

OFFICIAL STATEMENT

New Issue
Book-Entry Only

Rating: Moody's "Aa2"

In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See "Tax Matters" herein).

\$76,190,000 SULLIVAN COUNTY, TENNESSEE GENERAL OBLIGATION BONDS, SERIES 2020 (ULT)

Dated: Date of Issuance

Due: May 1, as shown below

Sullivan County, Tennessee (the "County") will issue its \$76,190,000 General Obligation Bonds, Series 2020 (the "Bonds") in fully registered form, without coupons, and, when issued, the Bonds will be registered in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York ("DTC"). DTC will act as securities depository of the Bonds. Individual purchases of beneficial ownership interest in the Bonds will be made in book-entry form only, in denominations of \$5,000 or multiples thereof through DTC Participants. Interest on the Bonds will be payable semiannually on May 1 and November 1 of each year, commencing on May 1, 2021, calculated on the basis of a 360-day year consisting of twelve 30-day months.

Payments of principal of and interest on the Bonds are to be made to purchasers by DTC through the Participants (as such term is herein defined). Purchasers will not receive physical delivery of Bonds purchased by them. See "The Bonds-Book-Entry-Only System." Principal of and interest on the Bonds are payable by the County to the designated corporate trust office of U.S. Bank National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds are subject to redemption on or after May 1, 2029 at a price of par as more fully set forth herein. See, "The Bonds-Redemption" herein. The Bonds are payable on May 1 of each year as follows:

Maturity (May 1)	Principal	Interest Rate	Price or Yield	CUSIP Number	Maturity (May 1)	Principal	Interest Rate	Price or Yield	CUSIP Number
2022	\$2,535,000	5.000%	0.210%	865287UP9	2031	\$3,930,000	3.000%	1.200% ^C	865287UY0
2023	2,660,000	5.000	0.220	865287UQ7	2032	4,050,000	2.000	1.550 ^C	865287UZ7
2024	2,795,000	5.000	0.250	865287UR5	2033	4,130,000	2.000	1.600 ^C	865287VA1
2025	2,930,000	5.000	0.300	865287US3	2034	4,210,000	2.000	1.700 ^C	865287VB9
2026	3,080,000	5.000	0.400	865287UT1	2035	4,295,000	2.000	1.800 ^C	865287VC7
2027	3,235,000	5.000	0.600	865287UU8	2038	4,560,000	2.000	2.050	865287VF0
2028	3,395,000	5.000	0.750	865287UV6	2039	4,650,000	2.000	2.080	865287VG8
2029	3,565,000	5.000	0.900	865287UW4	2040	4,740,000	2.000	2.100	865287VH6
2030	3,745,000	5.000	1.000 ^C	865287UX2	2041	4,835,000	2.000	2.120	865287VJ2

\$8,850,000 2.000% Term Bonds due May 1, 2037, Yield 2.000% 865287VE3

^C Yield to May 1, 2029 Call Date

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. See "Security-Source of Payment" and "Levy of Tax".

The Bonds are offered when, as and if issued, subject to the approval of the legality by Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel, whose opinion will be delivered with the Bonds. Certain legal matters will be passed upon for the County by Daniel P. Street, Esq., County Attorney. Stephens Inc. is serving as Municipal Advisor to the County. The Bonds, in book-entry form, are expected to be available for delivery through Depository Trust Company in New York, New York, on or about October 28, 2020.

October 13, 2020

For purposes of compliance with Rule 15c2-12 of the Securities and Exchange Commission, this document, as the same may be supplemented or amended (collectively, the "Official Statement") by Sullivan County, Tennessee (the "County") from time to time, is an Official Statement with respect to the Bonds described herein that is deemed final by the County as of the date hereof (or of any such supplement or amendment). It is subject to completion with certain information to be established at the time of the sale of the Bonds as permitted by Rule 15c2-12 of the Securities and Exchange Commission.

No dealer, broker, salesman or other person has been authorized by the County or by Stephens Inc. (the "Municipal Advisor") to give any information or make any representations other than those contained in this Official Statement and, if given or made, such information or representations with respect to the County or the Bonds must not be relied upon as having been authorized by the County or the Municipal Advisor. This Official Statement does not constitute an offer to sell, or solicitation of an offer to buy, any securities other than the securities offered hereby to any person in any jurisdiction where such offer or solicitation of such offer would be unlawful.

This Official Statement should be considered in its entirety and no one factor should be considered more or less important than any other by reason of its position in this Official Statement. Where statutes, reports or other documents are referred to herein, reference should be made to such statutes, reports or other documents for more complete information regarding the rights and obligations of parties thereto, facts and opinions contained therein and the subject matter thereof.

The information and expressions of opinion in this Official Statement are subject to change without notice and neither the delivery of this Official Statement nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the County since the date as of which information is given in this Official Statement.

In making an investment decision investors must rely on their own examination of the County and the terms of the offering, including the merits and risks involved. No registration statement relating to the Bonds has been filed with the Securities and Exchange Commission or with any state securities agency. The Bonds have not been approved or disapproved by the Commission or any state securities agency, nor has the Commission or any state securities agency passed upon the accuracy or adequacy of this Official Statement. Any representation to the contrary is a criminal offense.

All CUSIP numbers referenced herein have been assigned by Standard & Poor's CUSIP Service Bureau, a Division of The McGraw-Hill Companies, Inc., and are included solely for convenience of the Bondholders. The County is not responsible for the selection or use of these CUSIP numbers, nor is any representation made as to their correctness on the Bonds or as indicated herein.

The material contained herein has been obtained from sources believed to be current and reliable, but the accuracy thereof is not guaranteed. The Official Statement contains statements which are based upon estimates, forecasts, and matters of opinion, whether or not expressly so described, and such statements are intended solely as such and not as representations of fact. All summaries of statutes, resolutions, and reports contained herein are made subject to all the provisions of said documents. The Official Statement is not to be construed as a contract with the purchasers of any of the Sullivan County, Tennessee General Obligation Bonds, Series 2020.

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**Sullivan County, Tennessee
3411 Highway 126
Blountville, Tennessee 37617**

Officials

County Mayor

Richard S. Venable

Board of Commissioners

David Akard
Judy Blalock
Michale Broughton
Darlene Calton
Michael Cole
Larry Crawford
Andrew Cross
Joyce Crosswhite

John Gardner
Colette George
Herchel Glover
Terry Harkleroad
Mark Hutton
Samuel Jones
Dwight King
Anthony Leonard

Hunter Locke
Randy Morrell
Archie Pierce
Angela Stanley
Alicia Starnes
Gary Stidham
Mark Vance
Douglas Woods

County Officials

Accounts and Budgets Director
Property Assessor
Circuit Court Clerk
Clerk and Master
County Clerk
Director of Schools
Register of Deeds
Sheriff
Highway Department
Trustee

Larry G. Bailey
Donna Whitaker
Bobby Russell
Katherine Priester
Teresa Jacobs
David Cox
Sheena Tinsley
Jeff Cassidy
Scott Murray
Susan Ramsey

Counsel for the County

Daniel P. Street, Esq., County Attorney
Blountville, Tennessee

Bond Counsel

Bass, Berry & Sims PLC
Nashville, Tennessee

Registration and Paying Agent

U.S. Bank National Association
Nashville, Tennessee

Municipal Advisor

Stephens Inc.
Nashville, Tennessee

Underwriter

Robert W. Baird & Co., Inc.
Red Bank, New Jersey

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Summary Statement

This Summary is expressly qualified by the entire Official Statement, which should be viewed in its entirety by potential investors.

ISSUER	Sullivan County, Tennessee (the “County”).
ISSUE	\$76,190,000 General Obligation Bonds, Series 2020 (the “Bonds”).
PURPOSE	(i) construction, repair, renovation, improvement and equipping of County jail, detention and related facilities; (ii) acquisition of all related real and personal property; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; (iv) reimbursement to the County for funds previously expended for any of the foregoing; and (v) payment of the costs related to the issuance and sale of the Bonds. See “The Bonds – Description” herein.
DATED DATE	October 28, 2020.
INTEREST DUE	Each May 1 and November 1, commencing May 1, 2021.
PRINCIPAL DUE	May 1, 2022 through May 1, 2041.
OPTIONAL REDEMPTION	The Bonds are subject to optional redemption on or after May 1, 2029 at a price of par, as more fully described herein. See “The Bonds – Optional Redemption” herein.
SECURITY	The Bonds shall be payable from unlimited <u>ad valorem</u> taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged. See “The Bonds – Security and Sources of Payment” herein.
RATINGS	“Aa2” by Moody’s Investors Service (“Moody’s”) based on documents and other information provided by the County. The rating reflects only the view of Moody’s and neither the County, the Municipal Advisor nor the Underwriter make any representations as to the appropriateness of such ratings.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the ratings may be obtained from Moody’s. See “Rating” herein.

TAX MATTERS In the opinion of Bond Counsel, based on existing law and assuming compliance with certain tax covenants of the County, interest on the Bonds will be excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax. For an explanation of certain tax consequences under federal law which may result from the ownership of the Bonds, see the discussion under the heading “Tax Matters” herein. Under existing law, the Bonds and the income therefrom will be exempt from all state, county and municipal taxation in the State of Tennessee, except Tennessee franchise and excise taxes. (See “Tax Matters” herein).

**REGISTRATION AND PAYING
AGENT** U.S. Bank National Association, Nashville, Tennessee.

MUNICIPAL ADVISOR..... Stephens Inc.

UNDERWRITER..... Robert W. Baird & Co., Inc., Red Bank, New Jersey.

Official Statement

\$76,190,000

Sullivan County, Tennessee

General Obligation Bonds, Series 2020

(ULT)

Introduction

The Official Statement, including the cover page and appendices hereto, is furnished in connection with the issuance by Sullivan County, Tennessee (the “County”) of \$76,190,000 General Obligation Bonds, Series 2020 (the “Bonds”).

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101, et seq., Tennessee Code Annotated, and pursuant to a bond resolution adopted by the Board of County Commissioners on September 17, 2020 (the “Resolution”) authorizing the execution, terms, issuance and sale of the Bonds.

This Official Statement includes descriptions of, among other matters, the Bonds, the Resolution, and the County. Such descriptions and information do not purport to be comprehensive or definitive. All references to the Resolution are qualified in their entirety by reference to the definitive document, including the form of the Bonds included in the Resolution. During the period of the offering of the Bonds, copies of the Resolution and any other documents described herein or in the Resolution may be obtained from the County. After delivery of the Bonds, copies of such documents will be available for inspection at the County Mayor's office. All capitalized terms used in this Official Statement and not otherwise defined herein have the meanings set forth in the Resolution.

The Bonds

Description

The Bonds are being issued to finance the (i) construction, repair, renovation, improvement and equipping of County jail, detention and related facilities; (ii) acquisition of all related real and personal property; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing (collectively, the “Projects”); (iv) reimbursement to the County for funds previously expended for any of the foregoing; and (v) payment of the costs related to the issuance and sale of the Bonds.

The Bonds will be issued as fully registered book-entry Bonds, without coupons, in denominations of \$5,000 or any integral multiple thereof. The Bonds will be dated their date of issuance. Interest on the Bonds, at the rates per annum set forth on the cover page and calculated on the basis of a 360-day year, consisting of twelve 30-day months, will be payable semiannually on May 1 and November 1 of each year (herein an “Interest Payment Date”), commencing May 1, 2021.

The Bonds will mature on the dates and in the amounts set forth on the cover page.

The Bonds will be initially registered only in the name of Cede & Co., as nominee of The Depository Trust Company, New York, New York (“DTC”), which will act as securities depository for the Bonds.

U.S. Bank National Association, Nashville, Tennessee (the “Registration Agent”) will make all interest payments with respect to the Bonds on each Interest Payment Date directly to the registered owners as shown on the Bond registration records maintained by the Registration Agent as of the close of business on the fifteenth day of the month next preceding the Interest Payment Date (the “Regular Record Date”) by check or draft mailed to such owners at their addresses shown on said registration records, without, except for final payment, the presentation or surrender of such registered Bonds, and all such payments shall discharge the obligations of the County in respect of such Bonds to the extent of the payments so made. Payment of principal of the Bonds shall be made upon presentation and surrender of such Bonds to the Registration Agent as the same shall become due and payable. In the event the Bonds are no longer registered in the name of DTC or its successor or assigns, if requested by the Owner of at least \$1,000,000 in aggregate principal amount of the Bonds, payment of interest on such Bonds shall be paid by wire transfer to a bank within the continental United States or deposited to a designated account if such account is maintained with the Registration Agent and written notice of any such election and designated account is given to the Registration Agent prior to the record date.

Any interest on any Bond which is payable but is not punctually paid or duly provided for on any interest payment date (hereinafter “Defaulted Interest”) shall forthwith cease to be payable to the registered owner on the relevant Regular Record Date; and, in lieu thereof, such Defaulted Interest shall be paid by the County to the persons in whose names the Bonds are registered at the close of business on a date (the “Special Record Date”) for the payment of such Defaulted Interest, which shall be fixed in the following manner: The County shall notify the Registration Agent in writing of the amount of Defaulted Interest proposed to be paid on each Bond and the date of the proposed payment, and at the same time the County shall deposit with the Registration Agent an amount of money equal to the aggregate amount proposed to be paid in respect of such Defaulted Interest or shall make arrangements satisfactory to the Registration Agent for such deposit prior to the date of the proposed payment, such money when deposited to be held in trust for the benefit of the persons entitled to such Defaulted Interest. Thereupon, not less than ten (10) days after the receipt by the Registration Agent of the notice of the proposed payment, the Registration Agent shall fix a Special Record Date for the payment of such Defaulted Interest which date shall not be more than fifteen (15) nor less than ten (10) days prior to the date of the proposed payment to the registered owners. The Registration Agent shall promptly notify the County of such Special Record Date and, in the name and at the expense of the County, not less than ten (10) days prior to such Special Record Date, shall cause notice of the proposed payment of such Defaulted Interest and the Special Record Date therefor to be mailed, first class postage prepaid, to each registered owner at the address thereof as it appears in the Bond registration records maintained by the Registration Agent as of the date of such notice. Nothing contained in the Resolution or in the Bonds shall impair any statutory or other rights in law or in equity of any registered owner arising as a result of the failure of the County to punctually pay or duly provide for the payment of principal of and interest on the Bonds when due.

Optional Redemption

The Bonds maturing on or before May 1, 2029 are not subject to redemption prior to maturity at the option of the County. The Bonds maturing on May 1, 2030 and thereafter shall be subject to redemption prior to maturity at the option of the County on or after May 1, 2029 as a whole or in part at any time at the redemption price of par, plus interest accrued to the redemption date.

If less than all the Bonds shall be called for redemption, the maturities to be redeemed shall be selected by the Board of County Commissioners of the County in its discretion. If less than all of the Bonds within a single maturity shall be called for redemption, the interests within the maturity to be redeemed shall be selected as follows:

- (i) if the Bonds are being held under a Book-Entry System by DTC, or a successor Depository, the Bonds to be redeemed shall be determined by DTC, or such successor

Depository, by lot or such other manner as DTC, or such successor Depository, shall determine; or

(ii) if the Bonds are not being held under a Book-Entry System by DTC, or a successor Depository, the Bonds within the maturity to be redeemed shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall determine.

Mandatory Sinking Fund Redemption

The Bonds maturing on May 1, 2037 are subject to scheduled mandatory redemption prior to maturity in part (by lot in such manner as may be designated by the Registration Agent) at a redemption price equal to 100% of the principal amount thereof, plus accrued interest to the redemption date, in the following principal amounts and on the dates set forth below:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
May 1, 2037	May 1, 2036	\$4,380,000
	May 1, 2037*	4,470,000

*Final Maturity

At its option, to be exercised on or before the 45th day next preceding such scheduled mandatory redemption date, the County may (a) receive a credit with respect to its scheduled mandatory redemption obligation for any Bonds of the same maturity subject to scheduled mandatory redemption which are delivered to the Registration Agent for cancellation and not theretofore applied as a credit against a scheduled mandatory redemption obligation or (b) receive a credit with respect to its scheduled mandatory redemption obligation for any Bonds of the same maturity which prior to said date have been redeemed (otherwise than through scheduled mandatory redemption) and canceled by the Registration Agent and not theretofore applied as a credit against said scheduled mandatory redemption obligation. Each Bond so delivered or previously redeemed shall be credited by the Registration Agent, at the principal amount thereof to the obligation of the County on such scheduled mandatory redemption date and the principal amount of the Bonds to be redeemed by operation of such scheduled mandatory redemption on such date shall be accordingly reduced.

Notice of Redemption

Notice of call for redemption, whether optional or mandatory, shall be given by the Registration Agent not less than thirty (30) nor more than sixty (60) days prior to the date fixed for redemption by sending an appropriate notice to the registered owners of the Bonds to be redeemed by first-class mail, postage prepaid, at the addresses shown on the Bond registration records of the Registration Agent as of the date of the notice; but neither failure to mail such notice nor any defect in any such notice so mailed shall affect the sufficiency of the proceedings for the redemption of any of the Bonds for which proper notice was given. An optional redemption notice may state that it is conditioned upon the deposit of moneys in an amount equal to the amount necessary to affect the redemption with the Registration Agent no later than the redemption date ("Conditional Redemption"). As long as DTC, or a successor Depository, is the registered owner of the Bonds, all redemption notices shall be mailed by the Registration Agent to DTC, or such successor Depository, as the registered owner of the Bonds, as and when above provided, and neither the County nor the Registration Agent shall be responsible for mailing notices of redemption to DTC Participants or Beneficial Owners. Failure of DTC, or any successor Depository, to provide notice to any DTC Participant will not affect the validity of such redemption. From and after any redemption

date, all Bonds called for redemption shall cease to bear interest if funds are available at the office of the Registration Agent for the payment thereof and if notice has been duly provided as set forth in the Resolutions. In the case of a Conditional Redemption, the failure of the County to make funds available in part or in whole on or before the redemption date shall not constitute an event of default, and the Registration Agent shall give immediate notice to the Depository or the affected Bondholders that the redemption did not occur and that the Bonds called for redemption and not so paid remain Outstanding.

Security - Sources of Payment

The Bonds shall be payable from unlimited ad valorem taxes to be levied on all taxable property within the County. For the prompt payment of principal of and interest on the Bonds, the full faith and credit of the County are irrevocably pledged.

Levy of Tax

Pursuant to the Resolution, the County, through its County Commission, has covenanted to annually levy and collect a tax upon all taxable property within the County, in addition to all other taxes authorized by law, sufficient to pay principal of and interest on the Bonds when due, and levy a direct annual tax in such amount as may be found necessary each year to pay principal and interest coming due on the Bonds in said year. Principal and interest falling due at any time when there are insufficient funds on hand from this tax levy will be paid from the current funds of the County and reimbursement therefor will be made out of the taxes authorized to be levied under the Resolution when collected. The tax may be reduced to the extent of any direct appropriations from other funds, taxes and revenues of the County to the payment of debt service on the Bonds.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, without limitation as to rate or amount, and a referendum is neither required nor permitted to set the rate or amount. For a more complete statement of the general covenants and provisions pursuant to which the Bonds are issued, reference is made to the Resolution.

Discharge and Satisfaction of Bonds

The Bonds may be discharged and defeased in any one or more of the following ways:

(a) By depositing sufficient funds as and when required with the Registration Agent, to pay the principal of and interest on such Bonds as and when the same become due and payable;

(b) By depositing or causing to be deposited with any trust company or financial institution whose deposits are insured by the Federal Deposit Insurance Corporation or similar federal agency and which has trust powers (an "Agent"; which Agent may be the Registration Agent) in trust or escrow, on or before the date of maturity or redemption, sufficient money or Defeasance Obligations, as hereafter defined, the principal of and interest on which, when due and payable, will provide sufficient moneys to pay or redeem such Bonds and to pay interest thereon when due until the maturity or redemption date;

(c) By delivering such Bonds to the Registration Agent, for cancellation by it;

and if the County shall also pay or cause to be paid all other sums payable under the Resolution, or make adequate provision therefor, and by resolution of the Governing Body instruct any such Agent to pay amounts when and as required to the Registration Agent for the payment of principal of and interest on such Bonds when due, then such Bonds shall be discharged and satisfied and all covenants, agreements and obligations of the County to the holders of such Bonds shall be fully discharged and satisfied.

If the County pays and discharges the indebtedness evidenced by any of the Bonds in the manner provided in either clause (a) or clause (b) above, then the registered owners of such Bonds shall thereafter be entitled only to payment out of the money or Defeasance Obligations.

