies		11,098	
Water and Sewer		1,438	
Other Supplies and Materials		18	
Other Charges		2,033	
Data Processing Equipment		4,045	
Total Libraries			\$ 848,993

Parks and Fair Boards

Supervisor/Director	\$	42,366
Laborers		36,086
Temporary Personnel		70,770
Social Security		8,821
Pensions		9,497
Life Insurance		70
Medical Insurance		25,716
Dental Insurance		821
Unemployment Compensation		2,997
Employer Medicare		2,063
Bank Charges		46
Communication		1,972
Contributions		65,170
Licenses		230
Maintenance and Repair Services - Equipment		3,106

(Continued)

## Exhibit L-7

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

General Fund (Cont.)Social, Cultural, and Recreational Services (Cont.)Parks and Fair Boards (Cont.)

Payments to Schools - Other	\$	300,000	
Postal Charges		20	
Disposal Fees		5,213	
Other Contracted Services		285	
Custodial Supplies		499	
Diesel Fuel		490	
Electricity		65,299	
Equipment Parts - Light		2,963	
Gasoline		2,230	
General Construction Materials		5,769	
Ice		2,655	
Office Supplies		973	
Propane Gas		962	
Vehicle Parts		855	
Water and Sewer		45,961	
Other Supplies and Materials		522	
Refunds		1,094	
Total Parks and Fair Boards			\$ 705,521

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	889	
Contributions		2,450	
Matching Share		160,796	
Total Agricultural Extension Service			164,135

Forest Service

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

Soil Conservation

Secretary(ies)	\$	32,413	
Social Security		2,848	
Pensions		6,062	
Life Insurance		47	
Medical Insurance		13,257	
Dental Insurance		485	
Employer Medicare		666	
Contributions		4,998	
Total Soil Conservation			60,776

Other OperationsTourism

Contributions	\$	4,900	
Total Tourism			4,900

(Continued)

Exhibit L-7

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	503,940	
Engineering Services		164,764	
Electricity		421	
Total Industrial Development			\$ 669,125

Other Economic and Community Development

Contributions	\$	17,830	
Total Other Economic and Community Development			17,830

Veterans' Services

Supervisor/Director	\$	40,154	
Clerical Personnel		14,921	
Social Security		3,325	
Pensions		6,752	
Life Insurance		44	
Dental Insurance		93	
Employer Medicare		778	
Communication		2,018	
Contributions		11,662	
Licenses		898	
Postal Charges		10	
Printing, Stationery, and Forms		38	
Travel		1,098	
Data Processing Supplies		1,056	
Office Supplies		1,132	
Total Veterans' Services			83,979

Employee Benefits

Employee and Dependent Insurance	\$	199,400	
Medical Insurance		5,579	
Other Fringe Benefits		3,102	
Bank Charges		36	
Consultants		7,750	
Medical and Dental Services		25,720	
Total Employee Benefits			241,587

COVID-19 Grant #1

Other Supplies and Materials	\$	306,257	
Total COVID-19 Grant #1			306,257

COVID-19 Grant #3

Architects	\$	6,198	
Maintenance Agreements		200	
Maintenance and Repair Services - Office Equipment		940	
Other Contracted Services		2,100	
Custodial Supplies		36,985	
Data Processing Supplies		312,305	

(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 #3 (Cont.)

Drugs and Medical Supplies	\$	8,942	
Equipment and Machinery Parts		210	
General Construction Materials		3,273	
Office Supplies		1,888	
Uniforms		109	
Clay		31	
Chemicals		953	
Other Supplies and Materials		29,068	
Building Improvements		332,265	
Furniture and Fixtures		38,495	
Motor Vehicles		30,000	
Health Equipment		768,831	
Total COVID-19 Grant #3			\$ 1,572,793

Miscellaneous

Dues and Memberships	\$	49,410	
Other Charges		9,000	
Total Miscellaneous			58,410

Instruction

Other

Contracts with Other Public Agencies	\$	92,350	
Total Other			92,350

Principal on Debt

General Government

Principal on Capital Leases	\$	519,085	
Total General Government			519,085

Interest on Debt

General Government

Interest on Capital Leases	\$	34,041	
Total General Government			34,041

Capital Projects

Social, Cultural, and Recreation Projects

Contracts with Government Agencies	\$	830	
Total Social, Cultural, and Recreation Projects			830

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Supplies and Materials	\$	117,321	
Total Capital Projects Donated to Other Entities			117,321

Total General Fund			\$ 61,266,995
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(Continued)

Exhibit L-7

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

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$	4,138	
Printing, Stationery, and Forms		11	
Tuition		349	
Other Contracted Services		303	
Instructional Supplies and Materials		106	
Office Supplies		31	
Total Sanitation Education/Information			\$ 4,938

Transfer Stations

Supervisor/Director	\$	92,425
Truck Drivers		251,420
Guards		30,589
Clerical Personnel		23,269
Maintenance Personnel		158,802
Part-time Personnel		50,307
Social Security		36,159
Pensions		61,946
Employee and Dependent Insurance		10,695
Life Insurance		405
Medical Insurance		126,913
Dental Insurance		4,329
Employer Medicare		8,457
Communication		7,611
Dues and Memberships		12,234
Evaluation and Testing		1,250
Licenses		164
Maintenance Agreements		36
Maintenance and Repair Services - Buildings		390
Maintenance and Repair Services - Equipment		20,036
Maintenance and Repair Services - Office Equipment		840
Maintenance and Repair Services - Vehicles		26,164
Medical and Dental Services		255
Postal Charges		160
Rentals		231
Towing Services		650
Disposal Fees		211,817
Permits		300
Other Contracted Services		28,509
Crushed Stone		742
Custodial Supplies		600
Electricity		23,513
Equipment and Machinery Parts		1,898
Fuel Oil		3,641
Garage Supplies		25,019
Gasoline		4,945
Lubricants		87,673
Office Supplies		2,047

(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.)

Tires and Tubes	\$	38,410	
Uniforms		453	
Vehicle Parts		18,592	
Water and Sewer		4,392	
Other Supplies and Materials		16,026	
Trustee's Commission		20,637	
Workers' Compensation Insurance		3,342	
Total Transfer Stations			<u>\$ 1,418,293</u>

Total Solid Waste/Sanitation Fund \$ 1,423,231

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Captain(s)	\$	181,314	
Lieutenant(s)		114,100	
Medical Personnel		3,269,427	
Clerical Personnel		216,496	
Part-time Personnel		233,513	
Social Security		235,765	
Pensions		464,641	
Employee and Dependent Insurance		2,037	
Life Insurance		2,256	
Medical Insurance		699,063	
Dental Insurance		24,542	
Unemployment Compensation		1,980	
Employer Medicare		55,117	
Communication		45,696	
Consultants		16,500	
Data Processing Services		355,668	
Dues and Memberships		1,175	
Evaluation and Testing		650	
Freight Expenses		60	
Legal Services		961	
Licenses		5,660	
Maintenance Agreements		240	
Maintenance and Repair Services - Buildings		3,928	
Maintenance and Repair Services - Equipment		3,068	
Maintenance and Repair Services - Vehicles		8,695	
Medical and Dental Services		4,394	
Pest Control		2,039	
Postal Charges		484	
Printing, Stationery, and Forms		1,789	
Rentals		1,898	
Towing Services		1,000	
Travel		4,397	
Tuition		1,000	

(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.)

Disposal Fees	\$	9,442	
Permits		750	
Other Contracted Services		148,837	
Custodial Supplies		2,790	
Data Processing Supplies		25,658	
Diesel Fuel		144,100	
Drugs and Medical Supplies		241,064	
Electricity		28,190	
Equipment Parts - Light		5,942	
Equipment and Machinery Parts		287	
Food Supplies		3,051	
Gasoline		7,336	
Instructional Supplies and Materials		2,413	
Lubricants		3,942	
Natural Gas		3,958	
Office Supplies		790	
Tires and Tubes		22,050	
Uniforms		23,848	
Vehicle Parts		71,644	
Water and Sewer		2,330	
Other Supplies and Materials		35,139	
Refunds		85,617	
Trustee's Commission		70,766	
Workers' Compensation Insurance		88,304	
Other Charges		232	
Motor Vehicles		107,758	
Other Capital Outlay		11,094	
Total Ambulance/Emergency Medical Services			\$ 7,106,885

Total Ambulance Service Fund \$ 7,106,885

Drug Control FundPublic SafetySheriff's Department

Communication	\$	6,905	
Data Processing Services		7,052	
Operating Lease Payments		28,858	
Licenses		68	
Matching Share		9,800	
Rentals		3,000	
Tuition		625	
Data Processing Supplies		601	
Law Enforcement Supplies		8,476	
Office Supplies		524	
Tires and Tubes		904	
Uniforms		166	
Trustee's Commission		402	
Motor Vehicles		37,751	
Total Sheriff's Department			\$ 105,132

Total Drug Control Fund 105,132

(Continued)

Exhibit L-7

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

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	\$	2,545	
Total County Clerk's Office			2,545

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	247	
Total Circuit Court			247

General Sessions Court

Constitutional Officers' Operating Expenses	\$	3,024	
Total General Sessions Court			3,024

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	1,380	
Constitutional Officers' Operating Expenses		2,553	
Total Chancery Court			3,933

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	790	
Total Sheriff's Department			790