Defeasance Obligations are direct obligations of, or obligations, the principal of and interest on which are guaranteed by, the United States of America, which bonds or other obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Remedies of Bondholders

Under Tennessee law, any Bondholder has the right, in addition to all other rights:

(1) By mandamus or other suit, action or proceeding in any court of competent jurisdiction to enforce its rights against the County, including, but not limited to, the right to require the County to assess, levy and collect taxes adequate to carry out any agreement as to, or pledge of, such taxes, fees, rents, tolls, or other charges, and to require the County to carry out any other covenants and agreements, or

(2) By action or suit in equity, to enjoin any acts or things which may be unlawful or a violation of the rights of such Bondholder.

Book-Entry-Only System

The Depository Trust Company (“DTC”), New York, NY, will act as securities depository for the securities (the “Securities”). The Securities will be issued as fully-registered securities registered in the name of Cede & Co. (DTC’s partnership nominee) or such other name as may be requested by an authorized representative of DTC. One fully-registered Bond certificate will be issued for each maturity of the Bonds, in the aggregate principal amount of such maturity, and will be deposited with DTC.

DTC, the world’s largest depository, is a limited-purpose trust company organized under the New York Banking Law, a “banking organization” within the meaning of the New York Banking Law, a member of the Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code, and a “clearing agency” registered pursuant to the provisions of Section 17A of the Securities Exchange Act of 1934. DTC holds and provides asset servicing for over 2.2 million issues of U.S. and non-U.S. equity, corporate and municipal debt issues, and money market instrument from over 100 countries that DTC’s participants (“Direct Participants”) deposit with DTC. DTC also facilitates the post-trade settlement among Direct Participants of sales and other securities transactions in deposited securities through electronic computerized book-entry transfers and pledges between Direct Participants’ accounts. This eliminates the need for physical movement of securities certificates. Direct Participants include both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, clearing corporations, and certain other organizations. DTC is a wholly-owned subsidiary of The Depository Trust & Clearing Corporation (“DTCC”). DTCC, in turn, is owned by a number of Direct Participants of DTC and Members of the National Securities Clearing Corporation, Fixed Income Clearing Corporation, and Emerging Markets Clearing Corporation (NSCC, FICC, and EMCC, also subsidiaries of DTCC), as well as by the New York Stock Exchange, Inc., the American Stock Exchange LLC, and the National Association of Securities Dealers, Inc. Access to the DTC system is also available to others such as both U.S. and non-U.S. securities brokers and dealers, banks, trust companies, and clearing corporations that clear through or maintain a custodial relationship with a Direct Participant, either directly or indirectly (“Indirect Participants”). DTC has Standard & Poor’s rating of AA+. The DTC Rules applicable to its Participants are on file with the Securities and Exchange Commission. More information about DTC can be found at www.dtcc.com and www.dtc.org.

Purchases of Securities under the DTC system must be made by or through Direct Participants, which will receive a credit for the Securities on DTC's records. The ownership interest of each actual purchaser of each Security ("Beneficial Owner") is in turn to be recorded on the Direct and Indirect Participants' records. Beneficial Owners will not receive written confirmation from DTC of their purchase. Beneficial Owners are, however, expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct or Indirect Participant through which the Beneficial Owner entered into the transaction. Transfers of ownership interests in the Securities are to be accomplished by entries made on the books of Direct and Indirect Participants acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in Securities, except in the event that use of the book-entry system for the Securities is discontinued.

To facilitate subsequent transfers, all Securities deposited by Direct Participants with DTC are registered in the name of DTC's partnership nominee, Cede & Co. or such other name as may be requested by an authorized representative of DTC. The deposit of Securities with DTC and their registration in the name of Cede & Co. or such other nominee do not effect any change in beneficial ownership. DTC has no knowledge of the actual Beneficial Owners of the Securities; DTC's records reflect only the identity of the Direct Participants to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct and Indirect Participants will remain responsible for keeping account of their holdings on behalf of their customers.

Conveyance of notices and other communications by DTC to Direct Participants, by Direct Participants to Indirect Participants, and by Direct Participants and Indirect Participants to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

Redemption notices shall be sent to DTC. If less than all of the Securities within an issue are being redeemed, DTC's practice is to determine by lot the amount of the interest of each Direct Participant in such issue to be redeemed.

Neither DTC nor Cede & Co. (nor such other DTC nominee) will consent or vote with respect to the Securities unless authorized by a Direct Participant in accordance with DTC's Procedures. Under its usual procedures, DTC mails an Omnibus Proxy to Issuer as soon as possible after the record date. The Omnibus Proxy assigns Cede & Co.'s consenting or voting rights to those Direct Participants to whose accounts the Securities are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Securities will be made to Cede & Co., or such other nominee as may be requested by an authorized representative of DTC. DTC's practice is to credit Direct Participants' accounts, upon DTC's receipt of funds and corresponding detail information from Issuer or Agent on payable date in accordance with their respective holdings shown on DTC's records. Payments by Participants to Beneficial Owners will be governed by standing instructions and customary practices, as is the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of such Participant and not of DTC (nor its nominee), Agent, or Issuer, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment of redemption proceeds, distributions, and dividend payments to Cede & Co. (or such other nominee as may be requested by an authorized representative of DTC) is the responsibility of County or Agent, disbursement of such payments to Direct Participants will be the responsibility of DTC, and disbursement of such payments to the Beneficial Owners will be the responsibility of Direct and Indirect Participants.

DTC may discontinue providing its services as securities depository with respect to the Securities at any time by giving reasonable notice to the County or Agent. Under such circumstances, in the event that a

successor securities depository is not obtained, Security certificates are required to be printed and delivered.

The County may decide to discontinue use of the system of book-entry-only transfers through DTC (or a successor securities depository). In that event, Security certificates will be printed and delivered to DTC.

The information in this section concerning DTC and DTC's book-entry system has been obtained from sources that County believes to be reliable, but County takes no responsibility for the accuracy thereof.

THE COUNTY AND THE REGISTRATION AGENT HAVE NO RESPONSIBILITY OR OBLIGATION TO PARTICIPANTS, OR TO ANY BENEFICIAL OWNER WITH RESPECT TO (I) THE ACCURACY OF ANY RECORDS MAINTAINED BY DTC OR ANY PARTICIPANT; (II) THE PAYMENT BY DTC OR ANY PARTICIPANT OF ANY AMOUNT WITH RESPECT TO THE PRINCIPAL OF OR INTEREST ON THE BONDS; (III) THE DELIVERY OR TIMELINESS OF DELIVERY BY ANY PARTICIPANT OR ANY NOTICE TO ANY BENEFICIAL OWNER WHICH IS REQUIRED OR PERMITTED UNDER THE TERMS OF THE RESOLUTION TO BE GIVEN TO BONDHOLDERS; OR (IV) ANY CONSENT GIVEN OR OTHER ACTION TAKEN BY DTC OR CEDE & CO. AS BONDHOLDER.

The Projects

A portion of the proceeds of the Bonds will be used to finance the Projects. Pursuant to the Resolution, a portion of the proceeds of the Bonds will be deposited in a construction fund (the "Construction Fund") to be held and invested by the County, and used to pay (i) costs of the Projects, (ii) reimbursement to the County for any funds previously expended for costs of the Projects, if applicable, and (iii) costs of issuance of the Bonds. Moneys in the Construction Fund may be invested as permitted by Tennessee law and may not be used for any purpose other than those listed above.

Sources and Uses of Funds

The following table sets forth the sources and uses of funds in connection with the issuance of the Bonds.

Sources of Funds

Par Amount	\$76,190,000.00
Reoffering Premium	<u>7,474,770.10</u>
Total Sources	<u>\$83,664,770.10</u>

Uses of Funds

Deposit to Project Fund	\$83,000,124.64
Costs of Issuance (includes Underwriter's Discount and Expenses)	<u>664,645.46</u>
Total Uses	<u>\$ 83,664,770.10</u>

Rating

The Bonds have been assigned a rating of "Aa2" by Moody's Investors Service, Inc. ("Moody's") based on documents and other information provided by the County. The rating reflects only the view of Moody's, and neither the County, the Municipal Advisor nor the Underwriter make any representations as to the appropriateness of such rating.

There is no assurance that such rating will continue for any given period of time or that it will not be lowered or withdrawn entirely. Any such downward change in or withdrawal of the rating may have an adverse effect on the secondary market price of the Bonds. Any explanation of the significance of the ratings may be obtained from Moody's.

Continuing Disclosure

General

The County will at the time the Bonds are delivered execute a Continuing Disclosure Certificate under which it will covenant for the benefit of holders and beneficial owners of the Bonds to provide certain financial information and operating data relating to the County by not later than twelve months after the end of each fiscal year commencing with the fiscal year ending June 30, 2020 (the "Annual Report"), and to provide notice of the occurrence of certain enumerated events and timely notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriters in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule"). Annual Reports for the County's base CUSIP number 865287 have been filed in a timely manner for the past five years. However, County bonds issued under the CUSIP base of 865289 (namely Airport Revenue and Tax Refunding Bonds, Series 2003; Airport Revenue and Tax Bonds (Taxable), Series 2003; and Airport Revenue and Tax Refunding Bonds, Series 2014A) also require the filing of comprehensive annual financial reports of the Tri-Cities Airport Authority. Comprehensive annual financial reports of the Tri-Cities Airport Authority for Fiscal 2013 due June 30, 2014 were not filed until February 10, 2015.

These continuing disclosure omissions have since been corrected. Except for the foregoing, the County has not failed to comply in any material respect with the previous undertakings in the past five years.

Annual Report

The County's Annual Report shall contain or incorporate by reference the General Purpose Financial Statements of the Issuer for the fiscal year, prepared in accordance with generally accepted accounting principles; provided, however, if the County's audited financial statements are not available by the time the Annual Report is required to be filed, the Annual Report shall contain unaudited financial statements in a format similar to the financial statements contained herein, and the audited financial statements shall be filed when available. The Annual Report shall also include in a similar format the following information included in Appendix B to this Official Statement as follows.

1. "Summary of Outstanding Debt ";
2. "Debt Statement ";
3. "Debt Record";
4. "Per Capita Debt Ratios";
5. "Debt Ratios";
6. "Debt Trend";

7. "General Debt Service Requirements";
8. "Tri-Cities Regional Airport Debt Service Requirements";
9. "Property Valuation and Property Tax";
10. "Top County-Wide Taxpayers";
11. "Fund Balances"; and
12. "Local Sales Tax Collections".

Any or all of the items above may be incorporated by reference from other documents, including Official Statements in final form for debt issues of the County or related public entities, which have been submitted to each of the Repositories or the Securities and Exchange Commission. If the document incorporated by reference is a final Official Statement, in final form, it will be available from the Municipal Securities Rulemaking Board. The County shall clearly identify each such other document so incorporated by reference.

Reporting of Significant Events

The County will file notice regarding certain significant events with the MSRB and SID, if any, as follows:

1. Upon the occurrence of a Listed Event (as defined in (3) below), the County shall in a timely manner, but in no event more than ten (10) business days after the occurrence of such event, file a notice of such occurrence with the MSRB and SID, if any.
2. For Listed Events where notice is only required upon a determination that such event would be material under applicable Federal securities laws, the County shall determine the materiality of such event as soon as possible after learning of its occurrence.
3. The following are the Listed Events:
 - a. Principal and interest payment delinquencies;
 - b. Non-payment related defaults, if material;
 - c. Unscheduled draws on debt service reserves reflecting financial difficulties;
 - d. Unscheduled draws on credit enhancements reflecting financial difficulties;
 - e. Substitution of credit or liquidity providers, or their failure to perform;
 - f. Adverse tax opinions, the issuance by the Internal Revenue Service of proposed or final determinations of taxability, Notices of Proposed Issue (IRS Form 5701-TEB) or other material notices or determinations with respect to the tax status of the Bonds or other material events affecting the tax status of the Bonds;
 - g. Modifications to rights of Bondholders, if material;
 - h. Bond calls, if material, and tender offers;

- i. Defeasances;
- j. Release, substitution, or sale of property securing repayment of the securities, if material;
- k. Rating changes;
- l. Bankruptcy, insolvency, receivership or similar event of the obligated person;
- m. The consummation of a merger, consolidation or acquisition involving an obligated person or the sale of all or substantially all of the assets of the obligated person, other than in the ordinary course of business, the entry into a definitive agreement to undertake such an action or the termination of a definitive agreement relating to any such actions, other than pursuant to its terms, if material; and
- n. Appointment of a successor or additional trustee or the change of name of a trustee, if material
- o. Incurrence of a financial obligation (as defined by the Rule) of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- p. Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

Termination of Reporting Obligation

The County's obligations under the Disclosure Certificate shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

Amendment/Waiver

Notwithstanding any other provision of the Disclosure Certificate, the County may amend the Disclosure Certificate, and any provision of the Disclosure Certificate may be waived, provided that the following conditions are satisfied:

- (a) If the amendment or waiver relates to the provisions concerning the Annual Report and Reporting of Significant Events it may only be made in connection with a change in circumstances that arises from a change in legal requirements, change in law, or change in the identity, nature or status of an obligated person with respect to the Bonds, or the type of business conducted;
- (b) The undertaking, as amended or taking into account such waiver, would, in the opinion of nationally recognized Bond Counsel, have complied with the requirements of the Rule at the time of the original issuance of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and

(c) The amendment or waiver either (i) is approved by the Holders of the Bonds in the same manner as provided in the Resolution for amendments to the Resolution with the consent of the respective Holders, or (ii) does not, in the opinion of nationally recognized Bond Counsel, materially impair the interests of the Holders or beneficial owners of the Bonds.

In the event of any amendment or waiver of a provision of the Disclosure Certificate, the County shall describe such amendment in the next Annual Report, and shall include, as applicable, a narrative explanation of the reason for the amendment or waiver and its impact on the type (or, in the case of a change of accounting principles, on the presentation) of financial information or operating data being presented by the County. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, (i) notice of such change shall be given, and (ii) the Annual Report for the year in which the change is made should present a comparison (in narrative form and also, if feasible, in quantitative form) between the financial statements as prepared on the basis of the new accounting principles and those prepared on the basis of the former accounting principles.

Default

In the event of a failure of the County to comply with any provision of the Disclosure Certificate, any Bondholder or any Beneficial Owner may take such actions as may be necessary and appropriate, including seeking mandate or specific performance by court order, to cause the County to comply with its obligations under the Disclosure Certificate. A default under the Disclosure Certificate shall not be deemed an event of default, if any, under the Resolution, and the sole remedy under the Disclosure Certificate in the event of any failure of the County to comply with the Disclosure Certificate shall be an action to compel performance.

Future Issues

Depending on population and school enrollment growth, the County anticipates financing school capital projects over the next several fiscal years; however, the County has not authorized any such financings at this time. In addition, the County may issue additional bonds to refinance currently outstanding bonds of the County in the event sufficient debt service savings may be achieved.

Litigation

The County, like other similar bodies, is subject to a variety of suits and proceedings arising in the ordinary conduct of its affairs. After reviewing the current status of all pending and threatened litigation with its counsel, the County believes that, while the outcome of litigation cannot be predicted, the final settlement of all lawsuits which have been filed and of any actions or claims pending or threatened against the County or its officials in such capacity are adequately covered by insurance or by sovereign immunity or will not have a material adverse effect upon the County's financial condition.

As of the date of this Official Statement, the County has no knowledge or information concerning any pending or threatened litigation contesting the authority of the County to issue, sell or deliver the Bonds. The County has no knowledge or information of any actions pending or expected that would materially affect the County's ability to pay the debt service requirements of the Bonds.

Approval of Legal Proceedings

Legal matters incident to the authorization and issuance of the Bonds are subject to the unqualified approving opinion of Bass, Berry & Sims PLC, Bond Counsel. A copy of the opinion will be available upon delivery of the Bonds. (See Appendix A). Certain legal matters will be passed upon for the County by Daniel P. Street, Esq., County Attorney.

Tax Matters

Federal

General. Bass, Berry & Sims PLC, Nashville, Tennessee, is Bond Counsel for the Bonds. Their opinion under existing law, relying on certain statements by the County and assuming compliance by the County with certain covenants, is that interest on the Bonds:

- is excluded from gross income for federal income tax purposes pursuant to Section 103 of the Internal Revenue Code of 1986, as amended (the “Code”), and
- is not treated as an item of tax preference in calculating the alternative minimum tax imposed on individuals under the Code.

The Code imposes requirements on the Bonds that the County must continue to meet after the Bonds are issued. These requirements generally involve the way that the Bond proceeds must be invested and ultimately used. If the County does not meet these requirements, it is possible that a bondholder may have to include interest on the Bonds in its federal gross income on a retroactive basis to the date of issue. The County has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder or who is a particular kind of taxpayer may also have additional tax consequences from owning the Bonds. This is possible if a bondholder is:

- an S corporation,
- a United States branch of a foreign corporation,
- a financial institution,
- a property and casualty or a life insurance company,
- an individual receiving Social Security or railroad retirement benefits,
- an individual claiming the earned income credit or
- a borrower of money to purchase or carry the Bonds.

If a bondholder is in any of these categories, it should consult its tax advisor.

Bond Counsel is not responsible for updating its opinion in the future. It is possible that future events or changes in applicable law could change the tax treatment of the interest on the Bonds or affect the market price of the Bonds. See also “Changes in Federal and State Tax Law” below in this heading.

Bond Counsel expresses no opinion on the effect of any action taken or not taken in reliance upon an opinion of other counsel on the federal income tax treatment of interest on the Bonds, or under State, local or foreign tax law.

Bond Premium. If a bondholder purchases a Bond for a price that is more than the principal amount, generally the excess is “bond premium” on that Bond. The tax accounting treatment of bond premium is complex. It is amortized over time and as it is amortized a bondholder’s tax basis in that Bond will be reduced. The holder of a Bond that is callable before its stated maturity date may be required to amortize the premium over a shorter period, resulting in a lower yield on such Bonds. A bondholder in certain circumstances may realize a taxable gain upon the sale of a Bond with bond premium, even though the Bond is sold for an amount less than or equal to the owner’s original cost. If a bondholder owns any Bonds with bond premium, it should consult its tax advisor regarding the tax accounting treatment of bond premium.

Original Issue Discount. A Bond will have “original issue discount” if the price paid by the original purchaser of such Bond is less than the principal amount of such Bond. Bond Counsel’s opinion is that any original issue discount on these Bonds as it accrues is excluded from a bondholder’s federal gross income under the Internal Revenue Code. The tax accounting treatment of original issue discount is complex. It accrues on an actuarial basis and as it accrues a bondholder’s tax basis in these Bonds will be increased. If a bondholder owns one of these Bonds, it should consult its tax advisor regarding the tax treatment of original issue discount.

Information Reporting and Backup Withholding. Information reporting requirements apply to interest on tax-exempt obligations, including the Bonds. In general, such requirements are satisfied if the interest recipient completes, and provides the payor with a Form W-9, “Request for Taxpayer Identification Number and Certification,” or if the recipient is one of a limited class of exempt recipients. A recipient not otherwise exempt from information reporting who fails to satisfy the information reporting requirements will be subject to “backup withholding,” which means that the payor is required to deduct and withhold a tax from the interest payment, calculated in the manner set forth in the Code. For the foregoing purpose, a “payor” generally refers to the person or entity from whom a recipient receives its payments of interest or who collects such payments on behalf of the recipient.

If an owner purchasing a Bond through a brokerage account has executed a Form W-9 in connection with the establishment of such account, as generally can be expected, no backup withholding should occur. In any event, backup withholding does not affect the excludability of the interest on the Bonds from gross income for Federal income tax purposes. Any amounts withheld pursuant to backup withholding would be allowed as a refund or a credit against the owner’s Federal income tax once the required information is furnished to the Internal Revenue Service.

State Taxes

Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on interest on the Bonds during the period the Bonds are held or beneficially owned by any organization or entity, or other than a sole proprietorship or general partnership doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal and Congressional committees, and legislative proposals in the Congress and in the states that, if enacted, could alter or amend the federal and state tax matters referred to herein or adversely affect the marketability or market value of the Bonds or otherwise prevent holders of the Bonds from realizing the full benefit of the tax exemption of interest on the Bonds. For example, various proposals have been made in Congress and by the President which, if enacted, would subject interest on bonds, such as the Bonds, that is otherwise excluded from gross income for federal income tax purposes, to a tax payable by certain bondholders with an adjusted gross income in excess of certain proposed thresholds. It cannot be predicted whether, or in what form, these proposals might be enacted or if enacted, whether they would apply to Bonds prior to enactment. In addition, regulatory actions are from time to time announced or proposed and litigation is threatened or commenced which, if implemented or concluded in a particular manner, could adversely affect the market value, marketability or tax status of the Bonds. It cannot be predicted whether any such regulatory action will be implemented, how any particular litigation or judicial action will be resolved, or whether the Bonds would be impacted. Purchasers of the Bonds should consult their tax advisors regarding any pending or proposed legislation, regulatory initiatives or litigation. The opinions expressed

by Bond Counsel are based upon existing legislation and regulations as interpreted by relevant judicial and regulatory authorities as of the date of issuance and delivery of the Bonds, and Bond Counsel has expressed no opinion as of any date subsequent thereto or with respect to any proposed or pending legislation, regulatory initiatives or litigation.