Total Constitutional Officers - Fees Fund			\$ 11,439
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Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	122,475
Social Security		7,508
Pensions		15,419
Life Insurance		31
Medical Insurance		12,487
Dental Insurance		223
Employer Medicare		1,756
Communication		24,567
Consultants		5,160
Data Processing Services		2,195
Dues and Memberships		5,012
Evaluation and Testing		4,393
Licenses		366
Maintenance Agreements		593
Maintenance and Repair Services - Buildings		4,349

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Maintenance and Repair Services - Office Equipment	\$	1,114	
Postal Charges		203	
Printing, Stationery, and Forms		265	
Other Contracted Services		420	
Data Processing Supplies		1,751	
Electricity		32,816	
Food Supplies		502	
General Construction Materials		468	
Natural Gas		5,114	
Office Supplies		2,103	
Uniforms		233	
Water and Sewer		4,172	
Trustee's Commission		134,953	
Total Administration			\$ 390,648

Highway and Bridge Maintenance

Assistant(s)	\$	210,655
Supervisor/Director		470,073
Paraprofessionals		42,973
Foremen		329,245
Mechanic(s)		282,545
Equipment Operators - Heavy		575,470
Equipment Operators - Light		940,002
Truck Drivers		651,282
Dispatchers/Radio Operators		27,250
Laborers		54,478
Clerical Personnel		26,763
Custodial Personnel		32,730
Temporary Personnel		28,215
Part-time Personnel		150,931
Social Security		221,367
Pensions		446,870
Employee and Dependent Insurance		46,591
Life Insurance		2,933
Medical Insurance		1,010,516
Dental Insurance		34,324
Unemployment Compensation		821
Employer Medicare		51,825
Data Processing Services		100
Evaluation and Testing		2,400
Licenses		1,084
Maintenance and Repair Services - Buildings		302
Postal Charges		254
Rentals		6,727
Tuition		50
Contracts for Landfill Facilities		210
Other Contracted Services		160

(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.)

Concrete	\$	16,643	
Crushed Stone		72,250	
Custodial Supplies		2,484	
Data Processing Supplies		1,644	
Drugs and Medical Supplies		593	
Equipment Parts - Light		387	
Fertilizer, Lime, and Seed		6,080	
General Construction Materials		58,417	
Office Supplies		3,566	
Other Road Materials		65,773	
Pipe		270	
Pipe - Metal		80,661	
Road Signs		5,632	
Salt		115,924	
Small Tools		1,277	
Structural Steel		12,000	
T&I Construction Materials		503	
Uniforms		8,360	
Total Highway and Bridge Maintenance			\$ 6,101,610

Operation and Maintenance of Equipment

Evaluation and Testing	\$	212	
Maintenance and Repair Services - Equipment		15,521	
Maintenance and Repair Services - Vehicles		13,514	
Disposal Fees		2,367	
Custodial Supplies		1,447	
Diesel Fuel		111,097	
Equipment Parts - Heavy		39,521	
Equipment Parts - Light		19,641	
Equipment and Machinery Parts		10,154	
Garage Supplies		22,465	
Gasoline		119,472	
Lubricants		15,242	
Pipe		16	
Small Tools		2,906	
Structural Steel		3,134	
Tires and Tubes		26,914	
Uniforms		657	
Vehicle Parts		39,405	
Other Supplies and Materials		5,202	
Total Operation and Maintenance of Equipment			448,887

Asphalt Plant Operations

Maintenance and Repair Services - Equipment	\$	480	
Asphalt		971,842	
Asphalt - Cold Mix		2,359	
Asphalt - Hot Mix		298	

(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.)

Crushed Stone	\$	606,718	
Electricity		60,248	
Equipment Parts - Heavy		13,686	
Equipment Parts - Light		923	
Lubricants		13,104	
Natural Gas		52,179	
Pipe - Metal		625	
Water and Sewer		974	
Total Asphalt Plant Operations			\$ 1,723,436

Traffic Control

Other Road Materials	\$	3,695	
Road Signs		40,746	
Total Traffic Control			44,441

Other Charges

Liability Insurance	\$	2,872	
Vehicle and Equipment Insurance		79,063	
Workers' Compensation Insurance		93,719	
Total Other Charges			175,654

Capital Outlay

Highway Equipment	\$	469,244	
Maintenance Equipment		16,411	
Motor Vehicles		270,367	
Other Capital Outlay		1,877	
Total Capital Outlay			757,899

Principal on DebtHighways and Streets

Principal on Capital Leases	\$	79,119	
Total Highways and Streets			79,119

Interest on DebtHighways and Streets

Interest on Capital Leases	\$	10,881	
Total Highways and Streets			10,881

Capital ProjectsHighway and Street Capital Projects

State Aid Projects	\$	876,172	
Total Highway and Street Capital Projects			876,172

Total Highway/Public Works Fund \$ 10,608,747

(Continued)

## Exhibit L-7

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

General Debt Service FundFinanceOther Finance

Trustee's Commission	\$ 180,460	
Total Other Finance		\$ 180,460

Principal on DebtGeneral Government

Principal on Bonds	\$ 3,450,000	
Total General Government		3,450,000

Education

Principal on Bonds	\$ 2,705,000	
Principal on Notes	155,876	
Principal on Other Loans	1,706,723	
Total Education		4,567,599

Interest on DebtGeneral Government

Interest on Bonds	\$ 2,194,493	
Total General Government		2,194,493

Education

Interest on Bonds	\$ 5,162,131	
Interest on Notes	14,869	
Interest on Other Loans	496,806	
Total Education		5,673,806

Other Debt ServiceGeneral Government

Nonexchange Financial Guarantees	\$ 162,650	
Other Debt Service	1,200	
Total General Government		163,850

Education

Other Debt Service	\$ 19,938	
Total Education		19,938

Total General Debt Service Fund		\$ 16,250,146
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General Capital Projects FundFinanceOther Finance

Trustee's Commission	\$ 75,613	
Total Other Finance		\$ 75,613

Total General Capital Projects Fund		75,613
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(Continued)

Exhibit L-7

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

Other Capital Projects Fund

Other Debt Service

General Government

Underwriter's Discount	\$	444,307	
Other Debt Issuance Charges		220,339	
Total General Government			\$ 664,646

Capital Projects

Public Safety Projects

Architects	\$	2,094,772	
Evaluation and Testing		19,655	
Total Public Safety Projects			2,114,427

Public Health and Welfare Projects

Building Construction	\$	2,429,961	
Building Improvements		486,234	
Furniture and Fixtures		9,629	
Other Equipment		9,841	
Other Construction		5,494	
Other Capital Outlay		1,554	
Total Public Health and Welfare Projects			<u>2,942,713</u>

Total Other Capital Projects Fund			<u>\$ 5,721,786</u>
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Total Governmental Funds - Primary Government			<u><u>\$ 102,569,974</u></u>
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Exhibit L-8

Sullivan County, Tennessee  
Schedule of Detailed Expenditures -  
All Governmental Fund Types  
Discretely Presented Sullivan County School Department  
For the Year Ended June 30, 2021

General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$	206,177	
Teachers		25,441,767	
Career Ladder Program		81,898	
Homebound Teachers		56,980	
Salary Supplements		810,614	
Educational Assistants		711,542	
Other Salaries and Wages		354,252	
Certified Substitute Teachers		45,915	
Non-certified Substitute Teachers		51,958	
Social Security		1,600,812	
Handling Charges and Administrative Costs		227	
Pensions		2,579,690	
Life Insurance		15,942	
Medical Insurance		4,780,624	
Dental Insurance		88,607	
Employer Medicare		378,914	
Contracts with Government Agencies		373,966	
Evaluation and Testing		276,132	
Maintenance Agreements		69,000	
Travel		747	
Other Contracted Services		296,751	
Equipment and Machinery Parts		10,727	
Instructional Supplies and Materials		337,114	
Textbooks - Bound		957,756	
Other Supplies and Materials		531	
Other Charges		76,017	
Data Processing Equipment		44,682	
Regular Instruction Equipment		337,170	
Total Regular Instruction Program			\$ 39,986,512

Special Education Program

Teachers	\$	2,622,414
Career Ladder Program		6,500
Homebound Teachers		14,161
Educational Assistants		489,194
Speech Pathologist		577,745
Certified Substitute Teachers		5,428
Non-certified Substitute Teachers		16,248
Social Security		217,781
Pensions		342,644
Life Insurance		2,342
Medical Insurance		721,752
Dental Insurance		12,156
Employer Medicare		51,237
Contracts with Private Agencies		525
Evaluation and Testing		2,552

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Other Contracted Services	\$	36,000	
Instructional Supplies and Materials		24,157	
Other Supplies and Materials		1,769	
Special Education Equipment		12,003	
Total Special Education Program			\$ 5,156,608

Career and Technical Education Program

Teachers	\$	2,025,576	
Career Ladder Program		3,000	
Certified Substitute Teachers		4,245	
Non-certified Substitute Teachers		3,370	
Social Security		116,566	
Pensions		194,232	
Life Insurance		1,198	
Medical Insurance		399,703	
Dental Insurance		7,698	
Employer Medicare		27,340	
Maintenance and Repair Services - Equipment		1,547	
Travel		726	
Other Contracted Services		3,730	
Equipment and Machinery Parts		1,497	
General Construction Materials		4,672	
Instructional Supplies and Materials		69,581	
Other Supplies and Materials		1,921	
Vocational Instruction Equipment		312,603	
Total Career and Technical Education Program			3,179,205

Support Services

Health Services

Supervisor/Director	\$	104,758	
Medical Personnel		602,692	
Social Security		42,194	
Pensions		22,883	
Life Insurance		146	
Medical Insurance		102,459	
Employer Medicare		9,868	
Communication		1,252	
Travel		1,542	
Other Supplies and Materials		42,501	
In Service/Staff Development		1,145	
Total Health Services			931,440

Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		1,549,027	
Secretary(ies)		91,449	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

School Resource Officer	\$	15,464	
Social Security		96,680	
Pensions		166,152	
Life Insurance		1,028	
Medical Insurance		253,161	
Dental Insurance		5,431	
Employer Medicare		22,611	
Other Contracted Services		10,000	
Total Other Student Support			\$ 2,213,003

Regular Instruction Program

Supervisor/Director	\$	479,347	
Career Ladder Program		4,000	
Librarians		1,030,122	
Secretary(ies)		69,997	
Clerical Personnel		11,921	
Other Salaries and Wages		134,182	
Social Security		102,752	
Pensions		179,704	
Life Insurance		952	
Medical Insurance		296,445	
Dental Insurance		4,368	
Employer Medicare		24,030	
Communication		5,324	
Operating Lease Payments		29,577	
Maintenance Agreements		274,719	
Maintenance and Repair Services - Equipment		1,605	
Printing, Stationery, and Forms		2,798	
Travel		1,794	
Other Contracted Services		14,177	
Gasoline		8,064	
Instructional Supplies and Materials		35,816	
Library Books/Media		38,688	
Office Supplies		8,785	
Periodicals		5,227	
Propane Gas		111	
Other Supplies and Materials		325	
In Service/Staff Development		15,882	
Other Charges		1,233	
Administration Equipment		109,306	
Data Processing Equipment		8,278	
Motor Vehicles		22,995	
Other Equipment		14,647	
Total Regular Instruction Program			2,937,171

(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	\$	89,714	
Secretary(ies)		35,665	
Other Salaries and Wages		225,303	
Social Security		19,898	
Pensions		38,146	
Life Insurance		217	
Medical Insurance		62,766	
Dental Insurance		1,457	
Employer Medicare		4,654	
Communication		3,870	
Travel		13,970	
Office Supplies		2	
Other Supplies and Materials		180	
In Service/Staff Development		8,025	
Total Special Education Program			\$ 503,867

Career and Technical Education Program

Supervisor/Director	\$	85,384	
Secretary(ies)		35,588	
Social Security		6,877	
Pensions		13,249	
Life Insurance		65	
Medical Insurance		20,795	
Dental Insurance		468	
Employer Medicare		1,608	
Communication		626	
Printing, Stationery, and Forms		87	
Travel		398	
Office Supplies		241	
Propane Gas		603	
In Service/Staff Development		398	
Total Career and Technical Education Program			166,387

Other Programs

On-behalf Payments to OPEB	\$	656,930	
Total Other Programs			656,930

Board of Education

Board and Committee Members Fees	\$	53,123	
Social Security		2,318	
Unemployment Compensation		15,936	
Employer Medicare		770	
Audit Services		74,875	
Dues and Memberships		13,613	
Legal Services		390,327	
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	\$	1,609	
Other Contracted Services		4,750	
Office Supplies		298	
Other Supplies and Materials		817	
Building and Contents Insurance		36,758	
Liability Insurance		163,191	
Trustee's Commission		482,330	
Workers' Compensation Insurance		164,443	
Other Charges		25,000	
Total Board of Education			\$ 1,435,658

Director of Schools

County Official/Administrative Officer	\$	196,524	
Assistant(s)		4,484	
Career Ladder Program		1,000	
Secretary(ies)		42,914	
Other Salaries and Wages		12,106	
Social Security		11,937	
Pensions		30,757	
Life Insurance		337	
Medical Insurance		44,627	
Dental Insurance		592	
Employer Medicare		3,617	
Other Fringe Benefits		236	
Communication		112,962	
Dues and Memberships		6,442	
Operating Lease Payments		4,326	
Postal Charges		9,048	
Travel		175	
Other Contracted Services		12,600	
Office Supplies		2,229	
Other Supplies and Materials		210	
Workers' Compensation Insurance		174,436	
Total Director of Schools			671,559

Office of the Principal

Principals	\$	1,461,674	
Career Ladder Program		13,500	
Accountants/Bookkeepers		432,594	
Assistant Principals		1,143,146	
Secretary(ies)		704,077	
Social Security		210,878	
Pensions		348,108	
Life Insurance		2,420	
Medical Insurance		790,217	
Dental Insurance		13,566	

(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.)

Employer Medicare	\$	50,596	
Travel		396	
Other Contracted Services		151,421	
Office Supplies		7,208	
Data Processing Equipment		19,786	
Total Office of the Principal			\$ 5,349,587

Fiscal Services

Supervisor/Director	\$	88,740	
Accountants/Bookkeepers		197,843	
Social Security		14,727	
Pensions		30,433	
Life Insurance		158	
Medical Insurance		74,042	
Dental Insurance		1,259	
Employer Medicare		3,735	
Bank Charges		2,670	
Printing, Stationery, and Forms		366	
Other Contracted Services		3,171	
Data Processing Supplies		654	
Office Supplies		2,770	
In Service/Staff Development		450	
Other Charges		4,174	
Administration Equipment		799	
Total Fiscal Services			425,991

Human Services/Personnel

Supervisor/Director	\$	24,148	
Secretary(ies)		35,588	
Clerical Personnel		77,753	
Social Security		7,530	
Pensions		14,270	
Life Insurance		94	
Medical Insurance		38,279	
Dental Insurance		430	
Employer Medicare		1,761	
Data Processing Services		3,401	
Operating Lease Payments		597	
Other Contracted Services		27,158	
Office Supplies		202	
Total Human Services/Personnel			231,211

Operation of Plant

Custodial Personnel	\$	2,299,322	
Social Security		132,979	
Pensions		281,724	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Life Insurance	\$	2,638	
Medical Insurance		677,993	
Dental Insurance		12,548	
Employer Medicare		31,315	
Licenses		11,289	
Maintenance and Repair Services - Buildings		69,113	
Maintenance and Repair Services - Equipment		1,115	
Disposal Fees		76,090	
Custodial Supplies		110,829	
Diesel Fuel		1,353	
Electricity		2,609,246	
Equipment Parts - Light		18,114	
Fuel Oil		40,128	
Natural Gas		100,596	
Propane Gas		118,357	
Tires and Tubes		1,234	
Uniforms		1,363	
Water and Sewer		315,016	
Plant Operation Equipment		567	
Total Operation of Plant			\$ 6,912,929

Maintenance of Plant

Supervisor/Director	\$	83,766
Foremen		139,849
Secretary(ies)		55,850
Maintenance Personnel		1,418,768
Social Security		97,744
Pensions		206,685
Life Insurance		1,349
Medical Insurance		462,204
Dental Insurance		6,495
Employer Medicare		23,061
Communication		11,004
Dues and Memberships		300
Licenses		160
Maintenance Agreements		35,240
Maintenance and Repair Services - Buildings		31,082
Maintenance and Repair Services - Equipment		998
Maintenance and Repair Services - Vehicles		2,670
Rentals		1,731
Towing Services		120
Travel		734
Other Contracted Services		66,521
Asphalt		1,550
Concrete		2,459
Custodial Supplies		450

(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.)

Equipment Parts - Light	\$	5,213	
Equipment and Machinery Parts		26,981	
Garage Supplies		2,476	
Gasoline		86,626	
General Construction Materials		110,839	
Office Supplies		1,184	
Salt		4,405	
Small Tools		1,739	
Tires and Tubes		6,560	
Uniforms		16,543	
Vehicle Parts		32,269	
Chemicals		5,688	
In Service/Staff Development		662	
Administration Equipment		103,866	
Maintenance Equipment		1,695	
Motor Vehicles		54,298	
Plant Operation Equipment		8,694	
Other Equipment		69,729	
Total Maintenance of Plant			\$ 3,190,257

Transportation

Mechanic(s)	\$	36,941	
Bus Drivers		312,718	
Social Security		21,266	
Pensions		4,651	
Life Insurance		31	
Medical Insurance		11,419	
Dental Insurance		240	
Employer Medicare		4,974	
Contracts with Vehicle Owners		3,984,270	
Maintenance and Repair Services - Vehicles		779	
Garage Supplies		2,610	
Gasoline		49,557	
Small Tools		356	
Tires and Tubes		4,577	
Vehicle Parts		17,535	
Maintenance Equipment		1,428	
Motor Vehicles		39,794	
Total Transportation			4,493,146

Operation of Non-Instructional Services

Community Services

Other Salaries and Wages	\$	7,990	
Social Security		473	
Pensions		823	
Employer Medicare		111	
Total Community Services			9,397

(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	\$	434,135	
Educational Assistants		131,461	
Other Salaries and Wages		7,420	
Social Security		32,838	
Pensions		44,575	
Life Insurance		278	
Medical Insurance		77,982	
Dental Insurance		1,927	
Employer Medicare		7,827	
Travel		71	
Instructional Supplies and Materials		22,399	
In Service/Staff Development		3,276	
Regular Instruction Equipment		988	
Total Early Childhood Education			\$ 765,177

COVID-19 Expenditures

Other Supplies and Materials	\$	584,950	
Total COVID-19 Expenditures			584,950

Capital Outlay

Regular Capital Outlay

Architects	\$	130,737	
Other Contracted Services		11,358	
Building Construction		3,271,783	
Furniture and Fixtures		780,513	
Land		416,440	
Other Equipment		1,971,165	
Other Construction		2,142,160	
Other Capital Outlay		41,312	
Total Regular Capital Outlay			8,765,468

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	611,337	
Total Education			611,337

Total General Purpose School Fund \$ 89,177,790

School Federal Projects Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$	5,500	
Teachers		506,571	
Homebound Teachers		1,000	
Salary Supplements		4,000	
Educational Assistants		795,840	

(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.)

Regular Instruction Program (Cont.)

Other Salaries and Wages	\$	369,398	
Social Security		88,298	
Pensions		89,916	
Life Insurance		434	
Medical Insurance		107,921	
Dental Insurance		1,987	
Employer Medicare		23,200	
Contracts with Private Agencies		17,500	
Other Contracted Services		1,514	
Instructional Supplies and Materials		390,411	
Software		152,600	
Other Supplies and Materials		20,083	
Other Charges		19,724	
Regular Instruction Equipment		1,464,363	
Total Regular Instruction Program			\$ 4,060,260

Special Education Program

Teachers	\$	593,730	
Educational Assistants		1,076,552	
Speech Pathologist		12,527	
Social Security		96,144	
Pensions		124,987	
Life Insurance		1,176	
Medical Insurance		254,698	
Dental Insurance		5,452	
Employer Medicare		22,714	
Contracts with Private Agencies		4,288	
Instructional Supplies and Materials		30,545	
Special Education Equipment		5,922	
Total Special Education Program			2,228,735

Career and Technical Education Program

Teachers	\$	39,444	
Social Security		2,275	
Pensions		3,181	
Employer Medicare		532	
Other Contracted Services		9,221	
Instructional Supplies and Materials		6,965	
Other Supplies and Materials		8,859	
Vocational Instruction Equipment		161,385	
Total Career and Technical Education Program			231,862

Support Services

Health Services

Supervisor/Director	\$	6,961	
Medical Personnel		33,969	

(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.)

Health Services (Cont.)

Social Security	\$	2,508	
Pensions		2,665	
Employer Medicare		587	
Other Supplies and Materials		5,549	
Total Health Services			\$ 52,239

Other Student Support

Guidance Personnel	\$	29,439	
Secretary(ies)		4,000	
Other Salaries and Wages		215,891	
Social Security		14,966	
Pensions		21,882	
Life Insurance		109	
Medical Insurance		22,491	
Dental Insurance		488	
Employer Medicare		3,501	
Communication		1,779	
Travel		2,425	
Other Contracted Services		182,987	
Other Supplies and Materials		28,969	
In Service/Staff Development		10,474	
Other Equipment		799	
Total Other Student Support			540,200

Regular Instruction Program

Supervisor/Director	\$	5,000	
Librarians		20,000	
Secretary(ies)		2,000	
Clerical Personnel		33,349	
Other Salaries and Wages		515,269	
Social Security		34,419	
Pensions		56,388	
Life Insurance		275	
Medical Insurance		68,595	
Dental Insurance		1,068	
Employer Medicare		8,049	
Maintenance and Repair Services - Equipment		2,704	
Travel		435	
Other Contracted Services		75,153	
Other Supplies and Materials		1,526	
In Service/Staff Development		44,055	
Other Equipment		6,025	
Total Regular Instruction Program			874,310

Special Education Program

Supervisor/Director	\$	952	
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(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Special Education Program (Cont.)

Psychological Personnel	\$	64,992	
Secretary(ies)		1,000	
Other Salaries and Wages		287,671	
Social Security		16,077	
Pensions		29,785	
Life Insurance		156	
Medical Insurance		56,296	
Dental Insurance		1,167	
Employer Medicare		4,703	
Other Equipment		4,645	
Total Special Education Program			\$ 467,444

Career and Technical Education Program

Supervisor/Director	\$	1,000	
Secretary(ies)		1,000	
Social Security		117	
Pensions		229	
Employer Medicare		27	
Total Career and Technical Education Program			2,373

Technology

Internet Connectivity	\$	150	
Total Technology			150

Director of Schools

County Official/Administrative Officer	\$	1,433	
Assistant(s)		48	
Secretary(ies)		1,000	
Other Salaries and Wages		67	
Social Security		120	
Pensions		283	
Employer Medicare		35	
Total Director of Schools			2,986

Office of the Principal

Principals	\$	17,000	
Accountants/Bookkeepers		16,000	
Assistant Principals		16,000	
Secretary(ies)		31,761	
Social Security		4,604	
Pensions		8,945	
Employer Medicare		1,106	
Total Office of the Principal			95,416

Fiscal Services

Supervisor/Director	\$	1,000	
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(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Accountants/Bookkeepers	\$	5,500	
Social Security		314	
Pensions		655	
Employer Medicare		88	
Total Fiscal Services			\$ 7,557

Human Services/Personnel

Secretary(ies)	\$	1,000	
Clerical Personnel		2,000	
Social Security		170	
Pensions		378	
Employer Medicare		40	
Total Human Services/Personnel			3,588

Operation of Plant

Custodial Personnel	\$	79,068	
Social Security		4,709	
Pensions		9,703	
Employer Medicare		1,109	
Total Operation of Plant			94,589

Maintenance of Plant

Supervisor/Director	\$	1,000	
Foremen		3,000	
Secretary(ies)		2,000	
Maintenance Personnel		42,058	
Social Security		2,801	
Pensions		5,924	
Employer Medicare		670	
Total Maintenance of Plant			57,453

Transportation

Bus Drivers	\$	19,619	
Social Security		1,210	
Employer Medicare		283	
Travel		3,793	
Transportation Equipment		63,644	
Total Transportation			88,549

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	1,000	
Accountants/Bookkeepers		1,000	
Truck Drivers		1,000	
Cafeteria Personnel		98,349	
Social Security		4,962	

(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.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Pensions	\$	3,236	
Employer Medicare		1,161	
Transportation - Other than Students		47,573	
Food Supplies		10,000	
Total Food Service			\$ 168,281

Early Childhood Education

Teachers	\$	9,000	
Educational Assistants		13,500	
Social Security		1,287	
Pensions		945	
Employer Medicare		316	
Total Early Childhood Education			<u>25,048</u>

Total School Federal Projects Fund \$ 9,001,040

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	61,710	
Accountants/Bookkeepers		28,099	
Truck Drivers		34,448	
Cafeteria Personnel		1,373,155	
Other Salaries and Wages		61,392	
Social Security		93,228	
Pensions		84,438	
Life Insurance		854	
Medical Insurance		299,946	
Dental Insurance		3,577	
Employer Medicare		21,803	
Bank Charges		90	
Communication		1,252	
Contracts with Other School Systems		15,352	
Data Processing Services		18,398	
Dues and Memberships		956	
Operating Lease Payments		1,086	
Licenses		2,250	
Maintenance and Repair Services - Equipment		7,573	
Travel		3,362	
Equipment and Machinery Parts		18,031	
Food Preparation Supplies		163,394	
Food Supplies		1,300,212	
Gasoline		3,371	
Office Supplies		1,340	
USDA - Commodities		322,394	
Food Service Equipment		548,349	
Total Food Service			<u>\$ 4,470,060</u>

Total Central Cafeteria Fund 4,470,060

(Continued)

Exhibit L-8

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

Other Education Special Revenue Fund

Operation of Non-Instructional Services

Early Childhood Education

Educational Assistants	\$	16,600	
Social Security		1,029	
Employer Medicare		241	
Total Early Childhood Education			<u>\$ 17,870</u>

Total Other Education Special Revenue Fund \$ 17,870

School Improvement Fund

Capital Outlay

Regular Capital Outlay

Building Improvements	\$	610,435	
Total Regular Capital Outlay			<u>\$ 610,435</u>

Total School Improvement Fund 610,435

Internal School Fund

Operation of Non-Instructional Services

Community Services

Other Charges	\$	3,063,347	
Total Community Services			<u>\$ 3,063,347</u>

Total Internal School Fund 3,063,347

Education Capital Projects Fund

Capital Projects

Education Capital Projects

Architects	\$	211,568	
Other Contracted Services		36,724	
Building Construction		19,935,832	
Communication Equipment		105,849	
Site Development		526,993	
Total Education Capital Projects			<u>\$ 20,816,966</u>

Total Education Capital Projects Fund 20,816,966

Total Governmental Funds - Sullivan County School Department \$ 127,157,508

Exhibit L-9

Sullivan County, Tennessee  
Schedule of Detailed Additions, Deductions, and Changes in Net Position - City Custodial Funds  
For the Year Ended June 30, 2021

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	City School ADA - Johnson City Fund	Total
<u>Additions</u>					
Current Property Taxes	\$ 0	\$ 10,112,808	\$ 18,273,545	\$ 192,269	\$ 28,578,622
Trustee's Collections - Prior Years	0	292,450	528,474	5,559	826,483
Circuit/Clerk and Master Collections - Prior Years	0	188,077	340,743	3,518	532,338
Interest and Penalty	0	145,460	263,284	2,736	411,480
Pick-up Taxes	0	185,334	334,910	3,523	523,767
Local Option Sales Tax	27,292,513	6,342,744	11,492,954	118,533	45,246,744
Bank Excise Tax	0	43,030	77,759	818	121,607
Marriage Licenses	0	1,998	3,824	50	5,872
Other Local Revenues	0	164	289	4	457
Total Additions	<u>\$ 27,292,513</u>	<u>\$ 17,312,065</u>	<u>\$ 31,315,782</u>	<u>\$ 327,010</u>	<u>\$ 76,247,370</u>
<u>Deductions</u>					
Remittance of Revenues Collected	\$ 27,022,924	\$ 17,033,582	\$ 30,813,022	\$ 321,714	\$ 75,191,242
Trustee's Commission	269,589	278,483	502,760	5,296	1,056,128
Total Deductions	<u>\$ 27,292,513</u>	<u>\$ 17,312,065</u>	<u>\$ 31,315,782</u>	<u>\$ 327,010</u>	<u>\$ 76,247,370</u>
Excess of Cash Receipts Over (Under) Cash Disbursements	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Position, July 1, 2020	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Net Position, June 30, 2021	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

# **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, 2021, 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 February 14, 2022. Our report on the aggregate discretely presented component units is qualified due to the failure of management of the discretely presented Sullivan County School Department to ensure capital assets records are properly maintained. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the discretely presented Sullivan County School Department, as described in our report on Sullivan County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

**Internal Control Over Financial Reporting**

In planning and performing our audit of the financial statements, we considered Sullivan County's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Sullivan County's internal control. Accordingly, we do not express an opinion on the effectiveness of Sullivan County's internal control.