Prospective purchasers of the Bonds should consult their own tax advisors regarding the foregoing matters.

Municipal Advisor

Stephens Inc. is serving as Municipal Advisor to the County in connection with the issuance of the Bonds. Stephens Inc., in its capacity as Municipal Advisor, has relied on the opinion of Bond Counsel and has not verified and does not assume any responsibility for the information, covenants and representations contained in any of the legal documents with respect to the federal or state income tax status of the Bonds or the possible impact of any present, pending or future actions taken by any legislative or judicial bodies. The information set forth herein has been obtained from the County and other sources believed to be reliable but has not been independently verified by the Municipal Advisor.

The Municipal Advisor's fee for services rendered with respect to the sale of the Bonds is contingent upon the issuance and delivery of the Bonds.

The Municipal Advisor has reviewed the information in this Official Statement in accordance with, and as part of, its responsibilities to the County and, as applicable, to investors under the federal securities laws as applied to the facts and circumstances of this transaction, but the Municipal Advisor does not guarantee the accuracy or completeness of such information.

Underwriting

Robert W. Baird & Co., Inc., Red Bank, New Jersey, acting for and on behalf of itself and such other securities dealers as it may designate, will purchase the Bonds for an aggregate purchase price of \$83,220,463.39, which is par, plus net original issue premium of \$7,474,770.10, less \$444,306.71 underwriter's discount.

The Underwriter may offer and sell the Bonds to certain dealers (including dealer banks and dealers depositing the Bonds into investment trusts) and others at prices different from the public offering prices stated on the cover page of this Official Statement. Such initial public offering prices may be changed from time to time by the Underwriter.

Forward Looking Statements

The statements contained in this Official Statement, and in any other information provided that are not purely historic, are forward-looking statements, including statements regarding the expectations, hopes, intentions, or strategies regarding the future. Readers should not place undue reliance on forward-looking statements. All forward-looking statements included in this Official Statement are based on information available on the date hereof, and assumes no obligation to update any such forward-looking statements.

The forward-looking statements herein are necessarily based on various assumptions and estimates and are inherently subject to various risks and uncertainties, including risks and uncertainties relating to the possible invalidity of the underlying assumptions and estimates and possible changes or developments in social, economic, business, industry, market, legal and regulatory circumstances and conditions and actions taken or omitted to be taken by third parties, including customers, suppliers, business partners and competitors, and legislative, judicial and other governmental authorities and officials. Assumptions

related to the foregoing involve judgments with respect to, among other things, future economic, competitive, and market conditions and future business and policy decisions, all of which are difficult or impossible to predict accurately and, therefore, there can be no assurance that the forward-looking statements included in this Official Statement would prove to be accurate.

Miscellaneous

Any statement made in this Official Statement involving matters of opinion and estimates, whether or not so expressly stated, are set forth as such and not as representations of fact, and no representation is made that any of the estimates will be realized.

The execution and delivery of this Official Statement was duly authorized by the County.

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Certificate of County Mayor

I, Richard S. Venable, do hereby certify that I am the duly qualified and acting County Mayor of Sullivan County, Tennessee, and as such official, I do hereby further certify with respect to the Official Statement dated October 13, 2020 issued in connection with the sale of the County's \$76,190,000 General Obligation Bonds, Series 2020 and to the best of my knowledge, information, and belief (a) the descriptions and statements contained in said Official Statement were at the time of acceptance of the winning bids and are on the date hereof true and correct in all material respects; and (b) that said Official Statement did not at the time of the acceptance of the winning bids and does not on the date hereof contain an untrue statement of a material fact or omit to state a material fact required to be stated where necessary to make the statements made, in light of the circumstances under which they are made, not misleading.

WITNESS my official signature this 28th day of October, 2020.

/s/ Richard S. Venable

County Mayor

I, Teresa Jacobs, do hereby certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official, I do hereby certify that Richard S. Venable is the duly qualified and acting County Mayor of said County and that the signature appended to the foregoing certificate is the true and genuine signature of such official.

WITNESS my official signature and the seal of said Sullivan County, Tennessee as of the date subscribed to the foregoing certificate.

/s/ Teresa Jacobs

County Clerk

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APPENDIX A

Form of Legal Opinion of Bass, Berry & Sims PLC, Attorneys,
Nashville, Tennessee relating to the Bonds.

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(Form of Opinion of Bond Counsel)

Bass, Berry & Sims PLC
150 Third Avenue South, Suite 2800
Nashville, Tennessee 37201

October 28, 2020

We have acted as bond counsel to Sullivan County, Tennessee (the “Issuer”) in connection with the issuance of \$76,190,000 General Obligation Bonds, Series 2020, dated as of the date hereof (the “Bonds”). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

As to questions of fact material to our opinion, we have relied upon the certified proceedings and other certifications of public officials furnished to us without undertaking to verify such facts by independent investigation.

Based on our examination, we are of the opinion, as of the date hereof, as follows:

1. The Bonds have been duly authorized, executed and issued in accordance with the constitution and laws of the State of Tennessee and constitute valid and binding general obligations of the Issuer.

2. The resolution of the Board of County Commissioners of the Issuer authorizing the Bonds has been duly and lawfully adopted, is in full force and effect and is a valid and binding agreement of the Issuer enforceable in accordance with its terms.

3. The Bonds constitute general obligations of the Issuer for the payment of which the Issuer has validly and irrevocably pledged its full faith and credit. The principal of and interest on the Bonds are payable from unlimited ad valorem taxes to be levied on all taxable property within the County.

4. Interest on the Bonds (including any original issue discount properly allocable to an owner thereof) is excluded from gross income for federal income tax purposes and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals under the Code. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Internal Revenue Code of 1986, as amended, that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excluded from gross income for federal income tax purposes. Failure to comply with certain of such requirements could cause interest on the Bonds to be so included in gross income retroactive to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements. Except as set forth in this Paragraph 4, we express no opinion regarding other federal tax consequences arising with respect to the Bonds.

5. Under existing law, the Bonds and the income therefrom are exempt from all present state, county and municipal taxes in Tennessee except (a) Tennessee excise taxes on all or a portion of the interest on any of the Bonds during the period such Bonds are held or beneficially owned by any organization or entity, other than a sole proprietorship or general partnership, doing business in the State of Tennessee, and (b) Tennessee franchise taxes by reason of the inclusion of the book value of the Bonds in the Tennessee franchise tax base of any organization or entity, other than a sole proprietorship or general partnership doing business in the State of Tennessee.

It is to be understood that the rights of the owners of the Bonds and the enforceability of the Bonds and the resolution authorizing the Bonds may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting creditors' rights heretofore or hereafter enacted and that their enforcement may be subject to the exercise of judicial discretion in accordance with general principles of equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds.

This opinion is given as of the date hereof, and we assume no obligation to update or supplement this opinion to reflect any facts or circumstances that may hereafter come to our attention or any changes in law that may hereafter occur.

Yours truly,

BASS, BERRY & SIMS PLC

APPENDIX B

Demographic and General Financial Information
Related to the County

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GENERAL INFORMATION

Sullivan County, (the “County”) is located in the eastern grand division of the State of Tennessee, in the northeast corner of the State, approximately 90 miles northeast of Knoxville. The County encompasses 413 square miles. Blountville, the county seat, is located between Kingsport and Bristol, the two largest cities in the County. Incorporated cities in the County include Bluff City, Bristol, Johnson City, and Kingsport. According to 2019 U.S Census estimates, the City of Kingsport has an estimated population of 54,127 and the City of Bristol has an estimated population of 26,987.

The County is the geographic center of the Tri-Cities (Johnson City-Kingsport-Bristol, TN/VA) Combined Statistical Area (CSA). The Tri-Cities Combined Statistical Labor Market consists of a five-county region in Tennessee and two counties and an independent city in Virginia. The CSA includes: Carter, Hawkins, Sullivan, Unicoi, and Washington counties in Tennessee and Scott and Washington counties in Virginia as well as the City of Bristol in Virginia.

Sullivan County enjoys a strong economic base due to its central location in the Tri-Cities Combined Statistical Area market which had a 2019 estimated population of 510,851. The Tri-Cities serve a growing CSA market as well as a trade area extending into portions of Tennessee, Virginia, North Carolina, Kentucky and West Virginia and reaching an even larger regional market. With improvements to transportation networks, the region has become a unified economic base with Sullivan County as the core.

COVID-19

The world-wide outbreak of COVID-19, a respiratory disease caused by a new strain of coronavirus, has spread to several counties and cities in the State of Tennessee, including the County and is considered by the World Health Organization to be a Public Health Emergency of International Concern. The spread of COVID-19 has led to quarantine and other “social distancing” measures in affected regions. While effects of COVID-19 on the County may be temporary, the virus has affected travel, commerce and financial markets across the world.

As of October 1, 2020, Sullivan County has approximately 242 known active cases of COVID-19. The County is unable to predict: (i) the extent or duration of the COVID-19 outbreak or any other epidemic or pandemic; (ii) the extent or duration of existing and additional quarantines, travel restrictions or other measures relating to COVID-19 or any other epidemic or pandemic; or (iii) whether and to what extent the COVID-19 outbreak or any other epidemic or pandemic may disrupt the local or global economy, manufacturing or the supply chain or whether any such disruption may adversely affect the operations of the County. Given the evolving nature of the spread of the virus and the behavior of governments, businesses and individuals in response thereto, the County cannot accurately predict the magnitude of the impact of COVID-19 on the County and its financial condition. The County is proactively taking steps to mitigate the spread of COVID-19 and to preserve effective staffing for all essential County operations.

Although the County cannot accurately predict the magnitude of the ultimate impact of COVID-19 outbreak on the County’s finances, the County is carefully monitoring the immediate effect of the COVID-19 outbreak on the County’s finances and is attempting to make projections as to the effect of the COVID-19 outbreak for the upcoming fiscal year. For the most recent fiscal year, the County’s largest source of revenues is property tax revenues. Property tax revenues are due each year on October 1st and are delinquent on the last day of February of the following year, so all tax year 2019

taxes were required to be paid without any penalty by February 29, 2020. The COVID-19 outbreak did not have a material impact on fiscal year 2019-2020 property tax collections because taxes were due prior to the outbreak. The County is projecting property tax collections of approximately \$73 million in fiscal year 2020-2021. The County cannot predict whether a continuation of the outbreak will have a material impact on collections in the 2020-2021 fiscal year.

The County's second largest source of revenues is sales and use tax revenues. Most of the County's share of local sales tax collections is allocated for school purposes. For fiscal year 2020-2021, the County is forecasting local sales tax collections of approximately \$17 million. Approximately \$13 million of this amount will be for school purposes. All sales and use tax revenues are collected by the State, and the County does not typically receive notice from the State of the County's share of sales and use taxes collected for approximately 50 days after the close of each month.

The County estimates that fiscal year 2019-2020 sales tax collections were up approximately 7.63%, over fiscal year 2018-2019, and were not adversely impacted during the COVID-19 outbreak.

The County also collects other tax revenues such as business taxes that are expected to be materially affected by business closures and reduced economic activity resulting from the COVID-19 outbreak. Such revenues typically consist of less than 25% of the County's revenues.

The County, and especially Sullivan County Schools, also receives funding from the State of Tennessee and the federal government. The County has budgeted State funding of approximately \$43.5 million for the General Purpose School Fund in fiscal year 2020-2021. The State of Tennessee receives a substantial portion of the shared revenues from sales tax collections which may be adversely impacted by the COVID-19 outbreak. The County cannot predict how state and federal funding will be impacted by the COVID-19 outbreak.

The County expects to receive some federal and/or State assistance to offset costs to the County of addressing the COVID-19 outbreak. As this point, the County is eligible for up to \$3.3 million in aid for qualifying expenses. The County has not been informed as to the timing or amount of any additional federal or State assistance that may be provided, nor does the County know the scope of expenses that will be payable from such assistance. Therefore, the County cannot provide any assurances to whether the projected decline in tax revenues will be mitigated, in whole or part, by such assistance. The County's proposed budget for the 2021 fiscal year does not include any such assistance as a source of revenue to provide for a balanced budget.

The County's current liquidity position is expected to be adequate to fund essential services and make timely debt service payments on debt of the County.

Various types of information regarding employment and income trends within the County are detailed below in this APPENDIX B. This information was assembled prior to the COVID-19 outbreak and may not be reflective of current financial conditions. For example, unemployment rates throughout the United States, including the County, have increased significantly since the COVID-19 outbreak. Furthermore, the largest employers in the County are listed below in this Appendix B. The COVID-19 outbreak has affected businesses throughout the United States, including businesses in the County, and many of the employers listed below in this APPENDIX B may have reduced their employment levels from the described levels. Given the fluidity of the current economic environment, the County is not able to provide sufficiently accurate updates to this information.

DEMOGRAPHIC DATA

Population

According to U.S. Census estimate data, Sullivan County had a population of 158,348 in 2019 making it the 9th most populated county in Tennessee.

	<u>County</u>	<u>Tennessee</u>
1970 U.S. Census	127,329	3,926,018
1980 U.S. Census	143,968	4,600,252
1990 U.S. Census	143,886	4,890,626
2000 U.S. Census	152,977	5,703,719
2010 U.S. Census	156,749	6,355,311
2011 U.S. Census Estimate	156,876	6,399,291
2012 U.S. Census Estimate	156,322	6,453,898
2013 U.S. Census Estimate	156,185	6,494,340
2014 U.S. Census Estimate	156,404	6,541,223
2015 U.S. Census Estimate	156,199	6,591,170
2016 U.S. Census Estimate	156,182	6,646,010
2017 U.S. Census Estimate	156,924	6,708,799
2018 U.S. Census Estimate	157,599	6,771,631
2019 U.S. Census Estimate	158,348	6,829,174

Source: U.S. Bureau of Census

Income

In 2018, Sullivan County had a per capita personal income of \$42,606 that was 90.9% of the State per capita personal income of \$46,889.

	County	Tennessee	% of State
2009 Per Capita Personal Income	\$33,366	\$34,260	97.4%
2010 Per Capita Personal Income	\$34,137	\$35,653	95.7%
2011 Per Capita Personal Income	\$36,239	\$37,616	96.3%
2012 Per Capita Personal Income	\$37,624	\$39,296	95.7%
2013 Per Capita Personal Income	\$37,378	\$39,421	94.8%
2014 Per Capita Personal Income	\$37,843	\$40,799	92.8%
2015 Per Capita Personal Income	\$38,938	\$42,590	91.4%
2016 Per Capita Personal Income	\$39,870	\$43,720	91.2%
2017 Per Capita Personal Income	\$40,810	\$44,950	90.8%
2018 Per Capita Personal Income	\$42,606	\$46,889	90.9%

Source: Bureau of Economic Analysis, CA1-3 Personal Income Summary

Housing

In 2019, Sullivan County had a median housing value of \$153,500 that was 67.9% of the State median housing value of \$226,000.

Median Housing Values

	Sullivan County	Tennessee	% of State
2010 Median Housing Value	125,000	149,900	83.4%
2011 Median Housing Value	125,000	150,925	82.8%
2012 Median Housing Value	130,000	160,000	81.3%
2013 Median Housing Value	133,250	165,000	80.8%
2014 Median Housing Value	132,000	166,000	79.5%
2015 Median Housing Value	132,000	175,000	75.4%
2016 Median Housing Value	134,000	185,000	72.4%
2017 Median Housing Value	132,500	196,800	67.3%
2018 Median Housing Value	144,175	210,000	68.7%
2019 Median Housing Value	153,500	226,000	67.9%

Source: Tennessee Housing Development Agency – This data reflects only the sales prices of new and existing homes that were sold in the respective years. This data may not be representative of the median value of all homes in the County or State.

Economic Data

The following table shows the County's largest employers and their respective number of employees in the County, as well as the industry in which they operate. As described above, this information was compiled prior to the outbreak of COVID-19 and might not reflect negative changes which have occurred since the outbreak. While the County is not aware of any material changes, it is possible that some firms on this list have reduced the number of employees as a result of slowing economic conditions. Given the uncertainties surrounding the COVID-19 outbreak, it is not known whether any such employee reductions, in general, will be temporary or permanent.

Major Employers in Sullivan County

Employer	Employees	Industry
Eastman Chemical Company	6,800	Specialty Chemicals
Wellmont Health System	6,225	Healthcare Services
Holston Medical Group	5,300	Healthcare Services
Sullivan County Department of Education	1,600	Education
Kingsport City Schools	1,100	Education
Pal's Fast Food	950	Restaurant Services
CenturyLink Telecommunications	950	Telecommunications
BAE Systems	850	Aerospace
Robinette Company	350	Packaging Manufacturer
Domtar Paper	330	Paper Producer

Sources: NETWORKS - Sullivan Partnership

Labor Force, Employment and Unemployment Data

Year	Employment	Unemployment	Total Labor Force	Unemployment Percent		
				County	State	U.S.
2010	66,936	6,701	73,637	9.1%	9.6%	9.6%
2011	68,451	6,196	74,647	8.3%	9.0%	8.9%
2012	67,473	5,471	72,944	7.5%	7.8%	8.1%
2013	66,080	5,435	71,515	7.6%	7.7%	7.4%
2014	64,977	4,592	69,569	6.6%	6.6%	6.2%
2015	64,921	3,997	68,918	5.8%	5.6%	5.3%
2016	65,905	3,615	69,520	5.2%	4.7%	4.9%
2017	66,937	2,862	69,799	4.1%	3.8%	4.3%
2018	67,744	2,603	70,347	3.7%	3.5%	3.9%
2019	68,352	2,626	70,978	3.7%	3.4%	3.7%
Jul-20	59,947	6,147	66,094	9.3%	9.7%	10.2%

Source: Bureau of Labor Statistics

Transportation

Interstates 81 and 26 cross in Sullivan County. U.S. Highways 11, 19, 23, and 421 serve as the main thoroughfares for the County.

Air Transport. The Tri-Cities Regional Airport in the midst of the Tri-Cities Combined Statistical Area (CSA) serves travelers from Northeast Tennessee, Southwest Virginia, Northwest North Carolina and Southeast Kentucky. The Airport offers three scheduled airlines serving passengers through four connecting hubs and leisure destinations. Delta provides service to Atlanta, GA; US Airways Express serves Charlotte, NC; and Allegiant offers service to Orlando, FL and St. Petersburg/Clearwater, FL.

Rail Transport. The Norfolk Southern and CSX railroads serve the County.

Health Care Services

The health care services of Sullivan County include Ballad Health and Frontier Health.

Ballad Health is an integrated healthcare system serving 29 counties of Northeast Tennessee, Southwest Virginia, Northwest North Carolina and Southeast Kentucky. It operates a family of 21 hospitals, including three tertiary medical centers, a dedicated children's hospital, community hospitals, three critical access hospitals, a behavioral health hospital, an addiction treatment facility, long-term care facilities, home care and hospice services, retail pharmacies, outpatient services and a comprehensive medical management corporation. Ballad Health was formed in 2018 by the merger of two regional health systems, Mountain State Health Alliance and Wellmont Health System.

Founded in 1957, Frontier Health is one of the region's leading providers of behavioral health services. Headquartered in Johnson City, TN, Frontier Health maintains 64 professionally staffed facilities in 12 counties throughout Northeast Tennessee and Southwest Virginia.

Higher Education

East Tennessee State University and Quillen College of Medicine. East Tennessee State University (ETSU) is a state-supported regional university founded in 1911. ETSU's main campus is located on 340 acres in Johnson City, Tennessee, in the mountain and lake country of the Tri-Cities Tennessee/Virginia region. Off-campus centers include ETSU/UT at Kingsport, the Nave Center in Elizabethton, and additional campuses in Bristol, Greeneville, and Sevierville. Approximately 15,000 students are enrolled in over 125 degree programs, including the M.D. degree through the Quillen College of Medicine.

King University. King University is a private four-year liberal arts university located in Bristol, TN. More than 1,900 students are enrolled in King University's seven academic schools of learning: College of Arts and Sciences, School of Business, School of Education, School of Nursing, Peeke School of Christian Mission, School of Behavioral and Health Sciences, and School of Applied Science and Technology.