Our consideration of internal control was for the limited purpose described in the preceding paragraph 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 have not been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control that we consider to be material weaknesses and significant deficiencies.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or 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. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be material weaknesses: 2021-001, 2021-002(B), and 2021-005.

A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies, described in the accompanying Schedule of Findings and Questioned Costs, to be significant deficiencies: 2021-003, 2021-006, and 2021-008.

## **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: 2021-002(A), 2021-004, and 2021-007.

## **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

February 14, 2022

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, 2021. 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, 2021.

### **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.

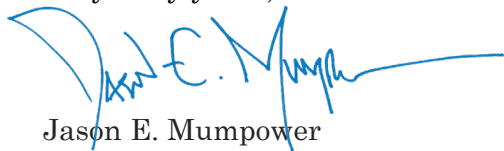
The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the

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, 2021, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated February 14, 2022. Our report on the aggregate discretely presented component units is qualified due to the failure of management of the discretely presented Sullivan County School Department to ensure capital assets records are properly maintained. 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

February 14, 2022

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, 2021

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing 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	\$ 32,301
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	791,434 (7)
COVID 19 - School Breakfast Program	10.553	N/A	68,858 (7)
National School Lunch Program	10.555	N/A	2,270,369 (7)
COVID 19 - National School Lunch Program	10.555	N/A	109,685 (7)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	322,394 (7)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-19-60613-00	797,124
Total U.S. Department of Agriculture			<u>\$ 4,392,165</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 73,417
Historic Preservation Fund Grants-In-Aid	15.904	N/A	23,268
Total U.S. Department of Interior			<u>\$ 96,685</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	N/A	\$ 41,431
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(6)	62,022
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	39101	47,189
Violence Against Women Formula Grants	16.588	35794	48,281
Total U.S. Department of Justice			<u>\$ 198,923</u>
U.S. Department of Labor:			
Passed-through State Department of Labor and Workforce Development:			
COVID 19 - Unemployment Insurance	17.225	N/A	\$ 4,534
Total U.S. Department of Labor			<u>\$ 4,534</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(6)	\$ 46,816
Total U.S. Department of Transportation			<u>\$ 46,816</u>
U.S. Department of Treasury:			
Passed-through State Department of Finance and Administration:			
COVID 19 - Coronavirus Relief Fund	21.019	N/A	\$ 2,365,019 (7)
Passed-through State Department of Education:			
COVID 19 - Coronavirus Relief Fund	21.019	N/A	439,596 (7)
Total U.S. Department of Treasury			<u>\$ 2,804,615</u>
U.S. Institute of Museums and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	30501	\$ 2,405
Total U.S. Institute of Museums and Library Services			<u>\$ 2,405</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.)

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,794,502
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	2,492,816
Special Education - Preschool Grants	84.173	N/A	172,419
Career and Technical Education - Basic Grants to States	84.048	N/A	196,478
Education for Homeless Children and Youth	84.196	N/A	33,403
Improving Teacher Quality State Grants	84.367	N/A	497,840
Student Support and Academic Enrichment Program	84.424	N/A	168,659
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	N/A	1,140,976 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	N/A	1,524,162 (7)
Total U.S. Department of Education			<u>\$ 9,021,255</u>
U.S. Election Assistance Administration:			
Passed-through Tennessee Secretary of State:			
COVID 19 - 2020 Supplemental Election Security Grants	90.404	N/A	<u>\$ 86,642</u>
Total U.S. Election Assistance Administration			<u>\$ 86,642</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	93.074	GG-18-53923-00	\$ 449,887
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-19-61306-00	3,054
Family Planning Services	93.217	GG-18-54804-00	83,291
COVID 19 - Immunization Cooperative Agreements	93.268	GG-20-64925-00	123,189 (7)
Immunization Cooperative Agreements	93.268	GG-20-64925-00	101,138 (7)
National State Based Tobacco Control Programs	93.305	GG-20-65133-00	34,209
COVID -19 - Epidemiology and Laboratory Capacity for Infections Diseases	93.323	GG-20-68024-00	2,736,754
COVID -19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	GG-20-68024-00	135,473
Improving the Health of Americans through Prevention and Management of Diabetes and Heart Disease and Stroke	93.426	GG-20-62928-00	20,626
HIV Prevention Activities - Health Department Based	93.940	(6)	49,930
Cooperative Agreements to Support State-based Safe Motherhood and Infant Health Initiative Programs	93.946	GG-19-60775-00	3,000
Preventive Health and Health Services Block Grant	93.991	GG-21-65132-00	22,231
Maternal and Child Health Services Block Grant to the States	93.994	(6)	250,348
Passed-through State Department of Education:			
477 Cluster: (5)			
Temporary Assistance for Needy Families	93.558	(4)	405,692
Child Care and Development Block Grant	93.575	63187	23,548
Total U.S. Department of Health and Human Services			<u>\$ 4,442,370</u>
U.S. Executive Office of the President:			
Passed-through Laurel County, Kentucky Fiscal Court:			
High Intensity Drug Trafficking Areas Program	95.001	G19AP0001A	<u>\$ 4,952</u>
Total U.S. Executive Office of the President			<u>\$ 4,952</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	36367-1	\$ 62,500
Homeland Security Grant Program	97.067	61219-29457	127,532
Total U.S. Department of Homeland Security			<u>\$ 190,032</u>
Total Expenditures of Federal Grants			<u>\$ 21,291,394</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>	<u>Expenditures</u>
Adolescent Pregnancy - State Department of Health	N/A	GG-21-64884-00	\$ 38,592
TennCare Dental Prevention - State Department of Health	N/A	GG-21-67543-00	118,454
Tuberculosis Control and Prevention Program - State Department of Health	N/A	GG-21-66536-00	75,604
Evidence Based Home Visiting - State Department of Health	N/A	GG-20-64581-00	257,452
Mental Health Transport Grant - State Department of Health	N/A	42051-0720	331,638
HIV Prevention Program - State Department of Health	N/A	(10)	67,399
Viral Hepatitis Program - State Department of Health	N/A	GG-21-68938-00	23,930
Neonatal Abstinence Syndrome Education Services - State Department of Health	N/A	GG-21-65604-00	79,343
Immunization Grants - State Department of Health	N/A	GG-20-64925-00	40,986
Grant in Aid - State Department of Health	N/A	GG-21-67539-00	458,906
Prenatal Presumptive Eligibility Expansion Program - State Department of Health	N/A	GG-20-62433-00	33,900
Breast and Cervical Cancer Program - State Department of Health	N/A	GG-21-65131-00	26,556
Family Planning - State Department of Health	N/A	GG-18-54804-00	9,255
Tobacco Settlement - State Department of Health	N/A	GG-19-59659-00	43,379
Community Health Access and Navigation Program - State Department of Health	N/A	GG-21-65895-00	342,918
Juvenile Services Program - State Commission on Children and Youth	N/A	(11)	50,093
Library Technology Grant - Secretary of State	N/A	30501-02220	6,012
State Aid Program - State Department of Transportation	N/A	(4)	747,024
Litter Program - State Department of Transportation	N/A	(4)	84,900
State Direct Appropriations Grant FY 2020 - State Department of Finance and Administration	N/A	(4)	2,160,266
Summer Learning Camps - State Department of Education	N/A	(4)	516,335
Safe Schools Act Grant - State Department of Education	N/A	(4)	225,940
Schools Safety - State Department of Education	N/A	(4)	41,922
Coordinated School Health - State Department of Education	N/A	(4)	94,114
Early Childhood Education Project - State Department of Education	N/A	(4)	662,195
Total State Grants			<u>\$ 6,537,113</u>

FAL = Federal Assistance Listings  
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 \$32,301; Child Nutrition Cluster total \$3,562,740; Special Education Cluster total \$2,665,235; 477 Cluster total \$429,240.  
(6) Grants with multiple pass-through identifying numbers:  
FAL No. 16.540: 61342: \$9,000; 56486 \$53,022.  
FAL No. 20.607: Z-20THS245: \$1,504; Z-21THS285: \$45,312.  
FAL No. 93.940: GG-20-66450: \$25,145; GG-21-68972: \$24,785.  
FAL No. 93.994: GU-19-58081-00: \$30,000; DG-20-62848-00: \$5,390; GG-21-65131-00: \$53,482; GG-21-65895-00: \$154,124; GG-20-62738: \$7,352.  
(7) FAL Totals: FAL No. 10.553, \$860,292; FAL No. 10.555, \$2,702,448; FAL No. 21.019, \$2,804,615; FAL No. 84.425D \$2,665,138; FAL No. 93.268 \$224,327.

<u>Program Title</u>	<u>Federal Assistance Listing Number</u>	<u>Amount Provided to Consolidated Administration</u>
Title I Grants to Local Educational Agencies	84.010	\$ 50,567
Improving Teacher Quality State Grants	84.367	12,111
Student Support and Academic Enrichment Program	84.424	996
Total amounts consolidated for administration purposes		<u>\$ 63,674</u>

- (9) For the year ended June 30, 2021, Sullivan County received donated PPE valued at \$891,207 (\$668,405 federal and \$222,802 state) from Tennessee Department of Military. These donations were unaudited.

Additional Notes for State Grants:

- (10) GG-20-66450-00: \$41,849; GG-21-68972-00: \$25,550.  
(11) 31601-2124: \$5,000; 56471: \$45,093.

Sullivan County, Tennessee  
Summary Schedule of Prior-year Findings  
For the Year Ended June 30, 2021

*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, 2021.

***Prior-year Financial Statement Findings***

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
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**OFFICE OF COUNTY MAYOR, PURCHASING AGENT,  
AND DIRECTOR OF ACCOUNTS AND BUDGETS**

2020	259	2020-001	There were deficiencies in the awarding of bids for the renovation and construction of EMS stations and with payments to the contractor.	N/A	Corrected
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**OFFICE OF DIRECTOR OF SCHOOLS**

2020	260	2020-002	There were deficiencies in the maintenance of subsidiary accounting records.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2020	261	2020-003	The accounting records for various funds had not been maintained properly.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2020	263	2020-004	The school department had deficiencies in budget operations.	N/A	Not Corrected - See Explanation on Corrective Action Plan

**OFFICE OF SHERIFF**

2020	264	2020-005	There were deficiencies in the operations related to a telephone service contract.	N/A	Corrected
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***Prior-year Federal Award Findings***

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

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**SULLIVAN COUNTY, TENNESSEE**  
**SCHEDULE OF FINDINGS AND QUESTIONED COSTS**  
**For the Year Ended June 30, 2021**

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

**Financial Statements:**

1. Our report on the financial statements of the aggregate discretely presented component units is qualified. Our report on the financial statements of the governmental activities, each major fund, and the aggregate remaining fund information is unmodified.

\* Material weakness identified? **YES**

\* 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:

* Assistance Listings Number: 10.557	Special Supplemental Nutrition Program for Women, Infants, and Children
* Assistance Listings Number: 21.019	COVID 19 - Coronavirus Relief Fund
* Assistance Listings Number: 84.425D	COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER I and ESSER II)
* Assistance Listings Number: 93.323	COVID 19 - Epidemiology and Laboratory Capacity for Infections Diseases

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.

### **OFFICE OF DIRECTOR OF SCHOOLS**

#### **FINDING 2021-001**

#### **SCHOOL DEPARTMENT FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT PRESENTATION**

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

At June 30, 2021, certain general ledger account balances in the General Purpose School, School Federal Projects, Central Cafeteria, School Improvement, and Education Capital Projects funds were not materially correct, and audit adjustments totaling \$3,482,566, \$1,480,432, \$471,663, \$150,000, and \$20,000,000, respectively, were required for the financial statements to be materially correct at year-end. It should be noted that the audit adjustment in the Education Capital Projects Fund was required to recognize revenues that were reflected in the prior year report as unearned revenue related the completion of the sale of the Sullivan North High School to the city of Kingsport.

Additionally, recorded budget amounts did not agree with amounts approved by the county commission and/or state Department of Education. Budget amendments approved by the county commission totaling \$1,195,709 were not posted in the General Purpose School Fund. Budgets approved by the state Department of Education for various grants totaling \$9,620,233 were not posted in the School Federal Projects Fund, and the original budget totaling \$3,297,000 was not posted in the School Improvement Fund. After bringing these deficiencies to management's attention in December 2021, the original budget for the School Improvement Fund and budgets for the programs and grants in the School Federal Projects Fund were posted to the accounting records. The amendments and budgets approved by the county commission and the state Department of Education are reflected in the financial statements of this report.

Generally accepted accounting principles require the school department to have adequate internal controls over the maintenance of its accounting records. Material audit adjustments were required because the department's financial reporting system did not prevent, detect, or correct potential misstatements in the accounting records. It is a strong indicator of a material weakness in internal controls if the department has ineffective controls over the maintenance of its accounting records, which are used to prepare the financial statements, including the related notes to the financial statements. This deficiency is a result of a lack of

management oversight. We presented audit adjustments to management that they approved and agreed to post to properly present the financial statements in this report.

### RECOMMENDATION

The school department should have appropriate processes in place to ensure its general ledgers and budgetary accounts are materially correct.

### MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

We hereby concur with this finding, and we agree that audit adjustments were required. However, some were caused by circumstances beyond our control. The School Improvement Fund budget was keyed into the financial management system. However, there was a glitch in the software that didn't allow it to process through completely. Also, many state and federal grants were approved and awarded at the end of the year and were not keyed in because of the frenzy of activity involved in the year end close and the consolidation of the finance department.

### FINDING 2021-002

#### **DEFICIENCIES WERE NOTED IN THE MAINTENANCE OF CAPITAL ASSET RECORDS**

(A. – Noncompliance Under *Government Auditing Standards*; B. – Internal Control – Material Weakness Under *Government Auditing Standards*)

The following deficiencies were noted in the maintenance of capital asset records:

- A. Subsidiary capital assets records were not completed and available for audit by August 31, 2021, 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. Updated capital assets records were not made available as of January 9, 2022. 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.
- B. Since capital asset records had not been updated since June 30, 2020, auditors used alternate methods to determine amounts, which should have been recognized for capital assets activity in the financial statements. From our review of accounting records and school board minutes, as well as other audit procedures, we determined that capital assets, net of accumulated depreciation, were understated by \$19,455,680. This amount included current-year purchases and additions, current-year depreciation expense, construction in progress activity, and the disposal of Sullivan North High School and Holston Valley Middle School. Generally accepted accounting principles require accountability for all assets owned by the school department, such as equipment, vehicles, buildings, and infrastructure. Without accurate capital assets records, the school department cannot adequately control its assets. We presented audit adjustments to management that they approved and agreed

to post to present the capital assets activity that we identified during our examination of records and our interpretation of the school board's capital asset policy. Management's failure to ensure capital assets records are properly maintained restricts the scope of our audit and inhibits our ability to independently determine the completeness and accuracy of amounts reported in the financial statements for capital assets activity and balances. Consequently, our report on the aggregate discretely presented component units opinion unit will be modified with respect to capital assets transactions and balances.

These deficiencies are the result of management's failure to accurately maintain accounting records, the failure to correct the finding noted in the prior-year audit report, and the failure to implement their corrective action plan.

### RECOMMENDATION

Management should maintain its subsidiary capital assets records on a current basis and have those records available for audit no later than two months after the close of their June 30 fiscal year-end. 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 – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

We hereby concur with this finding. Capital asset records were pulled and available, but the final report was not completed until January 9, 2022. This was the result of the transition of duties to the newly created consolidated finance department.

### FINDING 2021-003

#### **THE ACCOUNTING RECORDS FOR VARIOUS FUNDS HAD NOT BEEN MAINTAINED PROPERLY**

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

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

- A. Accounting records were not maintained on a current basis for all funds of the school department. From our review of the audit logs and discussions with management, we noted that material journal entries were posted to the General Purpose School, School Federal Projects, and Central Cafeteria funds on December 21, 2021, and January 3, 2022, respectively. The software application allows for three consecutive months to be open at any given time; however, from our review of the audit logs, we noted that the months of April, May, and June 2021 were all closed on January 3, 2022. The software application used by the school department generates logs that documents the closing and reopening dates of the accounting periods within the general ledger

application. Since accounting entries had not been posted currently, and closed accounting periods were re-opened as noted above, accurate monthly and annual financial reports could not be presented to the board of education and county commission to be used as a management tool for financial decisions. See finding 2021-007.

- B. As noted in the prior-year audit report, employee health insurance deductions for all school department funds are paid through the General Purpose School Fund with transfers for reimbursements from other special revenue funds 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.
- C. Several general ledger payroll liability accounts were not reconciled adequately with subsidiary payroll records, monthly billings, and payments from the various school department funds.
- D. As noted in the prior-year audit report, interfund receivable and payable account balances in various school department funds were not reconciled. As a result, at June 30, 2021, a net difference of \$1,351,129 existed between the various interfund receivables (\$1,471,663) and payables (\$120,534) in the school department funds. These differences were the result of posting errors related to the reimbursement of expenditures and activity for health insurance noted above between the various funds.
- E. As noted in the prior-year audit report, the payroll clearing bank account and the health dental/Medicare supplement bank account had not been reconciled accurately with the general ledger. While monthly reconciliations appear to have been performed, \$19,071 remained unidentified at June 30, 2021. The bank account for the Central Cafeteria Fund for collections of meal charges relating to the school nutrition program appears to have been reconciled monthly; however, collections were not remitted to the county trustee monthly. Instead, the collections for most of the year were remitted to the county trustee in May 2021.
- F. As noted in the prior-year audit report, account balances in the Central Cafeteria Fund were not properly reflected at June 30, 2021. Receivables for the June 2021 meal claims totaling \$83,063 had not been posted to the 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, 2021, the per record balance in this account was \$230 while food service records indicated the actual balance maintained was \$20,707.