Northeast State Community College. Northeast State Community College, a comprehensive two-year community college governed by the Tennessee Board of Regents, is located in Blountville, TN. More than 5,800 students are enrolled in Northeast State's various technical and transfer associate degree

and certificate programs, comprehensive economic development programs, quality management programs, and business and industry training programs.

Public Education

The public school system for areas in the County outside the cities of Bristol, Johnson City, and Kingsport is operated by the County's Department of Education, which is administered by a Director of Schools under the policy-making authority of the local Board of Education. The County's average daily membership for the 2018-2019 school year was 9,086. The Cities of Bristol, Johnson City and Kingsport operate their own public school systems. A small portion of students that attend Kingsport City Schools reside in Hawkins County and a small portion of students that attend Johnson City Schools reside in the portion of Johnson City that lies within Sullivan County.

Accounting and Financial Reporting for Retirement Commitments

See page 81, Note G of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2019.

Accounting and Financial Reporting for Other Postemployment Benefits

See page 98, Note H of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2019.

SELECTED FINANCIAL INFORMATION REGARDING THE COUNTY

General

The County accounts for its financial resources on the basis of funds and account groups, each of which is considered a separate accounting entity. The General Fund is the general operating fund of the County. Other funds include Special Revenue Funds, the General Service Fund, Capital Projects Funds, Internal Service Funds and Trust and Agency Funds. For additional information regarding the component units, see Notes to the General Purpose Financial Statements contained in APPENDIX C hereto.

Revenues applicable to the payment of the principal of and interest on the Obligations are accounted for in the Debt Service Fund. Revenues securing the payment of principal of and interest on the Obligations are derived from the collection of ad valorem taxes levied on all taxable property within the boundaries of the County. Such tax collections for the Obligations will be used exclusively to pay the principal of and interest on the Obligations. Included as APPENDIX C to this Official Statement are the General Purpose Financial Statements and notes thereto for the fiscal year ended June 30, 2019. Potential purchasers should read APPENDIX C in its entirety for more complete information concerning the County's financial position.

The County uses the modified accrual basis of accounting for all Governmental Funds, Expendable Trust Funds and Agency Funds. Under the modified accrual basis of accounting, revenues are recognized when they become measurable and available as net current assets. Expenditures are generally recognized when the related fund liability is incurred. Funds where expenditures determine the eligibility for grants recognize revenue at the time of the expenditures. Grant proceeds received prior to meeting the aforementioned revenue recognition policy are recorded as deferred revenues. Principal and interest on general 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.

The primary revenue susceptible to accrual are revenues received from the State of Tennessee. Sales tax collected and held by the State at year end on behalf of the County and its component units are also recognized as revenue.

All Proprietary Funds are accounted for using the accrual basis of accounting. Their revenues are recognized when they are earned and their expenses are recognized when incurred.

For additional information regarding these funds, see Notes to the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2019, in APPENDIX C hereto.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT ⁽¹⁾**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding June 30, 2019
Self-supporting debt service paid by the Tri-Cities Regional Airport Authority⁽²⁾					
\$2,975,000	Airport Revenue and Tax Refunding Bonds, Series 2014A (Taxable)	02/20/14	05/01/23	2.00% - 3.30%	\$1,415,000
\$8,500,000	Aerospace Park Bonds, Series 2018 (Taxable)	03/19/18	05/01/38	3.00% - 4.00%	\$8,240,000
Total Self-Supporting Airport Revenue and Tax Bonds					\$9,655,000
Sullivan County Summary of Outstanding General Debt as of June 30, 2019					
Bonds					
24,870,000	GO Refunding Bonds, Series 2015A	03/30/15	04/01/26	1.99%	17,600,000
6,265,000	GO Refunding Bonds, Series 2015C	03/30/15	04/01/28	2.84%	5,030,000
135,740,000	GO School Bonds, Series 2017	03/30/17	05/01/47	3.00% - 5.00%	133,285,000
3,745,000	GO Bonds, Series 2019	12/05/19	06/01/39	2.25% - 5.00%	3,745,000
76,190,000	GO Bonds, Series 2020	10/28/20	05/01/41	2.00% - 5.00%	76,190,000
Total Bonds					\$235,850,000
Notes					
\$1,500,000	School Roof	10/12/15	10/16/23	2.65%	\$788,744
Total Notes					\$788,744
Loans					
\$15,480,000	Qualified School Construction Bonds, Series 2009	12/17/09	07/01/26	1.515%	\$6,947,637
5,073,000	Qualified School Construction Bonds, Series 2010	10/07/10	08/01/27	0.00%	2,593,381
5,054,635	Energy Efficient Schools Initiative	05/16/11	04/16/20	0.00%	2,794,285
Total Loans					\$12,335,303
Capital Leases					
459,900	Jail Camera System	12/29/15	01/20/20	3.25%	94,872
58,677	Circuit Computers 2017	04/17/17	03/17/21	6.00%	24,575
208,036	Sheriff Vehicles	05/18/17	05/18/17	3.40%	52,850
494,574	Dump Trucks	11/30/17	11/01/23	4.26%	331,302
21,067	Clerk and Master Computers	05/24/18	03/24/22	6.50%	14,981
355,937	Sheriff Vehicles	06/10/18	06/10/21	4.75%	186,244
33,501	Court System Computers	08/15/18	06/15/23	6.50%	27,494
28,899	Circuit Servers	10/16/18	08/16/22	6.50%	23,357
1,474,199	Sheriff Vehicles	01/15/19	03/15/22	3.79%	1,091,575
Total Capital Leases					\$1,847,250
Total Sullivan County Outstanding General Debt					\$250,821,297

(1) As of 6/30/2019 and adjusted for GO Bonds, Series 2019 and GO Bonds, Series 2020.

(2) The County has a contingent liability relating to the funding of the regional airport as described in the Notes section of its Annual Financial Report June 30, 2019.

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2019, information from various cities, and County Officials.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT
Debt Statement as of June 30, 2019⁽¹⁾**

Outstanding Debt	
Total Current Outstanding Debt	<u>\$250,821,297</u>
Gross Direct Debt	\$250,821,297
Less: Debt Service Fund Balance	<u>(4,604,938)</u>
Net Direct Debt	<u>\$246,216,359</u>
Net Overlapping Debt as of June 30, 2019	
City of Bluff City	\$414,388
City of Bristol	39,790,000
City of Johnson City (that portion in Sullivan Co. 1.39%)	1,612,211
City of Kingsport (that portion in Sullivan Co. 95.97%)	112,685,343
County District of Sullivan County ⁽²⁾	<u>0</u>
Total Net Overlapping Debt	<u>\$154,501,941</u>
Overall Net Debt	<u><u>\$400,718,300</u></u>

DEBT RECORD

There is no record of a default of paying principal and interest on any debt from information available.

(1) As of 6/30/2019 and adjusted for GO Bonds, Series 2019 and GO Bonds, Series 2020.

(2) Payable by Ad Valorem tax on property inside the County and outside the cities of Bristol, Johnson City and Kingsport.

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2019 information from various cities, and County Officials.

POPULATION

	<u>County</u>	<u>Tennessee</u>
1970 U.S. Census	127,329	3,926,018
1980 U.S. Census	143,968	4,600,252
1990 U.S. Census	143,886	4,890,626
2000 U.S. Census	152,977	5,703,719
2010 U.S. Census	156,749	6,355,311
2011 U.S. Census Estimate	156,876	6,399,291
2012 U.S. Census Estimate	156,322	6,453,898
2013 U.S. Census Estimate	156,185	6,494,340
2014 U.S. Census Estimate	156,404	6,541,223
2015 U.S. Census Estimate	156,199	6,591,170
2016 U.S. Census Estimate	156,182	6,646,010
2017 U.S. Census Estimate	156,924	6,708,799
2018 U.S. Census Estimate	157,599	6,771,631
2019 U.S. Census Estimate	158,348	6,829,174
Source: U.S. Bureau of Census		

PER CAPITA DEBT RATIOS

Outstanding Debt	\$1,583.99
Gross Direct Debt	\$1,583.99
Net Direct Debt	\$1,554.91
Total Net Overlapping Debt	\$975.71
Overall Net Debt	\$2,530.62

DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Property Values	\$ 3,952,091,848	\$ 15,304,674,455
Total Current Outstanding Debt to	6.35%	1.64%
Gross Direct Debt to	6.35%	1.64%
Net Direct Debt to	6.23%	1.61%
Total Net Overlapping Debt to	3.91%	1.01%
Overall Net Debt to	10.14%	2.62%

DEBT TREND ⁽¹⁾

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
Outstanding Obligations					
County-Wide Bonds	\$155,915,000	\$161,320,000	\$164,125,000	\$30,560,000	\$31,335,000
Notes	788,744	936,585	1,080,565	1,518,988	575,000
Loans	12,335,303	14,035,714	15,733,005	17,427,200	19,118,311
Capitalized Leases	1,847,250	1,040,608	887,413	1,190,150	311,907
Total Debt	\$170,886,297	\$177,332,907	\$181,825,983	\$50,696,338	\$51,340,218

(1) The County has a contingent liability relating to the funding of the regional airport as described in the Notes section of the Annual Financial Report as of June 30, 2019.

Sources: Annual Financial Reports for the years ending June 30, 2015 - 2019 prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

SULLIVAN COUNTY GENERAL DEBT SERVICE REQUIREMENTS

(as of June 30, 2019)⁽¹⁾

Principal						Interest					Total Debt Service
Year No.	Year Ended June 30	Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: GO Bonds, Series 2019	Plus: GO Bonds, Series 2020	Total Principal	Percent Principal Retired	Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: GO Bonds, Series 2019	Plus: GO Bonds, Series 2020	Total Interest	
1	2020	8,254,693	100,000		8,354,693		6,876,066	59,996		6,936,062	15,290,755
2	2021	8,448,587	135,000		8,583,587		6,571,441	117,719	1,220,661	7,909,821	16,493,408
3	2022	8,739,186	140,000	2,535,000	11,414,186		5,964,350	110,969	2,401,300	8,476,619	19,890,805
4	2023	8,702,391	145,000	2,660,000	11,507,391		5,927,364	103,969	2,274,550	8,305,883	19,813,274
5	2024	8,990,832	155,000	2,795,000	11,940,832	20.65%	5,592,499	96,719	2,141,550	7,830,768	19,771,600
6	2025	7,109,635	160,000	2,930,000	10,199,635		5,243,702	88,969	2,001,800	7,334,471	17,534,106
7	2026	6,677,364	170,000	3,080,000	9,927,364		4,983,280	80,969	1,855,300	6,919,549	16,846,913
8	2027	4,668,768	175,000	3,235,000	8,078,768		4,546,332	74,169	1,701,300	6,321,801	14,400,569
9	2028	4,369,841	185,000	3,395,000	7,949,841		4,176,969	67,169	1,539,550	5,783,688	13,733,529
10	2029	3,885,000	190,000	3,565,000	7,640,000	38.11%	3,983,081	59,769	1,369,800	5,412,650	13,052,650
11	2030	4,040,000	200,000	3,745,000	7,985,000		3,827,681	52,169	1,191,550	5,071,400	13,056,400
12	2031	4,165,000	200,000	3,930,000	8,295,000		3,706,481	47,669	1,004,300	4,758,450	13,053,450
13	2032	4,330,000	205,000	4,050,000	8,585,000		3,539,881	43,169	886,400	4,469,450	13,054,450
14	2033	4,505,000	210,000	4,130,000	8,845,000		3,366,681	38,556	805,400	4,210,637	13,055,637
15	2034	4,685,000	215,000	4,210,000	9,110,000	55.19%	3,186,481	33,831	722,800	3,943,112	13,053,112
16	2035	4,835,000	220,000	4,295,000	9,350,000		3,034,219	28,725	638,600	3,701,544	13,051,544
17	2036	4,995,000	225,000	4,380,000	9,600,000		2,877,081	23,500	552,700	3,453,281	13,053,281
18	2037	5,160,000	230,000	4,470,000	9,860,000		2,708,500	17,875	465,100	3,191,475	13,051,475
19	2038	5,370,000	240,000	4,560,000	10,170,000		2,502,100	12,125	375,700	2,889,925	13,059,925
20	2039	5,585,000	245,000	4,650,000	10,480,000	74.90%	2,287,300	6,125	284,500	2,577,925	13,057,925
21	2040	5,805,000		4,740,000	10,545,000		2,063,900		191,500	2,255,400	12,800,400
22	2041	6,040,000		4,835,000	10,875,000		1,831,700		96,700	1,928,400	12,803,400
23	2042	6,280,000			6,280,000		1,590,100			1,590,100	7,870,100
24	2043	6,530,000			6,530,000		1,338,900			1,338,900	7,868,900
25	2044	6,770,000			6,770,000	91.25%	1,102,188			1,102,188	7,872,188
26	2045	7,040,000			7,040,000		831,387			831,387	7,871,387
27	2046	7,320,000			7,320,000		549,788			549,788	7,869,788
28	2047	7,585,000			7,585,000	100.00%	284,437			284,437	7,869,437
		<u>\$170,886,297</u>	<u>\$3,745,000</u>	<u>\$76,190,000</u>	<u>\$250,821,297</u>		<u>\$94,493,889</u>	<u>\$1,164,158</u>	<u>\$23,721,061</u>	<u>\$119,379,108</u>	<u>\$370,200,405</u>

(1) As of 6/30/2019 and adjusted for GO Bonds, Series 2019 and GO Bonds, Series 2020.

Source: Annual Financial Report as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2019 and County Officials.

TRI-CITIES REGIONAL AIRPORT DEBT SERVICE REQUIREMENTS

(as of June 30, 2019)

Year No.	Year Ended June 30	Outstanding Principal	Total Principal	Percent Principal Retired	Outstanding Interest	Total Interest	Total Debt Service
1	2020	640,000	640,000		341,599	341,599	981,599
2	2021	665,000	665,000		319,666	319,666	984,666
3	2022	690,000	690,000		296,041	296,041	986,041
4	2023	710,000	710,000		270,391	270,391	980,391
5	2024	355,000	355,000	31.69%	242,881	242,881	597,881
6	2025	375,000	375,000		226,906	226,906	601,906
7	2026	395,000	395,000		210,031	210,031	605,031
8	2027	405,000	405,000		198,181	198,181	603,181
9	2028	420,000	420,000		185,525	185,525	605,525
10	2029	425,000	425,000	52.62%	171,875	171,875	596,875
11	2030	445,000	445,000		158,063	158,063	603,063
12	2031	465,000	465,000		143,600	143,600	608,600
13	2032	475,000	475,000		128,487	128,487	603,487
14	2033	490,000	490,000		112,457	112,457	602,457
15	2034	505,000	505,000	77.27%	95,919	95,919	600,919
16	2035	525,000	525,000		78,244	78,244	603,244
17	2036	535,000	535,000		59,869	59,869	594,869
18	2037	555,000	555,000		41,144	41,144	596,144
19	2038	580,000	580,000	100.00%	21,025	21,025	601,025
		<u>\$9,655,000</u>	<u>\$9,655,000</u>		<u>\$3,301,904</u>	<u>\$3,301,904</u>	<u>\$12,956,904</u>

Source: Tri-Cities Airport Annual Financial Report as prepared by Blackburn, Childers & Steagall, PLC for the year ending June 30, 2019 and County Officials.

Real Property Assessment, Tax Levy and Collection Procedures

State Taxation of Property; Classifications of Taxable Property; Assessment Rates

Under the Constitution and laws of the State of Tennessee, all real and personal property is subject to taxation, except to the extent that the General Assembly of the State of Tennessee (the “General Assembly”) exempts certain constitutionally permitted categories of property from taxation. Property exempt from taxation includes federal, state and local government property, property of housing authorities, certain low cost housing for elderly persons, property owned and used exclusively for certain religious, charitable, scientific and educational purposes and certain other property as defined under the Tennessee Code Annotated.

Under the Constitution and laws of the State of Tennessee, property is classified into three separate classes for purposes of taxation: Real Property; Tangible Personal Property; and Intangible Personal Property. Real Property includes lands, structures, improvements, machinery and equipment affixed to realty and related rights and interests. Real Property is required constitutionally to be classified into four subclassifications and assessed at the rates as follows:

(a) Public Utility Property (which includes all property of every kind used or held for use in the operation of a public utility, such as railroad companies, certain telephone companies, freight and private car companies, street car companies, power companies, express companies and other public utility companies), to be assessed at 55% of its value;

(b) Industrial and Commercial Property (which includes all property of every kind used or held for use for any commercial, mining, industrial, manufacturing, business or similar purpose), to be assessed at 40% of its value;

(c) Residential Property (which includes all property which is used or held for use for dwelling purposes and contains no more than one rental unit), to be assessed at 25% of its value; and

(d) Farm Property (which includes all real property used or held for use in agriculture), to be assessed at 25% of its value.

Tangible Personal Property includes personal property such as goods, chattels and other articles of value, which are capable of manual or physical possession and certain machinery and equipment. Tangible Personal Property is required constitutionally to be classified into three subclassifications and assessed at the rates as follows:

(a) Public Utility Property, to be assessed at 55% of its value;

(b) Industrial and Commercial Property, to be assessed at 30% of its value; and

(c) All other Tangible Personal Property (including that used in agriculture), to be assessed at 5% of its value, subject to an exemption of \$7,500 worth of Tangible Personal Property for personal household goods and furnishings, wearing apparel and other tangible personal property in the hands of a taxpayer.

Intangible Personal Property includes personal property, such as money, any evidence of debt owed to a taxpayer, any evidence of ownership in a corporation or other business organization having multiple owners and all other forms of property, the value of which is expressed in terms of what the property represents rather than its own intrinsic value. The Constitution of the State of Tennessee empowers the General Assembly to classify Intangible Personal Property into subclassifications and

to establish a ratio of assessment to value in each class or subclass and to provide fair and equitable methods of apportionment of the value to the State of Tennessee for purposes of taxation.

The Constitution of the State of Tennessee requires that the ratio of assessment to value of property in each class or subclass be equal and uniform throughout the State of Tennessee and that the General Assembly direct the method to ascertain the value and definition of property in each class or subclass. Each respective taxing authority is constitutionally required to apply the same tax rate to all property within its jurisdiction.

County Taxation of Property

The Constitution of the State of Tennessee empowers the General Assembly to authorize the several counties and incorporated towns in the State of Tennessee to impose taxes for county and municipal purposes in the manner prescribed by law. Under the *Tennessee Code Annotated*, the General Assembly has authorized the counties in Tennessee to levy an *ad valorem* tax on all taxable property within their respective jurisdictions, the amount of which is required to be fixed by the county legislative body of each county.

All property is required to be taxed according to its values upon the principles established in regard to State taxation as described above, including equality and uniformity. All counties, which levy and collect taxes to pay off any bonded indebtedness are empowered, through the respective county legislative bodies, to place all funds levied and collected into a special fund of the respective counties and to appropriate and use the money for the purpose of discharging any bonded indebtedness of the respective counties.

Assessment of Property

The function of assessment is to assess all property (with certain exceptions) to the person or persons owning or claiming to own such property on January 1 for the year for which the assessment is made. All assessment of real and personal property are required to be made annually and as of January 1 for the year to which the assessment applies. Not later than May 20 of each year, the assessor of property in each county is required to (a) make an assessment of all property in the county and (b) note upon the assessor's records the current classification and assessed value of all taxable property within the assessor's jurisdiction.

The assessment records are open to public inspection at the assessor's office during normal business hours. The assessor is required to notify each taxpayer of any change in the classification or assessed value of the taxpayer's property and to cause a notice to be published in a newspaper of general circulation stating where and when such records may be inspected and describing certain information concerning the convening of the county board of equalization. The notice to taxpayers and such published notice are required to be provided and published at least 10 days before the local board of equalization begins its annual session.

Valuation for Property Tax Purposes

The value of all property is based upon its sound, intrinsic and immediate value for purposes of sale between a willing seller and a willing buyer without consideration of speculative values. In determining the value of all property of every kind, the assessor is to be guided by, and follow the instructions of, the appropriate assessment manuals issued by the division of property assessments and approved by the State board of equalization. Such assessment manuals are required to take into

account various factors that are generally recognized by appraisers as bearing on the sound, intrinsic and immediate economic value of property at the time of assessment.