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 agreed to post to correct the errors we detected and to properly present the financial statements in this report.

### RECOMMENDATION

Management should properly close its accounting records for the fiscal year ended June 30 and have those records available for audit by the following August 31 as required by state statute. Management should post accounting entries on a current basis. All general ledger accounts should be reconciled accurately each month with subsidiary records, monthly billings, receipts, and payments. Any errors identified should be corrected promptly. Accounting records should be maintained on a current basis, and financial statements should be reviewed for accuracy and completeness.

### MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

We hereby concur with this finding but believe some additional information should be shared. While the final audit log does show that April, May, and June 2021 were closed in January, 2022, proper reconciliation and closure did occur timely. Inaccuracies in financial reports for those months required that adjustments be made long after the months' reconciliations were completed. Said audit logs were reviewed each month. Insurance expenses and deductions are reconciled monthly through the Insurance Tracking module of Skyward. This module tracks what has been expensed, deducted, and submitted as payment for active employees and retirees the like. Staff of the human resources department conduct these reconciliations monthly. Collections for meal charges in the Central Cafeteria Fund were not remitted until May because the amounts of deposit were very small. Since our system did not charge for breakfast or lunch, cash deposits were very minimal. The account was reconciled each month and monitored to be sure that large amounts were not accumulating.

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### FINDING 2021-004

### **THE SCHOOL DEPARTMENT HAD DEFICIENCIES IN BUDGET OPERATIONS**

(Noncompliance Under *Government Auditing Standards*)

Our examination revealed 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. These deficiencies have been reported in the prior-year audit report. Management has previously provided written responses and corrective action plans to address these deficiencies; however, these deficiencies continue to exist.

- A. General Purpose School Fund expenditures exceeded appropriations approved by the county commission at the major category level (the legal level of control) in the Director of Schools major category by \$95,284.

- B. Salaries exceeded appropriations in 19 of 115 salary line-items of the General Purpose School and School Federal Projects funds by amounts ranging from \$48 to \$43,146 for a total of \$114,638. The budget resolution approved by the county commission states that the salary, wages, or renumeration 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.

#### RECOMMENDATION

Expenditures should be held within appropriations approved by the county commission.

#### MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

We hereby concur with this finding and will work to ensure that all budget amendments are approved and accounted for.

#### FINDING 2021-005

#### **THE SCHOOL DEPARTMENT FAILED TO REQUEST REIMBURSEMENT FOR GRANT EXPENDITURES ON A TIMELY BASIS RESULTING IN A DEFICIT IN UNASSIGNED FUND BALANCE IN THE SCHOOL FEDERAL PROJECTS FUND**

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

School department personnel failed to request reimbursement for grant expenditures related to the COVID-19 – Education Stabilization Fund Program – Elementary and Secondary School Emergency Relief Fund (ESSER II) federal program on a timely basis. Requests totaling \$1,741,872 were not submitted to the Tennessee Department of Education for reimbursement until December 8, 2021, for expenditures made from the School Federal Projects Fund from March 2021 through June 2021 plus encumbrances outstanding at June 30, 2021. Receivables from this reimbursement request have been deferred and are not reflected as revenues in the fund financial statements in this report since they were not available to meet current obligations. The failure to submit requests for reimbursements on a timely basis resulted in the School Federal Projects Fund having a deficit in unassigned fund balance of \$1,505,221 on June 30, 2021. Sound business practices dictate that requests for grant reimbursements should be made on a current basis. The deficit in unassigned fund balance was liquidated with the receipt of the grant reimbursement.

#### RECOMMENDATION

The school department should request reimbursement of grant expenditures on a current basis. Management should ensure that adequate funding is provided to prevent the recurrence of a deficit in unassigned fund balance.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

We hereby concur with this finding. Some Elementary and Secondary School Emergency Relief Fund grant applications were caught up in review status through the approval process and would not allow for a reimbursement to occur. Once we received assistance from some key approvers, the reimbursements were submitted and received.

FINDING 2021-006

**THE SCHOOL DEPARTMENT HAD DEFICIENCIES RELATED TO THE ADMINISTRATION OF PAYROLL THAT RESULTED IN OVERPAYMENTS TO SOME EMPLOYEES**

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

Our examination revealed that two former school department employees notified the department that they had continued to receive payroll checks for several months after they had terminated employment with the department. These employees remained on the payroll for two to four months resulting in overpayments totaling \$31,033. The former employees reimbursed the department for these overpayments. This deficiency is due to a lack of management oversight.

RECOMMENDATION

The payroll processes should be improved to ensure all former employees are removed from the payroll system immediately upon termination of employment. Management should review payments to ensure no other employees were paid for time not worked.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

The human resources department has been continually offering assistance to the finance department to identify and remedy each case. The overpayments occurred after July 2021 and after appropriate documentation had been shared with the newly established payroll department. Measures have been put in place and will continue to be in place to identify any discrepancies. Leave requests, separation notices, and new hire information will continue to be forwarded timely from the human resources department to the finance department in expectation of timely processing of employee accounts.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR – LARRY BAILEY

These employees had previously been entered into the payroll system for the 2021-22 school year by the school department human resource staff. There was no process in place to prevent and identify these issues when the Sullivan County Finance Department assumed the responsibility of the school payroll in August of 2021.

AUDITOR'S COMMENTS

With the implementation of the private act for the centralization of accounting, the school department and the central accounting office should develop processes and procedures to

ensure that adequate internal controls are in place to ensure that all former employees are removed from the payroll system immediately upon termination of employment. The school department staff, and the central accounting office staff should develop a plan to utilize the existing resources to ensure employee payroll records are maintained accurately, timely, and efficiently.

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**FINDING 2021-007**

**FINANCIAL REPORTS WERE NOT PRESENTED TO  
THE COUNTY COMMISSION IN COMPLIANCE WITH  
STATE STATUTES**

(Noncompliance Under *Government Auditing Standards*)

The school department's annual financial report was not filed with the county mayor and with the county clerk to be presented to the county commission at the next commission meeting after June 30, 2021, as required by Section 5-8-505, *Tennessee Code Annotated (TCA)*. Additionally, quarterly reports were not filed with the county commission. Section 49-2-101, *TCA*, states that the duties of the county legislative body shall be to "require the county board of education, through the county director of schools, to make a quarterly report of the receipts and expenditures of the public school funds, the needs of the county elementary and county high schools, the progress made in their development and other information as to the administration of the public schools that it may require." These deficiencies can be attributed to financial records not being maintained on a current basis as noted in Finding 2021-003.

**RECOMMENDATION**

Management should present financial reports to the appropriate county officials and county commission as required by state statutes.

**MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN  
RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH**

It was our understanding that the county finance director would be presenting said reports. Access was requested to the financial management system in order to accomplish this task. Access was granted, and it was assumed those reports were being presented.

**MANAGEMENT'S RESPONSE – FINANCE DIRECTOR – LARRY BAILEY**

The Sullivan County Finance Department was not responsible for publishing the financial (budget) report for the various funds of Sullivan County Schools for the fiscal year ending June 30, 2021. In addition, this office did not have access to the school's records to produce the reports for the 2021 FY.

**AUDITOR'S COMMENTS**

Since the school department's financial records for the fiscal year ended June 30, 2021 were maintained by school department staff, the responsibility to present financial reports or to ensure that financial records are presented to the appropriate county officials and the county commission was the responsibility of the school department.

FINDING 2021-008

**THE SCHOOL DEPARTMENT MADE PAYMENTS BASED ON EXPIRED CONTRACTS FOR STUDENT TRANSPORTATION**

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

The school department contracts for student transportation with four local companies. Each company operates under a master agreement, and a separate contract is developed for each bus route. Based on our review, the master agreements expired during the 2020-2021 fiscal year. Bids were solicited on March 18, 2021, by the county purchasing department for new master agreements; however, the board of education did not award the bids at that time. Contracts were re-bid on September 1, 2021; however, as of January 19, 2022, the school board has taken no action on awarding any of the bids. The school department has continued making payments to the companies based on the provisions in the expired contracts. This deficiency resulted from the lack of board action to award bids for new contracts for the operation of student transportation. By continuing to make payments based on the expired contracts, the school department is exposing itself to potential liability.

RECOMMENDATION

Payments for student transportation services should be made based on current contracts.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR OF SCHOOLS INGRID DELOACH

We hereby concur with this finding. Contracts for student transportation are very complex and involve weeks' worth of review and negotiation. Unfortunately, that wasn't completed in a timely manner with the contracts that expired during the current year. The payment on expired contracts was not because of lack of effort or planning.

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MANAGEMENT'S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS – LARRY BAILEY TO ALL SCHOOL DEPARTMENT FINDINGS

The Sullivan County Finance Department is writing this summary response due to the very serious nature of the findings reported in the two most recent audits of the Sullivan County School Department.

It is our pledge, that with the support and cooperation of the Sullivan County Board of Education, School Administration, Sullivan County Commission, and the Financial Management Committee we will make every effort to correct these findings as we complete our implementation of the private act.

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### **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, 2021.