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PROPERTY VALUATION AND PROPERTY TAX

Fiscal Year Tax Year	2019-2020 2019	2018-2019 2018	2017-2018 2017	2016-2017 2016	2015-2016 2015
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$9,723,144,846	\$8,451,419,000	\$8,379,206,600	\$8,193,694,229	\$7,847,409,800
Commercial & Industrial	3,334,694,234	2,915,564,600	2,885,667,800	2,904,446,793	2,750,957,700
Personal Property	1,973,514,555	1,962,091,990	1,897,860,948	1,778,129,444	1,692,688,820
Public Utilities	273,320,820	297,924,459	278,063,799	282,439,919	282,452,634
Total Estimated Actual Values	\$15,304,674,455	\$13,627,000,049	\$13,440,799,147	\$13,158,710,385	\$12,573,508,954
Annual Percentage Change	12.31%	1.39%	2.14%	4.65%	-0.30%
Estimated Per Capita Amount	\$96,652	\$86,466	\$85,652	\$84,252	\$80,497
COUNTY-WIDE ASSESSED VALUES					
Residential & Farm (at 25%)	\$2,134,959,475	\$2,112,854,750	\$2,094,801,650	\$1,976,933,575	\$1,961,852,450
Commercial & Industrial (at 40%)	1,171,544,760	1,166,225,840	1,154,267,120	1,121,232,640	1,100,383,080
Personal Property (at 30%)	526,283,075	588,627,765	569,358,761	514,821,818	507,806,646
Public Utilities (at 30%-55%)	119,304,538	130,341,033	121,674,308	123,529,776	123,535,326
Total Assessed Values	\$3,952,091,848	\$3,998,049,388	\$3,940,101,839	\$3,736,517,809	\$3,693,577,502
Annual Percentage Change	-1.15%	1.47%	5.45%	1.16%	-0.25%
Estimated Per Capita Amount	\$24,958	\$25,368	\$25,108	\$23,924	\$23,647
Appraisal Ratio	87.83%	100.00%	100.00%	96.51%	96.51%
Assessed Values to Actual Values	25.82%	29.34%	29.31%	28.40%	29.38%
Property Tax Rate					
General Fund	\$0.8100	\$0.7900	\$0.7900	\$0.7715	\$0.7715
School Capital Projects	\$0.0930	\$0.0930	\$0.0930	\$0.0967	\$0.0967
General Debt Service Fund	\$0.2200	\$0.2200	\$0.2200	\$0.1377	\$0.1377
General Purpose School Fund	\$1.3530	\$1.3530	\$1.3530	\$1.4708	\$1.4708
Highway/Public Works	\$0.0750	\$0.0750	\$0.0750	\$0.0787	\$0.0787
Solid Waste/Sanitation	\$0.0190	\$0.0190	\$0.0190	\$0.0200	\$0.0200
Total Property Tax Rates	\$2.5700	\$2.5500	\$2.5500	\$2.5754	\$2.5754
Taxes Levied	\$101,568,760	\$101,950,259	\$100,472,597	\$96,230,280	\$95,124,395
Collections					
Current Fiscal Year	In Process	\$97,463,731	\$96,027,690	\$92,410,908	\$91,452,742
Percent Collected Current FY	In Process	95.60%	95.58%	96.03%	96.14%

Sources: State Board of Equalization, 2015 - 2019 Tax Aggregate Reports of Tennessee, the Annual Financial Reports for the years ending June 30, 2015 - 2019 as prepared by the Comptroller of the Treasury and County Officials.

TOP COUNTY-WIDE TAXPAYERS

<u>Taxpayer</u>	<u>Type Product/Service</u>	<u>Assessed Value as a</u>	
		<u>Tax Year 2019</u>	<u>% of Tax Year 2019</u>
		<u>Assessed Value</u>	<u>Total Assessment</u>
Eastman Chemical Company	Manufacturer	\$ 499,042,936	12.63%
Domtar Paper Co	Paper	57,715,546	1.46%
Bristol Motor Speedway	Sports/Entertainment	39,682,882	1.00%
Kingsport Power	Public Utility	30,575,766	0.77%
Groseclose Thelma Q ETAL	Real Estate	24,792,320	0.63%
Pinnacle	Retail Development	23,873,480	0.60%
Eastman Credit Company	Banking	16,869,547	0.43%
Wal Mart/Sams Club	Retail Development	16,015,316	0.41%
Rhone Poulac (Primester)	Pharmaceutical Company	15,353,294	0.39%
East Tennessee Natural Gas LLC	Public Utility	13,470,852	0.34%

Source: Sullivan County Property Assessor.

FUND BALANCES

	<u>06/30/19</u>	<u>06/30/18</u>	<u>06/30/17</u>	<u>06/30/16</u>	<u>06/30/15</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$14,218,870	\$11,679,092	\$10,950,401	\$8,809,416	\$7,310,544
Highway/Public Works Fund	7,740,974	7,331,283	6,007,410	4,868,122	3,591,006
General Debt Service Fund	4,604,938	4,231,227	3,853,249	3,705,006	1,413,252
Special Revenue Funds	3,444,407	2,833,350	2,180,126	1,985,833	1,641,826
Education Debt Service Fund	0	116,311	108,611	100,911	92,929
Capital Projects Funds	487,984	255,107	245,354	245,354	308,294
	<u>\$30,497,173</u>	<u>\$26,446,370</u>	<u>\$23,345,151</u>	<u>\$19,714,642</u>	<u>\$14,357,851</u>
DISCRETELY PRESENTED					
SCHOOL DEPARTMENT					
General Purpose School Funds	\$20,585,427	\$15,996,190	\$12,644,450	\$10,388,367	\$7,792,199
Special Revenue Funds	3,699,469	4,438,982	3,424,047	2,174,546	1,343,965
Capital Projects Funds	36,204,603	59,080,999	62,373,501	0	0
	<u>\$60,489,499</u>	<u>\$79,516,171</u>	<u>\$78,441,998</u>	<u>\$12,562,913</u>	<u>\$9,136,164</u>
TOTAL ALL FUNDS	<u>\$90,986,672</u>	<u>\$105,962,541</u>	<u>\$101,787,149</u>	<u>\$32,277,555</u>	<u>\$23,494,015</u>

Sources: Annual Financial Reports for the years ending June 30, 2015 - 2019 as prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

LOCAL SALES TAX

	<u>FY2018-2019</u>	<u>FY2017-2018</u>	<u>FY2016-2017</u>	<u>FY2015-2016</u>	<u>FY2014-2015</u>
Rate (Percent of retail sales)	2.25%	2.25%	2.25%	2.25%	2.25%
Distribution					
General Fund	\$1,381,224	\$929,230	\$870,403	\$723,815	\$510,973
General Purpose School	13,164,187	13,032,263	12,963,201	13,008,902	12,276,965
Cities Portion	25,019,820	24,608,171	23,937,673	23,787,190	21,958,023
Cities School Portion	15,732,347	14,989,684	14,375,461	13,988,556	12,845,926
Highway/Public Works	2,500,000	2,500,000	2,500,000	2,500,000	2,600,000
Total Amount Collected	<u>\$57,797,578</u>	<u>\$56,059,348</u>	<u>\$54,646,738</u>	<u>\$54,008,463</u>	<u>\$50,191,887</u>
% of Increase	3.10%	2.58%	1.18%	7.60%	6.61%

Sources: Annual Financial Reports for the years ending June 30, 2015 - 2019 as prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

APPENDIX C

Comprehensive Annual Financial Report
of the County for the Fiscal Year Ended June 30, 2019

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ANNUAL FINANCIAL REPORT

SULLIVAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2019



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2019

COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

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

PRESTON COBB, CPA
BRANDON HAMMES
GREG BRUSH, CISA
State Auditors

This financial report is available at www.comptroller.tn.gov

SULLIVAN COUNTY, TENNESSEE

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Summary of Audit Findings

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2019

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2019.

Results

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

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

Findings

The following are summaries of the audit findings:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Accounting records for the year ended June 30, 2019, were not closed and available for audit by August 31, 2019.
- ◆ The office had deficiencies in the maintenance of payroll deduction accounts and records.

OFFICE OF TRUSTEE

- ◆ The accounting records had not been properly maintained.
- ◆ The monthly trustee's report was not completed and filed in compliance with state statute.
- ◆ The office had deficiencies in monthly trustee commissions.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2019

Officials

Richard Venable, County Mayor
Scott Murray, Highway Commissioner
Evelyn Rafalowski, 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
David Akard
Judy Blalock
Todd Broughton
Darlene Calton
Michael Cole
Larry Crawford
Andrew Cross
Joyce Crosswhite
John Gardner
Colette George
Hershel Glover
Terry Harkleroad

Joe Herron
Mark Hutton
Sam Jones
Dwight King
Tony Leonard
Hunter Locke
Randy Morrell
Angie Stanley
Alicia Starnes
Gary Stidham
Mark Vance
Doug Woods

Board of Education

Michael Hughes, Chairman
Randall Gilmore
Mark Ireson
Randall Jones

Paul Robinson
Matthew Spivey
Jane Thomas

Audit Committee

Dwight King, Chairman
Terry Harkleroad
Angie Stanley

FINANCIAL SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy 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, 2019, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

Our responsibility is to express opinions on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

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

estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of June 30, 2019, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county's net pension liability and related ratios, schedules of county and school contributions, schedule of school's proportionate share of the net pension liability, and schedule 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 the other information such as the introductory section and management's corrective action plans are presented for purposes of

additional analysis and are not a required part of the basic financial statements. The schedule of expenditures of federal awards is also presented for purposes of additional analysis as required by Title 2 U.S. Code of Federal Regulations Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards*, and is not a required part of the basic financial statements.

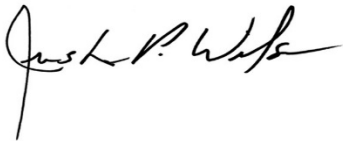
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), schedule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

The introductory section and management's corrective action plans have 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 them.

Other Reporting Required by *Government Auditing Standards*

In accordance with Government Auditing Standards, we have also issued our report dated December 19, 2019, 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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 19, 2019

JPW/tg

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2019

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 674,653	\$ 2,963
Equity in Pooled Cash and Investments	30,673,565	78,929,537
Inventories	21,029	142,078
Accounts Receivable	4,349,341	33,067
Allowance for Uncollectibles	(1,263,565)	0
Due from Other Governments	3,797,040	2,908,166
Due from Primary Government	0	1,100,000
Due from Component Units	22,317	0
Property Taxes Receivable	50,455,936	25,532,549
Allowance for Uncollectible Property Taxes	(1,526,803)	(778,604)
Prepaid Items	190,371	4,372
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	122,363
Net Pension Asset - Agent Plan	4,303,816	1,171,777
Net Pension Asset - Teacher Retirement Plan	0	240,991
Net Pension Asset - Teacher Legacy Retirement Plan	0	3,436,541
Capital Assets:		
Assets Not Depreciated:		
Land	2,172,683	5,624,082
Construction in Progress	924,505	26,768,075
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	21,879,989	57,550,339
Infrastructure	9,654,373	0
Other Capital Assets	12,685,072	1,311,212
Total Assets	\$ 139,014,322	\$ 204,099,508
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 438,809	\$ 0
Pension Changes in Experience	668,717	890,359
Pension Changes in Assumptions	1,735,019	2,513,391
Pension Contributions After Measurement Date	4,954,398	4,798,318
Pension Other Deferrals	0	260,036
OPEB Changes in Experience	0	3,105,670
OPEB Changes in Assumptions	0	652,272
OPEB Contributions after Measurement Date	596,842	2,494,361
OPEB Other Deferrals	0	1,291,429
Total Deferred Outflows of Resources	\$ 8,393,785	\$ 16,005,836
<u>LIABILITIES</u>		
Accounts Payable	\$ 828,491	\$ 59,446
Accrued Payroll	1,132,675	0
Accrued Interest Payable	1,137,043	0
Payroll Deductions Payable	477,526	529,381
Contracts Payable	0	1,018,880
Retainage Payable	35,669	53,625
Claims and Judgments Payable	284,625	0
Due to Primary Government	0	22,317
Due to Component Units	1,100,000	0
Due to State of Tennessee	181,222	180
Other Current Liabilities	831,963	66,993
Unearned Revenue	0	20,000,000

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year - Debt	\$ 8,348,235	\$ 0
Due Within One Year - Other	1,267,984	541,610
Due in More Than One Year - Debt	172,093,081	0
Due in More Than One Year - Other	14,469,498	69,606,485
Total Liabilities	<u>\$ 202,188,012</u>	<u>\$ 91,898,917</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 47,892,357	\$ 24,220,849
Pension Changes in Experience	1,062,421	4,935,025
Pension Changes in Investment Earnings	568,458	916,319
Pension Other Deferrals	0	514,274
OPEB Changes in Experience	7,212,139	1,352,678
OPEB Changes in Assumptions	608,112	6,384,718
Total Deferred Inflows of Resources	<u>\$ 57,343,487</u>	<u>\$ 38,323,863</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 35,868,147	\$ 91,253,708
Restricted for:		
General Government	863,447	0
Finance	176,992	0
Administration of Justice	312,867	0
Public Safety	371,562	0
Public Health and Welfare	58,239	0
Agriculture and Natural Resources	15,431	0
Debt Service	3,599,994	0
Education	0	3,285,351
Capital Projects	543,826	36,204,603
Pensions	4,303,816	4,971,672
Unrestricted	<u>(158,237,713)</u>	<u>(45,832,770)</u>
Total Net Position	<u>\$ (112,123,392)</u>	<u>\$ 89,882,564</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, 2019

Functions/Programs					Net (Expense) Revenue and Changes in Net Position	
	Expenses	Program Revenues			Primary Government	Component Unit
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	Sullivan County School Department
Primary Government:						
Governmental Activities:						
General Government	\$ 7,720,333	\$ 1,879,474	\$ 653,769	\$ 150,400	\$ (5,036,690)	\$ 0
Finance	5,831,510	4,410,946	0	0	(1,420,564)	0
Administration of Justice	5,435,420	3,057,006	211,279	1,482	(2,165,653)	0
Public Safety	26,952,092	2,847,775	438,608	112,653	(23,553,056)	0
Public Health and Welfare	14,687,642	8,499,797	4,508,777	3,150	(1,675,918)	0
Social, Cultural, and Recreational Services	2,642,370	317,312	0	2,359	(2,322,699)	0
Agriculture and Natural Resources	274,081	0	0	586,870	312,789	0
Highways	9,842,622	18,335	3,755,509	1,099,826	(4,968,952)	0
Education	919,993	223,555	0	0	(696,438)	0
Debt Service:						
Interest	6,258,932	0	2,428,290	0	(3,830,642)	0
Total Primary Government	\$ 80,564,995	\$ 21,254,200	\$ 11,996,232	\$ 1,956,740	\$ (45,357,823)	\$ 0
Component Unit:						
Sullivan County School Department	\$ 84,487,072	\$ 2,255,202	\$ 7,909,056	\$ 0	\$ 0	\$ (74,322,814)
Total Component Unit	\$ 84,487,072	\$ 2,255,202	\$ 7,909,056	\$ 0	\$ 0	\$ (74,322,814)

(Continued)

Exhibit B

Sullivan County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position	
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Primary	Component Unit
					Governmental Activities	Sullivan County School Department
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes					\$ 39,044,075	\$ 24,756,577
Property Taxes Levied for Debt Service					8,748,785	0
Local Option Sales Taxes					3,925,632	13,188,235
Litigation Tax - General					355,598	0
Litigation Tax - Office of Public Defender					161,046	0
Litigation Tax - Jail, Workhouse, or Courthouse					153,005	0
Litigation Tax - Courtroom Security					445,453	0
Business Tax					2,480,324	0
Mixed Drink Tax					11,948	0
Mineral Severance Tax					131,276	0
Wholesale Beer Tax					368,017	0
Grants and Contributions Not Restricted to Specific Programs					2,183,650	44,341,382
Unrestricted Investment Income					2,000,930	0
Miscellaneous					55,437	152,553
Gain on Investments					0	6,177
Gain on Sale of Capital Assets					40,000	0
Total General Revenues					<u>\$ 60,105,176</u>	<u>\$ 82,444,924</u>
Change in Net Position					\$ 14,747,353	\$ 8,122,110
Net Position, July 1, 2018					<u>(126,870,745)</u>	<u>81,760,454</u>
Net Position, June 30, 2019					<u><u>\$ (112,123,392)</u></u>	<u><u>\$ 89,882,564</u></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, 2019

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 423,818	\$ 0	\$ 0	\$ 167,021	\$ 590,839
Equity in Pooled Cash and Investments	16,163,585	7,103,304	3,571,406	3,423,851	30,262,146
Inventories	21,029	0	0	0	21,029
Accounts Receivable	868,021	88,166	0	3,350,896	4,307,083
Allowance for Uncollectibles	0	0	0	(1,263,565)	(1,263,565)
Due from Other Governments	2,665,851	1,095,050	0	36,139	3,797,040
Due from Other Funds	348,085	0	1,420,970	252,766	2,021,821
Due from Component Units	3,739	0	0	3,719	7,458
Property Taxes Receivable	33,571,956	3,111,299	9,126,476	4,646,205	50,455,936
Allowance for Uncollectible Property Taxes	(1,011,932)	(94,878)	(278,308)	(141,685)	(1,526,803)
Prepaid Items	3,252	0	187,119	0	190,371
Total Assets	<u>\$ 53,057,404</u>	<u>\$ 11,302,941</u>	<u>\$ 14,027,663</u>	<u>\$ 10,475,347</u>	<u>\$ 88,863,355</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 819,834	\$ 1,821	\$ 0	\$ 174	\$ 821,829
Accrued Payroll	837,595	138,205	0	156,875	1,132,675
Payroll Deductions Payable	366,967	48,538	0	62,021	477,526
Retainage Payable	35,669	0	0	0	35,669
Due to Other Funds	2,118,812	65,861	250,000	367,900	2,802,573
Due to Component Units	1,100,000	0	0	0	1,100,000
Due to State of Tennessee	88,022	0	0	93,200	181,222
Other Current Liabilities	441,990	6,963	383,010	0	831,963
Total Liabilities	<u>\$ 5,808,889</u>	<u>\$ 261,388</u>	<u>\$ 633,010</u>	<u>\$ 680,170</u>	<u>\$ 7,383,457</u>

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 31,875,768	\$ 2,951,460	\$ 8,657,616	\$ 4,407,513	\$ 47,892,357
Deferred Delinquent Property Taxes	474,358	45,034	132,099	67,250	718,741
Other Deferred/Unavailable Revenue	679,519	304,085	0	1,388,023	2,371,627
Total Deferred Inflows of Resources	<u>\$ 33,029,645</u>	<u>\$ 3,300,579</u>	<u>\$ 8,789,715</u>	<u>\$ 5,862,786</u>	<u>\$ 50,982,725</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 21,029	\$ 0	\$ 0	\$ 0	\$ 21,029
Prepaid Items	3,252	0	187,119	0	190,371
Restricted:					
Restricted for General Government	863,447	0	0	0	863,447
Restricted for Finance	176,992	0	0	0	176,992
Restricted for Administration of Justice	312,867	0	0	0	312,867
Restricted for Public Safety	119,580	0	0	251,982	371,562
Restricted for Public Health and Welfare	58,239	0	0	0	58,239
Restricted for Agriculture and Natural Resources	15,431	0	0	0	15,431
Restricted for Debt Service	0	0	4,417,819	0	4,417,819
Restricted for Capital Projects	0	0	0	487,984	487,984
Committed:					
Committed for Finance	1,115,950	0	0	0	1,115,950
Committed for Public Health and Welfare	0	0	0	3,192,425	3,192,425
Committed for Other Operations	470,930	0	0	0	470,930
Committed for Highways/Public Works	0	7,740,974	0	0	7,740,974
Assigned:					
Assigned for General Government	2,525,529	0	0	0	2,525,529

(Continued)

Exhibit C-1

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

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>FUND BALANCES (Cont.)</u>					
Assigned (Cont.):					
Assigned for Finance	\$ 131,642	\$ 0	\$ 0	\$ 0	\$ 131,642
Assigned for Administration of Justice	78,318	0	0	0	78,318
Assigned for Public Safety	589,040	0	0	0	589,040
Assigned for Public Health and Welfare	23,480	0	0	0	23,480
Assigned for Social, Cultural, and Recreational Services	57,797	0	0	0	57,797
Assigned for Capital Projects	4,904	0	0	0	4,904
Unassigned	7,650,443	0	0	0	7,650,443
Total Fund Balances	<u>\$ 14,218,870</u>	<u>\$ 7,740,974</u>	<u>\$ 4,604,938</u>	<u>\$ 3,932,391</u>	<u>\$ 30,497,173</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 53,057,404</u>	<u>\$ 11,302,941</u>	<u>\$ 14,027,663</u>	<u>\$ 10,475,347</u>	<u>\$ 88,863,355</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, 2019