**Sullivan County, Tennessee**  
**Management's Corrective Action Plan**  
**For the Year Ended June 30, 2021**

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
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**OFFICE OF DIRECTOR OF SCHOOLS - CURRENT DIRECTOR OF  
SCHOOLS EVELYN RAFALOWSKI AND ASSISTANT DIRECTOR  
OF SCHOOLS INGRID DELOACH**

2021-001	School department funds required material audit adjustments for proper financial statement presentation.	273
2021-002	Deficiencies were noted in the maintenance of capital asset records.	274
2021-003	The accounting records for various funds had not been maintained properly.	275
2021-004	The school department had deficiencies in budget operations.	276
2021-005	The school department failed to request reimbursement for grant expenditures on a timely basis resulting in a deficit in unassigned fund balance in the School Federal Projects Fund.	277
2021-006	The school department had deficiencies related to the administration of payroll that resulted in overpayments to some employees.	278
2021-007	Financial reports were not presented to the county commission in compliance with state statutes.	279
2021-008	The school department made payments based on expired contracts for student transportation.	280

**OFFICE OF FINANCE DIRECTOR - LARRY BAILEY**

2021-006	The school department had deficiencies related to the administration of payroll that resulted in overpayments to some employees.	281
2021-007	Financial reports were not presented to the county commission in compliance with state statutes.	281

DIRECTOR OF SCHOOLS  
EVELYN RAFALOWSKI

ASSISTANT DIRECTOR  
ANGELA BUCKLES

ASSISTANT DIRECTOR  
INGRID DELOACH



SULLIVAN COUNTY  
SCHOOLS

BOARD OF EDUCATION

MICHAEL HUGHES  
MARK TRESON  
RANDALL JONES  
PAUL ROBINSON  
DR. MARY ROUSE  
MATTHEW SPIVEY  
MATTHEW PRICE

February 7, 2022

Mark Treece, Audit Manager  
Division of Local Government Audit  
5401 Kingston Pike, Building 2, Suite 300  
Knoxville, TN 37919

**Management's Corrective Action Plan**

**SCHOOL DEPARTMENT FUNDS REQUIRED MATERIAL AUDIT ADJUSTMENTS FOR PROPER FINANCIAL STATEMENT  
PRESENTATION**

Person Preparing Corrective Action Plan: Ingrid Deloach  
Persons Responsible for Implementing the Corrective Action Plan: Ingrid Deloach  
Anticipated Completion Date of Corrective Action: February 2, 2022  
Repeat Finding: No  
Planned Corrective Action:  
All grants and amendments will be posted immediately upon approval.

  
Evelyn Rafalowski  
Director of Schools

  
Ingrid Deloach  
Assistant Director

DIRECTOR OF SCHOOLS  
EVELYN RAFALOWSKI

ASSISTANT DIRECTOR  
ANGELA BUCKLES

ASSISTANT DIRECTOR  
INGRID DELOACH



SULLIVAN COUNTY  
SCHOOLS

BOARD OF EDUCATION

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MATTHEW PRICE

February 7, 2022

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 CAPITAL ASSET 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, 2022

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:

All records will be closed and available for audit by August 31, 2022.

Evelyn Rafalowski  
Director of Schools

Ingrid Deloach  
Assistant Director

DIRECTOR OF SCHOOLS  
EVELYN RAFALOWSKI

ASSISTANT DIRECTOR  
ANGELA BUCKLES

ASSISTANT DIRECTOR  
INGRID DELOACH



SULLIVAN COUNTY  
SCHOOLS

BOARD OF EDUCATION

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MATTHEW SPIVEY  
MATTHEW PRICE

February 7, 2022

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: February 2, 2022

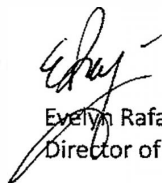
Repeat Finding: Yes

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:

Detailed reconciliations will be performed timely of all accounts. The HR Department will work to ensure that all information is available detailing said reconciliations.



Evelyn Rafalowski  
Director of Schools



Ingrid Deloach  
Assistant Director

DIRECTOR OF SCHOOLS  
EVELYN RAFALOWSKI

ASSISTANT DIRECTOR  
ANGELA BUCKLES

ASSISTANT DIRECTOR  
INGRID DELOACH



BOARD OF EDUCATION

MICHAEL HUGHES  
MARK IRESON  
RANDALL JONES  
PAUL ROBINSON  
DR. MARY ROUSE  
MATTHEW SPIVEY  
MATTHEW PRICE

February 7, 2022

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, 2022

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:

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.

Evelyn Rafalowski  
Director of Schools

Ingrid Deloach  
Assistant Director



February 7, 2022

Mark Treece, Audit Manager  
Division of Local Government Audit  
5401 Kingston Pike, Building 2, Suite 300  
Knoxville, TN 37919

**Management's Corrective Action Plan**

**THE SCHOOL DEPARTMENT FAILED TO REQUEST REIMBURSEMENT FOR GRANT EXPENDITURES ON A TIMELY BASIS RESULTING IN A DEFICIT IN UNASSIGNED FUND BALANCE IN THE SCHOOL FEDERAL PROJECTS FUND**

Person Preparing Corrective Action Plan: Ingrid Deloach

Persons Responsible for Implementing the Corrective Action Plan: Ingrid Deloach

Anticipated Completion Date of Corrective Action: February 2, 2022

Repeat Finding: No

Planned Corrective Action:

All reimbursement requests will be submitted on a monthly basis at a minimum or as soon as the ePlan system will allow.

  
Evelyn Rafalowski  
Director of Schools

  
Ingrid Deloach  
Assistant Director

DIRECTOR OF SCHOOLS  
EVELYN RAFALOWSKI

ASSISTANT DIRECTOR  
ANGELA BUCKLES

ASSISTANT DIRECTOR  
INGRID DELOACH



BOARD OF EDUCATION

MICHAEL HUGHES  
MARK IRESON  
RANDALL JONES  
PAUL ROBINSON  
DR. MARY ROUSE  
MATTHEW SPIVEY  
MATTHEW PRICE

February 7, 2022

Mark Treece, Audit Manager  
Division of Local Government Audit  
5401 Kingston Pike, Building 2, Suite 300  
Knoxville, TN 37919

**Management's Corrective Action Plan**

**THE SCHOOL DEPARTMENT HAD DEFICIENCIES RELATED TO THE ADMINISTRATION OF PAYROLL THAT RESULTED  
IN OVERPAYMENTS TO SOME EMPLOYEES**

Person Preparing Corrective Action Plan: Ingrid Deloach

Persons Responsible for Implementing the Corrective Action Plan: Ingrid Deloach

Anticipated Completion Date of Corrective Action: February 2, 2022

Repeat Finding: No

Planned Corrective Action:

The HR Department will ensure that all employment information is relayed to the Payroll Department as soon as it is available. Leave requests, separation notices, and new hire information will continue to be forwarded timely from the Human Resources Department to the Finance Department in expectation of timely processing of employee accounts.

  
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Ingrid Deloach  
Assistant Director

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February 7, 2022

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**Management's Corrective Action Plan**

**FINANCIAL REPORTS WERE NOT PRESENTED TO THE COUNTY COMMISSION IN COMPLIANCE WITH STATE  
STATUTES**

Person Preparing Corrective Action Plan: Ingrid Deloach

Persons Responsible for Implementing the Corrective Action Plan:

Anticipated Completion Date of Corrective Action:

Repeat Finding: No

Planned Corrective Action:

The Finance Director will present all reports on a timely basis to the county commission.

Evelyn Rafalowski  
Director of Schools

Ingrid Deloach  
Assistant Director

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February 7, 2022

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Knoxville, TN 37919

**Management's Corrective Action Plan**

**THE SCHOOL DEPARTMENT MADE PAYMENTS BASED ON EXPIRED CONTRACTS FOR STUDENT TRANSPORTATION**

Person Preparing Corrective Action Plan: Ingrid Deloach

Persons Responsible for Implementing the Corrective Action Plan:

Anticipated Completion Date of Corrective Action: June 30, 2022

Repeat Finding: No

Planned Corrective Action:

Contracts for student transportation will be bid and renewed in a timely manner.

Evelyn Rafalowski  
Director of Schools

Ingrid Deloach  
Assistant Director



# SULLIVAN COUNTY

## OFFICE OF FINANCE DIRECTOR

3411 Highway 126, Suite 202 • Blountville, Tennessee 37617

E-Mail: [Larry.bailey@sullivancountyttn.gov](mailto:Larry.bailey@sullivancountyttn.gov)

(423) 323-6409 • Fax: (423) 279-2899

### Corrective Action Plan

**FINDING:** THE SCHOOL DEPARTMENT HAD DEFICIENCIES RELATED TO THE ADMINISTRATION OF PAYROLL THAT RESULTED IN OVERPAYMENTS TO SOME EMPLOYEES

**Response and Corrective Action Plan Prepared by:**  
Larry G. Bailey, Finance Director

**Person Responsible for Implementing the Corrective Action:**  
Larry G. Bailey, Finance Director

**Anticipated Completion Date of Corrective Action:**  
December 31, 2022

**Repeat Finding:**  
Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
School Staff was responsible and did not attempt to correct

**Planned Corrective Action:**  
Set up a structured plan to manage and administer the payroll utilizing available software already located in the schools and training employees.

**FINDING:** FINANCIAL REPORTS WERE NOT PRESENTED TO THE COUNTY COMMISSION IN COMPLIANCE WITH STATE STATUE

**Response and Corrective Action Plan Prepared by:**  
Larry G. Bailey, Finance Director

**Person Responsible for Implementing the Corrective Action:**  
Larry G. Bailey, Finance Director

**Anticipated Completion Date of Corrective Action:**  
March 31, 2022

**Repeat Finding:** Yes

**Reason Corrective Action was Not Taken in the Prior Year:**  
**School Staff was responsible and did not attempt to correct.**

**Planned Corrective Action:**

Have already set up software to produce the report and train staff to follow through with finishing the reports including entering on county website.

  
Signature