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)		\$	30,497,173
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	2,172,683	
Add: construction in progress		924,505	
Add: infrastructure net of accumulated depreciation		9,654,373	
Add: buildings and improvements net of accumulated depreciation		21,879,989	
Add: other capital assets net of accumulated depreciation		<u>12,685,072</u>	47,316,622
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			3,090,368
(3) Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The assets and liabilities are included in governmental activities in the statement of net position.			1,041,815
(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	\$	(788,744)	
Less: other loans payable		(12,335,303)	
Less: capital leases payable		(1,847,250)	
Less: bonds payable		(155,915,000)	
Less: nonexchange financial guarantee payable		(2,238,542)	
Add: deferred charge on refunding		438,809	
Less: compensated absences payable		(2,149,126)	
Less: other postemployment benefits liability		(13,588,356)	
Add: net pension asset		4,303,816	
Less: accrued interest on notes and bonds		(1,137,043)	
Less: other deferred revenue - premium on debt		<u>(7,316,477)</u>	(192,573,216)
(5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	7,358,134	
Less: deferred inflows of resources related to pensions		(1,630,879)	
Add: deferred outflows of resources related to OPEB		596,842	
Less: deferred inflows of resources related to OPEB		<u>(7,820,251)</u>	<u>(1,496,154)</u>
Net position of governmental activities (Exhibit A)			<u>\$ (112,123,392)</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, 2019

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 37,343,136	\$ 6,021,311	\$ 8,946,742	\$ 4,429,674	\$ 56,740,863
Licenses and Permits	489,627	251,067	0	0	740,694
Fines, Forfeitures, and Penalties	594,802	0	0	108,578	703,380
Charges for Current Services	1,898,545	0	0	7,576,541	9,475,086
Other Local Revenues	1,175,649	67,323	1,302,567	244,629	2,790,168
Fees Received From County Officials	7,410,982	0	0	0	7,410,982
State of Tennessee	6,479,869	4,812,570	0	540,718	11,833,157
Federal Government	2,800,724	9,445	0	181,691	2,991,860
Other Governments and Citizens Groups	661,140	12,154	611,346	1,926,374	3,211,014
Total Revenues	\$ 58,854,474	\$ 11,173,870	\$ 10,860,655	\$ 15,008,205	\$ 95,897,204
<u>Expenditures</u>					
Current:					
General Government	\$ 4,896,204	\$ 0	\$ 0	\$ 900	\$ 4,897,104
Finance	5,964,593	0	182,576	95,869	6,243,038
Administration of Justice	5,588,580	0	0	11,498	5,600,078
Public Safety	28,112,713	0	0	71,993	28,184,706
Public Health and Welfare	6,987,967	0	0	8,677,104	15,665,071
Social, Cultural, and Recreational Services	2,312,168	0	0	0	2,312,168
Agriculture and Natural Resources	796,588	0	0	0	796,588
Other Operations	869,855	0	0	258,318	1,128,173
Highways	0	9,999,866	0	0	9,999,866
Instruction	208,760	0	0	0	208,760
Debt Service:					
Principal on Debt	651,827	78,130	7,253,252	1,840,000	9,823,209
Interest on Debt	46,537	11,870	7,069,073	73,600	7,201,080

(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 Govern- mental Funds	Total Governmental Funds
<u>Expenditures (Cont.)</u>					
Debt Service (Cont.)					
Other Debt Service	\$ 0	\$ 0	\$ 177,982	\$ 1,300	\$ 179,282
Capital Projects	19,616	674,705	0	0	694,321
Capital Projects - Donated	20,560	0	0	0	20,560
Total Expenditures	\$ 56,475,968	\$ 10,764,571	\$ 14,682,883	\$ 11,030,582	\$ 92,954,004
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,378,506	\$ 409,299	\$ (3,822,228)	\$ 3,977,623	\$ 2,943,200
<u>Other Financing Sources (Uses)</u>					
Capital Leases Issued	\$ 1,536,599	\$ 0	\$ 0	\$ 0	\$ 1,536,599
Insurance Recovery	0	392	0	0	392
Transfers In	0	0	4,195,939	0	4,195,939
Transfers Out	(1,375,327)	0	0	(3,250,000)	(4,625,327)
Total Other Financing Sources (Uses)	\$ 161,272	\$ 392	\$ 4,195,939	\$ (3,250,000)	\$ 1,107,603
Net Change in Fund Balances	\$ 2,539,778	\$ 409,691	\$ 373,711	\$ 727,623	\$ 4,050,803
Fund Balance, July 1, 2018	11,679,092	7,331,283	4,231,227	3,204,768	26,446,370
Fund Balance, June 30, 2019	\$ 14,218,870	\$ 7,740,974	\$ 4,604,938	\$ 3,932,391	\$ 30,497,173

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, 2019

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)		\$	4,050,803
(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	\$	4,454,549	
Less: current-year depreciation expense		(3,650,284)	804,265
(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			(379,234)
(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, 2018	\$	(3,944,600)	
Add: deferred delinquent property taxes and other deferred June 30, 2019		3,090,368	(854,232)
(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	\$	(1,536,599)	
Add: change in premium on debt issuances		947,672	
Add: principal payments on bonds		7,245,000	
Add: principal payments on notes		147,841	
Add: principal payments on other loans		1,700,411	
Add: principal payments on capital leases		729,957	
Less: change in nonexchange financial guarantee		(2,238,542)	
Less: change in deferred charge on refunding		(102,673)	
Add: change in deferred credit on refunding		30,526	6,923,593
(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	\$	66,623	
Change in compensated absences payable		(85,098)	
Change in OPEB liability		6,361,114	
Change in net pension asset		3,955,242	
Change in deferred outflows related to pensions		(535,590)	
Change in deferred inflows related to pensions		568,679	
Change in deferred outflows related to OPEB		43,836	
Change in deferred inflows related to OPEB		(5,638,594)	4,736,212

(Continued)

Exhibit C-4

Sullivan County, Tennessee

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

(6)	Internal service funds are used by management to charge the cost of liability, workers' compensation, and employee dental benefits to individual funds. The net expense of certain activities of the internal service funds is reported with governmental activities in the statement of activities.	\$ (534,054)
	Change in net position of governmental activities (Exhibit B)	<u>\$ 14,747,353</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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 37,343,136	\$ 0	\$ 0	\$ 37,343,136	\$ 36,415,640	\$ 36,427,751	\$ 915,385
Licenses and Permits	489,627	0	0	489,627	466,415	466,415	23,212
Fines, Forfeitures, and Penalties	594,802	0	0	594,802	566,283	566,283	28,519
Charges for Current Services	1,898,545	0	0	1,898,545	1,615,560	1,615,560	282,985
Other Local Revenues	1,175,649	0	0	1,175,649	219,841	219,841	955,808
Fees Received From County Officials	7,410,982	0	0	7,410,982	6,968,996	6,968,996	441,986
State of Tennessee	6,479,869	0	0	6,479,869	5,492,607	5,409,896	1,069,973
Federal Government	2,800,724	0	0	2,800,724	3,497,555	3,754,999	(954,275)
Other Governments and Citizens Groups	661,140	0	0	661,140	592,213	592,213	68,927
Total Revenues	\$ 58,854,474	\$ 0	\$ 0	\$ 58,854,474	\$ 55,835,110	\$ 56,021,954	\$ 2,832,520
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 374,512	\$ (163)	\$ 875	\$ 375,224	\$ 388,559	\$ 388,559	\$ 13,335
County Mayor/Executive	236,872	(165)	0	236,707	240,556	240,556	3,849
County Attorney	229,969	(434)	120	229,655	260,105	260,105	30,450
Election Commission	662,444	(279)	2,493	664,658	748,396	748,396	83,738
Register of Deeds	451,256	(3,000)	3,503	451,759	577,180	577,180	125,421
Planning	417,108	(1,888)	769	415,989	426,010	426,010	10,021
Geographical Information Systems	57,585	0	0	57,585	56,850	58,050	465
County Buildings	1,409,887	(15,391)	72,933	1,467,429	1,728,424	1,728,424	260,995
Other Facilities	182,713	0	0	182,713	211,746	211,746	29,033
Preservation of Records	92,212	(259)	1,096	93,049	98,299	107,082	14,033
Risk Management	781,646	0	0	781,646	1,319,118	889,730	108,084
<u>Finance</u>							
Accounting and Budgeting	728,024	(650)	0	727,374	783,161	783,161	55,787
Purchasing	594,411	(2,096)	1,000	593,315	598,164	598,164	4,849
Property Assessor's Office	1,747,574	(1,993)	2,628	1,748,209	1,810,185	1,810,185	61,976
County Trustee's Office	617,311	0	9,097	626,408	705,104	705,104	78,696
County Clerk's Office	1,448,743	(4,500)	711	1,444,954	1,638,393	1,638,393	193,439

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	\$ 128,531	\$ (89,242)	\$ 118,793	\$ 158,082	\$ 170,000	\$ 170,000	\$ 11,918
Other Finance	699,999	0	0	699,999	700,000	700,000	1
<u>Administration of Justice</u>							
Circuit Court Judge	11,334	0	0	11,334	13,350	13,350	2,016
Circuit Court Clerk	1,750,833	(1,065)	728	1,750,496	1,735,875	1,777,298	26,802
General Sessions Court	573,602	0	0	573,602	575,238	575,238	1,636
General Sessions Judge	615,915	0	0	615,915	634,586	634,586	18,671
Drug Court	10,926	0	0	10,926	27,000	27,000	16,074
Chancery Court	647,267	0	514	647,781	649,724	663,774	15,993
Juvenile Court	812,971	(2,314)	0	810,657	830,494	860,975	50,318
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	395,088	(1,000)	0	394,088	469,713	469,713	75,625
Office of Public Defender	114,029	0	0	114,029	162,500	162,500	48,471
Judicial Commissioners	66,738	0	0	66,738	70,362	70,362	3,624
Other Administration of Justice	67,056	0	0	67,056	153,487	153,487	86,431
Courtroom Security	442,282	0	4,908	447,190	389,270	518,836	71,646
Victim Assistance Programs	77,539	0	0	77,539	20,500	77,539	0
<u>Public Safety</u>							
Sheriff's Department	13,144,217	(74,004)	74,821	13,145,034	11,586,031	13,552,684	407,650
Administration of the Sexual Offender Registry	6,921	0	150	7,071	10,500	10,500	3,429
Jail	10,015,432	(77,606)	95,100	10,032,926	9,905,762	10,212,527	179,601
Workhouse	104,215	0	101	104,316	110,242	110,242	5,926
Juvenile Services	576,874	0	0	576,874	706,160	706,160	129,286
Fire Prevention and Control	1,644,105	(169,108)	302,646	1,777,643	1,777,643	1,777,643	0
Civil Defense	771,439	(2,494)	333	769,278	788,311	788,311	19,033
Rescue Squad	1,018,979	(113,033)	116,933	1,022,879	1,017,879	1,022,879	0
Disaster Relief	1,241	(16,824)	52,300	36,717	0	107,966	71,249
County Coroner/Medical Examiner	541,354	(1,385)	0	539,969	500,888	516,888	(23,081)
Other Public Safety	287,936	(49,037)	1,659	240,558	310,991	310,991	70,433

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Public Health and Welfare</u>							
Local Health Center	\$ 5,923,766	\$ (40,266)	\$ 58,240	\$ 5,941,740	\$ 7,219,694	\$ 7,278,012	\$ 1,336,272
Rabies and Animal Control	489,986	(13,630)	3,057	479,413	550,000	560,000	80,587
Ambulance/Emergency Medical Services	355,398	(65,770)	0	289,628	300,000	300,000	10,372
Other Local Health Services	26,000	0	0	26,000	26,000	26,000	0
Regional Mental Health Center	111,687	0	0	111,687	98,187	120,987	9,300
Aid to Dependent Children	28,850	0	0	28,850	28,850	28,850	0
Other Local Welfare Services	16,500	0	0	16,500	15,000	19,500	3,000
Other Waste Disposal	25,780	(25,780)	0	0	0	0	0
Other Public Health and Welfare	10,000	0	0	10,000	15,000	10,000	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	837,607	0	100	837,707	905,728	905,728	68,021
Parks and Fair Boards	1,474,561	(850)	1,788	1,475,499	1,467,264	1,518,539	43,040
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	733,779	(396,459)	15,431	352,751	664,336	664,336	311,585
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	61,809	0	0	61,809	80,691	80,691	18,882
<u>Other Operations</u>							
Tourism	5,000	0	0	5,000	5,000	5,000	0
Industrial Development	404,363	0	0	404,363	363,940	713,940	309,577
Other Economic and Community Development	92,438	0	0	92,438	167,594	167,594	75,156
Veterans' Services	11,900	0	0	11,900	11,900	11,900	0
Employee Benefits	289,996	0	10	290,006	489,978	489,978	199,972
Miscellaneous	66,158	0	0	66,158	97,870	97,870	31,712
<u>Instruction</u>							
Career and Technical Education Program	10,550	0	0	10,550	10,550	10,550	0
Other	198,210	0	0	198,210	200,000	200,000	1,790
<u>Principal on Debt</u>							
General Government	651,827	0	0	651,827	0	651,827	0

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Interest on Debt</u>							
General Government	\$ 46,537	\$ 0	\$ 0	\$ 46,537	\$ 0	\$ 51,824	\$ 5,287
<u>Other Debt Service</u>							
General Government	0	0	0	0	22,000	0	0
<u>Capital Projects</u>							
Public Utility Projects	19,616	0	4,904	24,520	0	584,000	559,480
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	20,560	0	0	20,560	0	20,560	0
Total Expenditures	\$ 56,475,968	\$ (1,170,685)	\$ 947,741	\$ 56,253,024	\$ 57,650,338	\$ 61,683,980	\$ 5,430,956
Excess (Deficiency) of Revenues Over Expenditures	\$ 2,378,506	\$ 1,170,685	\$ (947,741)	\$ 2,601,450	\$ (1,815,228)	\$ (5,662,026)	\$ 8,263,476
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 1,536,599	\$ 0	\$ 0	\$ 1,536,599	\$ 208,036	\$ 1,744,635	\$ (208,036)
Transfers Out	(1,375,327)	0	0	(1,375,327)	(945,939)	(1,375,327)	0
Total Other Financing Sources	\$ 161,272	\$ 0	\$ 0	\$ 161,272	\$ (737,903)	\$ 369,308	\$ (208,036)
Net Change in Fund Balance	\$ 2,539,778	\$ 1,170,685	\$ (947,741)	\$ 2,762,722	\$ (2,553,131)	\$ (5,292,718)	\$ 8,055,440
Fund Balance, July 1, 2018	11,679,092	(1,170,685)	0	10,508,407	9,069,033	9,069,033	1,439,374
Fund Balance, June 30, 2019	\$ 14,218,870	\$ 0	\$ (947,741)	\$ 13,271,129	\$ 6,515,902	\$ 3,776,315	\$ 9,494,814

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,021,311	\$ 0	\$ 0	\$ 6,021,311	\$ 5,967,355	\$ 6,017,355	\$ 3,956
Licenses and Permits	251,067	0	0	251,067	250,000	250,000	1,067
Other Local Revenues	67,323	0	0	67,323	68,754	68,754	(1,431)
State of Tennessee	4,812,570	0	0	4,812,570	4,043,057	4,043,057	769,513
Federal Government	9,445	0	0	9,445	9,445	9,445	0
Other Governments and Citizens Groups	12,154	0	0	12,154	69,285	69,285	(57,131)
Total Revenues	\$ 11,173,870	\$ 0	\$ 0	\$ 11,173,870	\$ 10,407,896	\$ 10,457,896	\$ 715,974
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 394,733	\$ (6,102)	\$ 0	\$ 388,631	\$ 388,401	\$ 403,401	\$ 14,770
Highway and Bridge Maintenance	6,442,184	(230,910)	0	6,211,274	6,297,774	6,342,774	131,500
Operation and Maintenance of Equipment	516,836	(5,214)	9,419	521,041	500,000	596,025	74,984
Asphalt Plant Operations	932,971	(1,600)	0	931,371	960,000	960,000	28,629
Traffic Control	38,470	0	5,868	44,338	145,000	51,000	6,662
Other Charges	176,247	0	0	176,247	265,000	265,000	88,753
Capital Outlay	1,498,425	0	1,251,337	2,749,762	704,925	3,367,900	618,138
<u>Principal on Debt</u>							
Highways and Streets	78,130	0	0	78,130	0	78,130	0
<u>Interest on Debt</u>							
Highways and Streets	11,870	0	0	11,870	0	11,870	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	674,705	(62,247)	0	612,458	1,200,000	1,200,000	587,542
Total Expenditures	\$ 10,764,571	\$ (306,073)	\$ 1,266,624	\$ 11,725,122	\$ 10,461,100	\$ 13,276,100	\$ 1,550,978
Excess (Deficiency) of Revenues Over Expenditures	\$ 409,299	\$ 306,073	\$ (1,266,624)	\$ (551,252)	\$ (53,204)	\$ (2,818,204)	\$ 2,266,952
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 392	\$ 0	\$ 0	\$ 392	\$ 2,182	\$ 2,182	\$ (1,790)
Total Other Financing Sources	\$ 392	\$ 0	\$ 0	\$ 392	\$ 2,182	\$ 2,182	\$ (1,790)

(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 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 409,691	\$ 306,073	\$ (1,266,624)	\$ (550,860)	\$ (51,022)	\$ (2,816,022)	\$ 2,265,162
Fund Balance, July 1, 2018	7,331,283	(306,073)	0	7,025,210	5,456,125	5,456,125	1,569,085
Fund Balance, June 30, 2019	\$ 7,740,974	\$ 0	\$ (1,266,624)	\$ 6,474,350	\$ 5,405,103	\$ 2,640,103	\$ 3,834,247

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, 2019

	Governmental Activities
	Internal Service Funds
	<hr/>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 83,814
Equity in Pooled Cash and Investments	411,419
Accounts Receivable	42,258
Due from Other Funds	780,752
Due from Component Units	14,859
Total Assets	<hr/> \$ 1,333,102 <hr/>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 6,662
Claims and Judgments Payable	284,625
Total Liabilities	<hr/> \$ 291,287 <hr/>
<u>NET POSITION</u>	
Unrestricted	<hr/> \$ 1,041,815 <hr/>
Total Net Position	<hr/> \$ 1,041,815 <hr/>

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, 2019

	<u>Governmental Activities Internal Service Funds</u>
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 902,381
Cobra Insurance Payments	1,151
Total Operating Revenues	<u>\$ 903,532</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 26,842
Dental Insurance	283,583
Audit Services	45,002
Liability Insurance	324,121
Medical Claims	231,809
Bank Charges	75
Trustee's Commission	74
Workers' Compensation Insurance	960,138
Total Operating Expenses	<u>\$ 1,871,644</u>
Operating Income (Loss)	<u>\$ (968,112)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	<u>\$ 4,670</u>
Total Nonoperating Revenues (Expenses)	<u>\$ 4,670</u>
Income (Loss) before Transfers	\$ (963,442)
Transfers In	<u>429,388</u>
Change in Net Position	\$ (534,054)
Net Position, July 1, 2018	<u>1,575,869</u>
Net Position, June 30, 2019	<u><u>\$ 1,041,815</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, 2019

	Governmental Activities
	Internal Service Funds
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 733,241
Excess Risk Insurance Recovery	23,930
Payments to Insurers and Claims Payments	(1,740,680)
Payments for Administrative Costs	(71,993)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,055,502)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 4,670
Net Cash Provided By (Used In) Investing Activities	<u>\$ 4,670</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers In	\$ 944,164
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 944,164</u>
Increase (Decrease) in Cash	\$ (106,668)
Cash, July 1, 2018	<u>601,901</u>
Cash, June 30, 2019	<u><u>\$ 495,233</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided</u>	
<u>By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (968,112)
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	(32,771)
(Increase) Decrease in Receivables (non-transfers)	(170,291)
Increase (Decrease) in Other Current Liabilities (non-transfers)	<u>115,672</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (1,055,502)</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 83,814
Equity in Pooled Cash and Investments Per Net Position	<u>411,419</u>
Cash, June 30, 2019	<u><u>\$ 495,233</u></u>

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

Exhibit E

Sullivan County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 9,706,701
Equity in Pooled Cash and Investments	1,257,628
Accounts Receivable	588
Due from Other Governments	6,983,016
Property Taxes Receivable	30,595,279
Allowance for Uncollectible Taxes	<u>(932,989)</u>
Total Assets	<u><u>\$ 47,610,223</u></u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 428
Due to Other Taxing Units	37,746,249
Due to Litigants, Heirs, and Others	9,767,644
Due to Joint Ventures	<u>95,902</u>
Total Liabilities	<u><u>\$ 47,610,223</u></u>

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

SULLIVAN COUNTY, TENNESSEE

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SULLIVAN COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2019

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, 2019. Other significant transactions between the primary government and the school department during the year include: \$611,346 and \$1,816,944 paid from the General Purpose School Fund to the county's General Debt Service Fund and Education

Debt Service Fund, respectively as discussed in Note IV.H; \$323,706 paid from the General Purpose School Fund to the county General Fund for School Resource Officers, and \$1,100,000 billed by the school department to the county's General Fund for non-education use of school facilities.

Separate financial statements are provided for governmental funds, proprietary funds (internal service), and fiduciary funds. Internal service funds are reported with the governmental activities in the government-wide financial statements, and fiduciary funds are excluded from the government-wide financial statements. Major individual governmental funds are reported as separate columns in the fund financial statements.

C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation

The government-wide financial statements are reported using the economic resources measurement focus and the accrual basis of accounting, as are the proprietary funds and fiduciary fund financial statements, except for agency funds, which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Sullivan County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflow of resources, liabilities, deferred inflow of resources, fund equity, revenues, and expenditures/expenses. Funds are organized into three major categories: governmental, proprietary, and fiduciary. An emphasis is placed on major funds within the governmental category. Sullivan County reports two proprietary funds, both internal service funds. It has no enterprise funds to report.

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

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

requirements imposed by the provider have been met and the revenues are available. Sullivan County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

Property taxes for the period levied, in-lieu-of tax payments, sales taxes, interest, and miscellaneous taxes are all considered to be susceptible to accrual and have been recognized as revenues of the current period. Applicable business taxes, litigation taxes, state-shared excise taxes, fines, forfeitures, and penalties are not susceptible to accrual since they are not measurable (reasonably estimable). All other revenue items are considered to be measurable and available only when the county receives cash.

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus, except for agency funds, which have no measurement focus, and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Sullivan County reports the following major governmental funds:

General Fund – This is the county’s primary operating fund. It accounts for all financial resources of the general government, except those required to be accounted for in another fund.

Highway/Public Works Fund – This special revenue fund accounts for transactions of the county’s highway department. Local and state gasoline/fuel taxes are the foundational revenues of this fund.

General Debt Service Fund – This fund accounts for the resources accumulated and payments made for principal and interest on long-term general obligation debt of governmental funds.

Additionally, Sullivan County reports the following fund types:

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

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

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Sullivan County, Bristol, Kingsport, and Johnson City school systems' share of educational revenues, state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force, and restricted revenues held for the benefit of the Office of District Attorney General. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Sullivan County School Department reports the following major governmental funds:

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

State statutes authorize the government to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; 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 Pooled complied with accounting principles generally accepted in the United State of America.

All other investments are reported at fair value.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.57 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 \$831,963 on the Statement of Net Position for the primary government consists mainly of a liability of \$383,010 for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.E., and a liability of \$441,990 for undrafted deposits for health insurance premiums. The balance in the Other Current Liabilities account totaling \$66,993 on the Statement of Net Position for the discretely presented Sullivan County School Department consists mainly of a liability of \$54,411 for student meal deposits. Claims and judgments payable are discussed in Note V.A. Risk Management. The balance in Unearned Revenue on the Statement of Net Position for the discretely presented Sullivan County School Department consists of a liability totaling \$20,000,000 for amounts received from the City of Kingsport pursuant to an agreement to transfer title and ownership of Sullivan North High School to the city at a future date.

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

3. Inventories and Prepaid Items

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

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Restricted Assets

Restricted assets consist of amounts held in a pension stabilization trust by the Tennessee Consolidated Retirement System (TCRS) for the benefit of the discretely presented Sullivan County School Department's Teacher Retirement Plan. The purpose of this trust is to accumulate funds to provide stabilization (smoothing) of retirement costs to the school system in times of fluctuating investment returns and market downturns. These funds are held and invested by TCRS

pursuant to an irrevocable agreement and may only be used for the benefit of the Sullivan County School Department to fund retirement benefits upon approval of the TCRS Board of Directors. To date, the Sullivan County School Department has not withdrawn any funds from the trust to pay pension cost. Trust documents provide that the funds are not subject to the claims of general creditors of the school department.

5. Capital Assets

Governmental funds do not capitalize the cost of capital outlays; these funds report capital outlays as expenditures upon acquisition.

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the primary government as assets with an initial, individual cost of \$5,000 or more and an estimated useful life of more than two years. Capital assets are defined by the discretely presented school department as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized. Major outlays for capital assets and improvements are capitalized as projects are constructed.

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives:

<u>Assets</u>	<u>Years</u>
Building and Improvements	50
Other Capital Assets	5 - 20
Infrastructure	40

6. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government has items that qualify for reporting in this category. Accordingly, the items are reported in the government-wide Statement of Net Position. These items are for pension changes in experience, pension changes in assumptions, pension contributions after the measurement date, other pension deferrals, OPEB changes in experience, OPEB changes in assumptions, OPEB contributions after the measurement date, OPEB changes in proportion, and the deferred charge on refunding. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

7. Compensated Absences

It is the county's and the school department's policies to permit employees to accumulate earned but unused vacation benefits, which will be paid to employees upon separation from service. All vacation pay is accrued when incurred in the government-wide financial statements for the county and the school department. A liability for vacation pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements. The granting of sick leave for the primary government has no guaranteed payment attached and therefore is not required to be accrued or recorded.

The school department allows employees to accumulate earned but unused sick leave, which will be paid to employees upon separation from service at the rate of \$28 per day for one to 100 unused sick days; \$30 per day for 101 to 200 unused sick days; \$32 per day for 201 to 300 unused sick days; and \$34 per day for 301 and above unused sick days. This practice was negotiated by the Board of Education and the local education association. All sick leave is accrued when incurred in the government-wide statements for the school department.

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, pensions, 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 \$10,246,174 of restricted net position for the primary government, of which \$1,630,157 is restricted by enabling legislation.

As of June 30, 2019, Sullivan County had \$155,349,847 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 \$5,030,000 on June 30, 2019, 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 \$2,238,542 on June 30, 2019, 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 \$779,360 and fund balance appropriated for use in the 2019-20 year budget totaling \$2,471,697. Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances of \$6,378,496 and fund balance appropriated for use in the 2019-20 year budget totaling \$3,258,617.

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.

E. Pension Plans

Primary Government

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

Discretely Presented Sullivan County School Department

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Sullivan County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

A. Explanation of certain differences between the governmental fund balance sheet and the government-wide Statement of Net Position

Primary Government

Exhibit C-2 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

Discretely Presented Sullivan County School Department

Exhibit K-3 includes explanations of the nature of individual elements of items required to reconcile the balance sheet of governmental funds with the government-wide Statement of Net Position.

B. Explanation of certain differences between the governmental fund Statement of Revenues, Expenditures, and Changes in Fund Balances and the government-wide Statement of Activities

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Sullivan County School Department

Exhibit K-5 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund), which is not budgeted, and the Other Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year-end.

The county is required by state statute to adopt annual budgets. Annual budgets are prepared on the basis in which current available funds must be sufficient to meet current expenditures. Expenditures and encumbrances may not legally exceed appropriations authorized by the county commission and any authorized revisions. Unencumbered appropriations lapse at the end of each fiscal year.

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

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

At June 30, 2019, Sullivan County and the discretely presented Sullivan County School Department had encumbrances in the following budgeted funds:

<u>Funds</u>	<u>Amount</u>
<u>Primary Government</u>	
Major Fund:	
General	\$ 947,741
Highway/Public Works	1,266,624
Nonmajor Governmental	454,116
<u>Discretely Presented School Department</u>	
Major Fund:	
General Purpose School	6,378,496
Nonmajor Governmental	721,365

B. Expenditures Exceeded Appropriations

Expenditures and other financing uses exceeded appropriations approved by the county commission at the major category level in the following funds.

<u>Fund/Major Appropriation Category</u>	<u>Amount Overspent</u>
<u>Primary Government</u>	
General:	
County Coroner/Medical Examiner	\$ 23,081
<u>Discretely Presented School Department</u>	
School Federal Projects:	
Career and Technical Education Program	1,286

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

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Sullivan County and the Sullivan County School Department participate in an internal cash and investment pool through the Office of Trustee. The county trustee is the treasurer of the county and in this capacity is responsible for receiving, disbursing, and investing most county funds. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Cash reflected on the balance sheets

or statements of net position represents nonpooled amounts held separately by individual funds.

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of two methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 105 percent of the average daily balance of public deposits held. Collateral securities required to be pledged by the participating banks to protect their public fund accounts are pledged to the state treasurer on behalf of the bank collateral pool. The securities pledged to protect these accounts are pledged in the aggregate rather than against each account. The members of the pool may be required by agreement to pay an assessment to cover any deficiency. Under this additional assessment agreement, public fund accounts covered by the pool are considered to be insured for purposes of credit risk disclosure.

For deposits with financial institutions that do not participate in the bank collateral pool, state statutes require that all deposits be collateralized with collateral whose market value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. 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. 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, 2019, 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.

POOLED INVESTMENTS

Investment	Weighted Average Maturity (days)	Amortized Cost
<hr/>		
State Treasurer's Investment Pool	1 to 86	\$ 13,259,671

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, 2019, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

TCRS Stabilization Trust

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

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

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

Investments are reported at fair value or amortized cost, which approximates fair value. Securities traded on a national exchange are valued at the last reported sales price. Investment income consists of realized and unrealized appreciation (depreciation) in the fair value. Securities and securities transactions are recorded in the financial statements on a trade-date basis. The fair value of assets of the TRGT held at June 30, 2019, represents the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants. Assets held are categorized for fair value measurement within the fair value hierarchy established by GAAP. The hierarchy is based on the valuation inputs used to measure the fair value of the asset and give the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements).

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

Investments using the Net Asset Value ("NAV") per share have no readily determinable fair value and have been determined using amortized cost, which approximates fair value.

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

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

Equity and equity derivative securities classified in Level 1 are valued using last reported sales prices quoted in active markets that can be accessed at the measurement date. Equity and equity derivative securities classified in Level 2 are securities whose values are derived daily from associated traded securities. Equity securities classified in Level 3 are valued with last trade data having limited trading volume.

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

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

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

At June 30, 2019, the Sullivan County School Department had the following investments held by the trust on its behalf.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 37,932
Developed Market International Equity	N/A	N/A	17,131
Emerging Market International Equity	N/A	N/A	4,894
U.S. Fixed Income	N/A	N/A	24,473
Real Estate	N/A	N/A	12,236
Short-term Securities	N/A	N/A	1,224
Investments at Amortized Cost using the NAV:			
Private Equity and Strategic Lending	N/A	N/A	<u>24,473</u>
Total			<u><u>\$ 122,363</u></u>

Investment by Fair Value Level	Fair Value 6-30-19	Fair Value Measurements Using			Amortized Cost
		Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)	NAV
U.S. Equity	\$ 37,932	\$ 37,932	\$ 0	\$ 0	0
Developed Market International Equity	17,131	17,131	0	0	0
Emerging Market International Equity	4,894	4,894	0	0	0
U.S. Fixed Income	24,473	0	24,473	0	0
Real Estate	12,236	0	0	12,236	0
Short-term Securities	1,224	0	1,224	0	0
Private Equity and Strategic Lending	<u>24,473</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>24,473</u>
Total	<u>\$ 122,363</u>	<u>\$ 59,957</u>	<u>\$ 25,697</u>	<u>\$ 12,236</u>	<u>\$ 24,473</u>

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

Interest Rate Risk. Interest rate risk is the risk that changes in interest rates will adversely affect the fair value of an investment. The Sullivan County School Department does not have the ability to limit trust investment maturities as a means of managing its exposure to fair value losses arising from increasing interest rates.

Credit Risk. Credit risk is the risk that an issuer or other counterparty to an investment will not fulfill its obligations. The Sullivan County School Department does not have the ability to limit the credit ratings of individual investments made by the trust.

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

Custodial Credit Risk. Custodial credit risk for investments is the risk that, in the event of a failure of the counterparty to a transaction, the county will not be able to recover the value of its investments or collateral securities that are in the possession of an outside party. Pursuant to the trust agreement, investments are held in the name of the trust for the benefit of the Sullivan County School Department to pay retirement benefits of the school department employees.

For further information concerning the school department's investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2019/ag18092.pdf>.

B. Capital Assets

Capital assets activity for the year ended June 30, 2019, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 2,458,142	\$ 30,931	\$ (316,390)	\$ 2,172,683
Construction in Progress	348,709	575,796	0	924,505
Total Capital Assets Not Depreciated	<u>\$ 2,806,851</u>	<u>\$ 606,727</u>	<u>\$ (316,390)</u>	<u>\$ 3,097,188</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 37,044,620	\$ 534,125	\$ 0	\$ 37,578,745
Infrastructure	21,068,820	90,000	0	21,158,820
Other Capital Assets	32,728,871	3,223,697	(1,840,366)	34,112,202
Total Capital Assets Depreciated	<u>\$ 90,842,311</u>	<u>\$ 3,847,822</u>	<u>\$ (1,840,366)</u>	<u>\$ 92,849,767</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 14,907,831	\$ 790,925	\$ 0	\$ 15,698,756
Infrastructure	10,975,765	528,682	0	11,504,447
Other Capital Assets	20,873,975	2,330,677	(1,777,522)	21,427,130
Total Accumulated Depreciation	<u>\$ 46,757,571</u>	<u>\$ 3,650,284</u>	<u>\$ (1,777,522)</u>	<u>\$ 48,630,333</u>
Total Capital Assets Depreciated, Net	<u>\$ 44,084,740</u>	<u>\$ 197,538</u>	<u>\$ (62,844)</u>	<u>\$ 44,219,434</u>
Governmental Activities Capital Assets, Net	<u>\$ 46,891,591</u>	<u>\$ 804,265</u>	<u>\$ (379,234)</u>	<u>\$ 47,316,622</u>

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

Governmental Activities:

General Government	\$ 112,258
Administration of Justice	175,235
Public Safety	1,785,159
Public Health and Welfare	449,748
Social, Cultural, and Recreational	32,711
Agriculture and Natural Resources	54,931
Highways	<u>1,040,242</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 3,650,284</u></u>

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

	Balance 7-1-18	Increases	Decreases	Balance 6-30-19
Capital Assets Not Depreciated:				
Land	\$ 5,649,582	\$ 0	\$ (25,500)	\$ 5,624,082
Construction in Progress	<u>3,855,228</u>	<u>22,969,431</u>	<u>(56,584)</u>	<u>26,768,075</u>
Total Capital Assets Not Depreciated	<u>\$ 9,504,810</u>	<u>\$ 22,969,431</u>	<u>\$ (82,084)</u>	<u>\$ 32,392,157</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 123,840,014	\$ 167,538	\$ (1,154,563)	\$ 122,852,989
Other Capital Assets	<u>9,179,161</u>	<u>135,138</u>	<u>(59,968)</u>	<u>9,254,331</u>
Total Capital Assets Depreciated	<u>\$ 133,019,175</u>	<u>\$ 302,676</u>	<u>\$ (1,214,531)</u>	<u>\$ 132,107,320</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 63,447,540	\$ 2,505,449	\$ (650,339)	\$ 65,302,650
Other Capital Assets	<u>7,748,010</u>	<u>250,607</u>	<u>(55,498)</u>	<u>7,943,119</u>
Total Accumulated Depreciation	<u>\$ 71,195,550</u>	<u>\$ 2,756,056</u>	<u>\$ (705,837)</u>	<u>\$ 73,245,769</u>
Total Capital Assets Depreciated, Net	<u>\$ 61,823,625</u>	<u>\$ (2,453,380)</u>	<u>\$ (508,694)</u>	<u>\$ 58,861,551</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 71,328,435</u></u>	<u><u>\$ 20,516,051</u></u>	<u><u>\$ (590,778)</u></u>	<u><u>\$ 91,253,708</u></u>

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

Governmental Activities:

Instruction	\$ 2,478,851
Support Services	186,911
Operation of Non-instructional Services	<u>90,294</u>
Total Depreciation Expense – Governmental Activities	<u><u>\$ 2,756,056</u></u>

C. Impairment Loss for Capital Assets**Discretely Presented Sullivan County School Department**

Program expenses of governmental activities for Instruction include an impairment loss of \$460,042 due to structural issues at an elementary school. The impairment loss has been reported net of proceeds of \$69,682 from the sale of the property.

D. Commitments for Construction and Land Purchase**Primary Government**

At June 30, 2019, the General Fund had uncompleted construction contracts of approximately \$15,431 for construction and architectural services related to phase two in a series of renovations to the county agricultural center. The General Capital Projects Fund had uncompleted contracts of approximately \$225,000 for jail architectural services and planning. Funding for future expenditures of the General Fund is being provided from state grant reimbursements. Funding for future expenditures of the General Capital Projects Fund is being provided by available fund balance.

Discretely Presented Sullivan County School Department

At June 30, 2019, the General Purpose School Fund had uncompleted construction contracts of \$6,001,517 for school renovations and construction related to a new middle school and a new high school. The Education Capital Projects Fund had uncompleted construction contracts of approximately \$54,930,231 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 \$317,937 for school repairs and renovations. Funding for these future expenditures is being provided from available fund balances and from proceeds of funds for the future transfer of Sullivan North High School to the City of Kingsport. Proceeds for the transfer of the school have been received but are reported as unearned revenue pending the transfer of ownership to the city.

On December 22, 2016, the Sullivan County Board of Education entered an agreement to purchase 69 acres of land for the construction of a new middle school. On May 4, 2017, the Board of Education entered another agreement to delay the closing on 15 acres of this land for up to 36 months. Closing for 54 acres of the property occurred on May 26, 2017. At June 30, 2019, the Board of Education had paid \$10,000 of the agreed upon total of \$426,440 for the remaining 15 acres. The balance, \$416,440, is reported as Committed for Education in the fund balance of the General Purpose School Fund at June 30, 2019.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2019, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 348,085
General Debt Service	General	1,420,970
Internal Service	"	695,752
"	Highway/Public Works	65,435
"	Nonmajor governmental	19,565
Nonmajor governmental	General	2,090
"	Highway/Public Works	426
"	General Debt Service	250,000
"	Nonmajor governmental	250
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	313,627
Nonmajor governmental	General Purpose School	1,379

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

Due to/from Primary Government and Component Unit:

Receivable Fund	Payable Fund	Amount
Primary Government:	Component Unit:	
General	School Department:	
Internal Service	General Purpose School	\$ 3,739
Nonmajor governmental	"	14,859
	"	3,719
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	\$ 1,100,000

Interfund Transfers:

Interfund transfers for the year ended June 30, 2019, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Internal Service Fund
General Fund	\$ 945,939	\$ 429,388
Nonmajor Governmental Funds	3,250,000	0
Total	\$ 4,195,939	\$ 429,388

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

Discretely Presented Sullivan County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	\$ 610,533
Total	\$ 610,533

These transfers included \$562,000 contributed toward debt retirement and \$48,533 for indirect costs.

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

F. Operating Lease

Sullivan County rents three vehicles. The rent expenditures for the year ended June 30, 2019, were \$20,288 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
2020	\$ 28,858
2021	28,858
2022	<u>9,619</u>
Total	<u><u>\$ 67,335</u></u>

G. Capital Leases

As of June 30, 2019, Sullivan County had the following outstanding capital leases.

	Original Amount	Date Entered	Maturity Date	Interest Rate	Balance 6-30-19
<u>Payable through General Fund</u>					
Jail Camera System	\$ 459,900	12-29-15	1-20-20	3.25%	\$ 94,872
Circuit Computers 2017 (1)	58,677	4-17-17	3-17-21	6	24,575
Sheriff Department Patrol Cars	208,036	5-18-17	5-18-20	3.4	52,850
Clerk and Master Computers 2018 (1)	21,067	5-24-18	3-24-22	6.5	14,981
Sheriff Vehicles 2018	355,937	6-10-18	6-10-21	4.75	186,244
Court System Computers 2018 (1)	33,501	8-15-18	6-15-23	6.5	27,494
Circuit Servers 2018 (1)	28,899	10-16-18	8-16-22	6.5	23,357
Sheriff Vehicles 2019	1,474,199	1-15-19	3-15-22	3.79	1,091,575
<u>Payable through Highway/Public Works Fund</u>					
Dump Trucks (2)	494,574	11-30-17	11-1-23	4.26	<u>331,302</u>
Total					<u><u>\$ 1,847,250</u></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, 2019, are as follows:

	Governmental Activities
	Primary Government
Machinery and Equipment	\$ 3,124,646
Less: Accumulated Depreciation	(674,716)
Total Book Value	<u>\$ 2,449,930</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2019, were as follows:

Year Ending June 30	Governmental Funds
2020	\$ 768,688
2021	607,511
2022	502,149
2023	99,138
2024	8,134
Total Minimum Lease Payments	\$ 1,985,620
Less: Amount Representing Interest	(138,370)
Present Value of Minimum Lease Payments	<u>\$ 1,847,250</u>

H. 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, 2019, 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, 2019, 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, beginning in 2019 and 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, 2019, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-19
General Obligation Bonds	3 to 5%	5-1-47	\$ 135,740,000	\$ 133,285,000
General Obligation Bonds - Refunding	2 to 5	4-1-28	31,135,000	22,630,000
Direct Borrowing and Direct Placement:				
Capital Outlay Note	2.65	10-16-23	1,500,000	788,744
Other Loans - Qualified School Construction Bonds	0 to 1.515	8-1-27	20,553,000	9,541,018
Other Loans - Energy Efficient Schools Initiative	0	4-16-20	5,054,635	2,794,285
Capital Leases	3.25 to 6.5	11-1-23	3,134,790	1,847,250
Nonexchange Financial Guarantee	3 to 4.5	5-1-38	2,290,750	2,238,542

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 \$647,263 in principal

and interest on this debt. The other participating government reimbursed the county \$317,159. The county absorbed the remaining \$330,104 of the debt payments. The amount of the refunding bonds outstanding at June 30, 2019, were \$5,030,000.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2019, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 5,700,000	\$ 6,287,794	\$ 11,987,794
2021	6,020,000	6,018,244	12,038,244
2022	6,390,000	5,437,119	11,827,119
2023	6,730,000	5,426,354	12,156,354
2024	7,110,000	5,102,934	12,212,934
2025-2029	22,925,000	21,678,836	44,603,836
2030-2034	21,725,000	17,627,205	39,352,205
2035-2039	25,945,000	13,409,200	39,354,200
2040-2044	31,425,000	7,926,788	39,351,788
2045-2047	21,945,000	1,665,612	23,610,612
Total	<u>\$ 155,915,000</u>	<u>\$ 90,580,086</u>	<u>\$ 246,495,086</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2020	\$ 151,805	\$ 18,944	\$ 170,749
2021	155,876	14,869	170,745
2022	160,056	10,684	170,740
2023	164,348	6,387	170,735
2024	156,659	2,076	158,735
Total	<u>\$ 788,744</u>	<u>\$ 52,960</u>	<u>\$ 841,704</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2020	\$ 1,703,555	\$ 499,973	\$ 19,538	\$ 2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022	1,709,915	493,613	19,538	2,223,066
2023	1,713,131	490,397	19,539	2,223,067
2024	1,716,371	487,157	19,538	2,223,066
2025-2028	3,785,608	1,254,528	48,019	5,088,155
Total	\$ 12,335,303	\$ 3,722,473	\$ 145,711	\$ 16,203,487

The nonexchange financial guarantee will be retired from the General Debt Service Fund. The amount of the liability reported at June 30, 2019 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
2020	\$ 80,000	\$ 81,250	\$ 161,250
2021	85,000	77,650	162,650
2022	90,000	73,825	163,825
2023	95,000	69,775	164,775
2024	95,000	65,500	160,500
2025-2029	545,000	268,063	813,063
2030-2034	645,000	172,194	817,194
2035-2038	590,000	53,837	643,837
Total	\$ 2,225,000	\$ 862,094	\$ 3,087,094

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance of Outstanding Aerospace Park Bonds, 6-30-19	\$ 2,225,000
Add: Interest Accrued on Bonds	13,542
Nonexchange Financial Guarantee Balance, 6-30-19	<u>\$ 2,238,542</u>

There is \$4,417,819 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$994 based on the 2010 census. Total debt per capita, including bonds, notes, other loans, capital leases, nonexchange financial guarantee, and unamortized premium on bonds, totaled \$1,151 based on the 2010 federal census.

During the year, the school department contributed \$2,428,290 to the county debt service funds 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, 2019, was as follows:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2018	\$ 163,160,000	\$ 936,585	\$ 14,035,714
Reductions	(7,245,000)	(147,841)	(1,700,411)
Balance, June 30, 2019	<u>\$ 155,915,000</u>	<u>\$ 788,744</u>	<u>\$ 12,335,303</u>
Balance Due Within One Year	<u>\$ 5,700,000</u>	<u>\$ 151,805</u>	<u>\$ 1,703,555</u>

	Capital Leases - Direct Placement	Nonexchange Financial Guarantee
Balance, July 1, 2018	\$ 1,040,608	\$ 0
Additions	1,536,599	2,304,292
Reductions	(729,957)	(65,750)
Balance, June 30, 2019	<u>\$ 1,847,250</u>	<u>\$ 2,238,542</u>
Balance Due Within One Year	<u>\$ 699,333</u>	<u>\$ 93,542</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2019	\$ 173,124,839
Less: Balance Due Within One Year - Debt	(8,348,235)
Add: Unamortized Premium on Debt	<u>7,316,477</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 172,093,081</u>

I. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2019, was as follows:

Governmental Activities:	Compensated Absences	Other Post- Employment Benefits
Balance, July 1, 2018	\$ 2,064,028	\$ 19,949,470
Additions	2,402,107	1,350,834
Reductions	(2,317,009)	(7,711,948)
Balance, June 30, 2019	<u>\$ 2,149,126</u>	<u>\$ 13,588,356</u>
Balance Due Within One Year	<u>\$ 1,267,984</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 15,737,482
Less: Balance Due Within One Year - Other	<u>(1,267,984)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 14,469,498</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, 2019, was as follows:

Governmental Activities:

	Compensated Absences	Other Post- Employment Benefits
Balance, July 1, 2018	\$ 2,631,327	\$ 67,275,380
Additions	409,427	11,668,934
Reductions	(578,893)	(11,258,080)
Balance June 30, 2019	\$ 2,461,861	\$ 67,686,234
Balance Due Within One Year	\$ 541,610	\$ 0

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2019	\$ 70,148,095
Less: Balance Due Within One Year - Other	<u>(541,610)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 69,606,485</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and are reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2019, were \$456,796 and \$16,543, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

K. 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, 2019, expenditures totaled \$5,900. At June 30, 2019, net position of the endowment fund was \$113,780.

L. Short-term Debt

Primary Government

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Fund. These notes were necessary because funds were not available to meet obligations coming due before current tax and other revenue collections. Short-term debt activity for the year ended June 30, 2019, was as follows:

	Balance 7-1-18	Issued	Paid	Balance 6-30-19
Tax Anticipation Notes -				
General Fund	\$ 0	\$ 1,799,275	\$ (1,799,275)	\$ 0

V. OTHER INFORMATION

A. Risk Management

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

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

Sullivan County established a self-insurance fund for risks associated with general liability, property, casualty losses, and workers' compensation. Both the primary government and the discretely presented Sullivan County School Department participate in this self-insurance fund for the risks listed above. The Self-Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. Insurance claims are reimbursed from the Highway/Public Works and General Purpose School funds for claims

associated with those departments. The county's General Fund absorbs the costs of claims associated with other departments. The county retains the risk of loss to limits of \$50,000 to \$100,000 per individual claim for general liability, property, and casualty losses. The county is self-insured to a limit of \$300,000 for a single accident for workers' compensation. Amounts exceeding these limits are covered by excess loss policies, subject to various policy limits. A fee is paid from this fund to a third-party agent who investigates claims and determines recommended action to be taken.

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
2017-2018	\$ 225,422	\$ 975,849	\$ (1,025,818)	\$ 175,453
2018-2019	175,453	1,284,259	(1,175,087)	284,625

Current year claims and estimates are presented net of excess risk insurance recovery of \$56,071.

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end (prepaid)
2017-2018	\$ 0	\$ 509,816	\$ (509,816)	\$ 0
2018-2019	0	515,392	(515,392)	0

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 83, *Certain Asset Retirement Obligations*; Statement No. 88, *Certain Disclosures Related to Debt, Including Direct Borrowing and Direct Placements* became effective for the year ended June 30, 2019. In addition, Sullivan County early implemented the provisions of GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period*.

GASB Statement No. 83, *Certain Asset Retirement Obligations* establishes accounting and reporting requirements for certain asset retirement obligations (AROs) associated with tangible capital assets. The scope of this statement establishes standards for recognizing and measuring liabilities, deferred outflows of resources, and expense/expenditures. In addition, this standard establishes note disclosure requirements for AROs.

GASB Statement No. 88, *Certain Disclosures Related to Debt, including Direct Borrowing and Direct Placements* addresses note disclosure requirements related to debt, including direct borrowings and direct placements. It also clarifies which liabilities governments should report when disclosing information related to debt. These required disclosures include direct borrowings and direct placements, unused lines of credit, assets pledged as collateral for debt, terms specified in debt agreements related to significant events of default with finance-related consequences, significant termination events with finance-related consequences, and significant acceleration clauses.

GASB Statement No. 89, *Accounting for Interest Costs Incurred Before the End of a Construction Period* amends paragraphs 5 through 22 of GASB Statement No. 62. This standard establishes that interest cost incurred before the end of a construction period should be recognized as an expense/expenditure. The changes adopted to conform with this standard are to be applied prospectively.

C. Contingent Liabilities

On February 20, 2014, Sullivan County issued \$2,975,000 of Airport Revenue and Tax Refunding Bonds for the Tri-Cities Airport (a joint venture described in Note V.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, 2019, was \$1,415,000.

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.H.

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

Frances Harrell left the Office of Trustee on June 30, 2018, and was succeeded by Susan Ramsey on July 1, 2018.

On August 31, 2018, Russell Baker left the Office of Property Assessor and was succeeded by Donna Whitaker; Jeanie Gammon left the Office of County Clerk and was succeeded by Teresa Jacobs; Tommy Kerns left the Office of Circuit, General Sessions, and Law Courts Clerk and was succeeded by Bobby Russell; Wayne Anderson left the Office of Sheriff and was succeeded by Jeff Cassidy; and Jim Belgeri left the Office of Highway Commissioner and was succeeded by Scott Murray.

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, 2019, 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 Organization

Primary Government

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

Sullivan County is a participant in the joint governance of the Alliance for Business and Training (AB&T) which administers funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. An interlocal consortium agreement between Carter, Greene, Hancock, Hawkins, Johnson, Sullivan, Unicoi, and Washington counties established the Northeast Tennessee Workforce

Development Board and the governing structure of AB&T. The county mayors represent each county in the consortium. The Sullivan County Mayor serves as the chief local elected county official of the consortium by the majority approval of the local elected county officials in the consortium agreement and approves appointments of board members of the workforce development board following a nomination process specified in the agreement. The board has no financial activity but provides oversight for workforce development programs of the Development Area. Those programs are funded by grants passed through the state Department of Labor to AB&T.

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

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

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

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 Retirement Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 78.6 percent, the non-certified employees of the discretely presented school department comprise 21.4 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:

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, 2018, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	1,143
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	990
Active Employees	1,083
Total	<u><u>3,216</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, 2019, the employer contribution for Sullivan

County was \$6,224,886 based on a rate of 15.57 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sullivan County's state shared taxes if required employer contributions are not remitted. The employer's actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Sullivan County's net pension liability (asset) was measured as of June 30, 2018, and the total pension liability (asset) 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, 2018, 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, 2018, 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 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 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, 2017	\$ 182,759,194	\$ 183,210,890	\$ (451,696)
Changes for the Year:			
Service Cost	\$ 3,111,626	\$ 0	\$ 3,111,626
Interest	13,133,761	0	13,133,761
Differences Between Expected and Actual Experience	520,288	0	520,288
Changes in Assumptions	0	0	0
Contributions-Employer	0	6,108,827	(6,108,827)
Contributions-Employees	0	686,023	(686,023)
Net Investment Income	0	15,094,052	(15,094,052)
Benefit Payments, Including Refunds of Employee Contributions	(9,431,004)	(9,431,004)	0
Administrative Expense	0	(99,330)	99,330
Other Changes	0	0	0
Net Changes	\$ 7,334,671	\$ 12,358,568	\$ (5,023,897)
Balance, June 30, 2018	\$ 190,093,865	\$ 195,569,458	\$ (5,475,593)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	78.60%	\$ 149,413,778	\$ 153,717,594	\$ (4,303,816)
School Department	21.40%	40,680,087	41,851,864	(1,171,777)
Total		\$ 190,093,865	\$ 195,569,458	\$ (5,475,593)

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 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 17,888,174 \$ (5,475,593) \$ (25,024,327)

Pension Expense (Income) and Deferred Outflows of Resources and Deferred Inflows of Resources to Pensions

Pension Expense or Negative Pension Expense. For the year ended June 30, 2019, Sullivan County recognized pension expense of \$1,253,333.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 850,785	\$ 1,351,681
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	723,229
Changes in Assumptions	2,207,403	0
Contributions Subsequent to the Measurement Date of June 30, 2018	6,224,886	N/A
Total	<u>\$ 9,283,074</u>	<u>\$ 2,074,910</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2018,” 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	\$ 7,358,134	\$ 1,630,879
School Department	1,924,940	444,031
Total	<u>\$ 9,283,074</u>	<u>\$ 2,074,910</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
2020	\$ 1,793,118
2021	1,094,621
2022	(1,522,377)
2023	(382,085)
2024	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, 2019, Sullivan County reported a payable of \$405,100 for the outstanding amount of contributions due to the pension plan at year end.

Discretely Presented Sullivan County School Department

Non-certified Employees

General Information About the Pension Plan

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

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 78.6 percent and the non-certified employees of the discretely presented school department comprise 21.4 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2019, to the Teacher Retirement Plan were \$114,137, which is 1.94 percent of covered payroll. In addition, employer contributions of \$116,185, 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, 2019, the school department reported a liability (asset) of (\$240,991) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, 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, 2018, the school department's proportion was .531369 percent. The proportion as of June 30, 2017, was .627100 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized pension expense of \$85,163.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 13,649	\$ 9,599
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	13,613
Changes in Assumptions	11,369	0
Changes in Proportion of Net Pension Liability (Asset)	32,851	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	114,137	N/A
Total	\$ 172,006	\$ 23,212

The school department's employer contributions of \$114,137, 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, 2020. 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
2020	\$ 1,099
2021	667
2022	(1,273)
2023	2,284
2024	4,097
Thereafter	27,784

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, 2018, 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, 2018, 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 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 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 all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability	\$	37,257	\$	(240,991)	\$	(445,994)
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Pension Plan Fiduciary Net Position. Detailed information about the pension plan's fiduciary net position is available in a separately issued TCRS financial report.

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

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

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

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sullivan County School Department for the year ended June 30, 2019, to the Teacher Legacy Pension Plan were \$3,413,693, which is 10.46 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2019, the school department reported a liability (asset) of (\$3,436,541) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2018, 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, 2018, the school department's proportion was .976591 percent. The proportion measured at June 30, 2017, was .999217 percent.

Pension Expense. For the year ended June 30, 2019, the school department recognized negative pension expense of \$1,151,259.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, 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	\$ 694,642	\$ 4,636,166
Changes in Assumptions	2,029,638	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	0	747,935
Changes in Proportion of Net Pension Liability (Asset)	227,185	514,274
LEA's Contributions Subsequent to the Measurement Date of June 30, 2018	3,413,693	N/A
Total	<u>\$ 6,365,158</u>	<u>\$ 5,898,375</u>

The school department's employer contributions of \$3,413,693 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, 2020. 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
2020	\$ 540,889
2021	(1,265,001)
2022	(1,889,656)
2023	(333,143)
2024	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, 2018, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Actuarial Cost Method	Entry Age Normal
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, 2018, 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 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 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 all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

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

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.25%	Current Discount Rate 7.25%	1% Increase 8.25%
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Net Pension Liability \$ 26,491,022 \$ (3,436,541) \$ (28,197,430)

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 \$294,784 and teachers contributed \$429,894 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 \$111. 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 percent 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 percent to 50 percent of the premium based on years of service.

Employees Covered by Benefit Terms

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

Inactive Employees or Beneficiaries Currently Receiving Benefits	200
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees	388
Total	<u><u>588</u></u>

Total OPEB Liability

The plan's total OPEB liability of \$7,159,243 was measured as of June 30, 2019, and was determined by an actuarial valuation as of July 1, 2017.

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%
Salary Increases	2%
Discount Rate	3%
Healthcare Cost Trend Rates	6% in 2019 decreasing by 0.5% per year to ultimate rate of 2.5% by 2025
Retirees share of Benefit-related Cost	Discussed under Benefits Provided

The discount rate of three percent is within .21% of the S&P Municipal Bond 20-year High Grade Index – SAPIHG.

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

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

Changes in the Total OPEB Liability

	<u>Total OPEB Liability</u>
Balance July 1, 2018	<u>\$ 7,193,645</u>
Changes for the Year:	
Service Cost	\$ 55,277
Interest	212,962
Changes in Benefit Terms	0
Difference between Expected and Actuarial Experience	0
Changes in Assumption and Other Inputs	0
Benefit Payments	<u>(302,641)</u>
Net Changes	<u>\$ (34,402)</u>
Balance June 30, 2019	<u><u>\$ 7,159,243</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$45,587. At June 30, 2019, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 1,369,309
Changes of Assumptions/Inputs	0	
Net Difference Between Projected and Actual Investments	0	0
Benefit Payment Subsequent to the Measurement Date	<u>0</u>	<u>0</u>
Total	<u><u>\$ 0</u></u>	<u><u>\$ 1,369,309</u></u>

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

Year Ending	
June 30	Amount
2020	\$ (222,652)
2021	(222,652)
2022	(222,652)
2023	(222,652)
2024	(222,652)
Thereafter	(256,049)

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:

	1% Decrease 2%	Current Discount Rate 3%	1% Increase 4%
Total OPEB Liability	\$ 8,314,129	\$ 7,159,243	\$ 6,234,152

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:

	1% Decrease (5% to 1.5%)	Current Trend Rate (6% to 2.5%)	1% Increase (7% to 3.5%)
Total OPEB Liability	\$ 6,169,408	\$ 7,159,243	\$ 8,391,457

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, 2018, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2018, 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	2.25%
Salary Increases	Salary increases used in the July 1, 2018 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.62%
Healthcare Cost Trend Rates	LGP and LEP - Based on the Getzen Model, with trend start- ing at 6.75% for the 2019 calendar year, and gradually decreasing over 32 years to a trend rate of 3.53 percent with an amount added to approximate the effect of the excise tax (.28% for LGP and .32% for LEP) TNMs- Employer - 0% for 2019, 4.5% for 2020 and grade down to ultimate rate of 3.53% over 32 years. State - no change projected
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.62 percent, based on the daily rate of Fidelity's 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, 2018, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2018, valuations were the same as those employed in the July 1, 2018, Pension Actuarial Valuation of the Tennessee Consolidated Retirement System (TCRS). These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2012 - June 30, 2016. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the RP-2014 Healthy Participant Mortality Table for Annuitants for non-disabled post-retirement mortality, with mortality improvement projected to all future years using Scale MP-2016. Post-retirement tables are Blue Collar and adjusted with a 2 percent load for males and a -3 percent load for females. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load.

Changes in Assumptions. The discount rate changed from 3.56 percent as of the beginning of the measurement period to 3.62 percent as of the measurement date of June 30, 2018. The assumed initial costs and premium amounts were revised to reflect rates adopted for the 2019 plan year. The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4 percent to 6.75 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, receives 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 \$261 to \$1,424 per month based on coverage selected.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>Primary Government</u>
Retirees and Beneficiaries	55
Inactive, nonretired members	0
Active Members Eligible for Future Benefits	698
Active Members Not Eligible for Future Benefits	41
Total	<u>794</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. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. For the current reporting period, the county paid \$596,842 to the LGP for OPEB benefits as they came due.

Changes in the Total OPEB Liability

	<u>Primary Government</u>
Balance July 1, 2017	<u>\$ 12,755,825</u>
Changes for the Year:	
Service Cost	\$ 616,388
Interest	466,207
Changes in Benefit Terms	(195,447)
Difference between Expected and Actuarial Experience	(6,555,370)
Changes in Assumption and Other Inputs	(105,484)
Benefit Payments	<u>(553,006)</u>
Net Changes	<u>\$ (6,326,712)</u>
Balance June 30, 2018	<u>\$ 6,429,113</u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the county recognized OPEB expense of \$87,540. At June 30, 2019, 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	\$ 5,842,830
Changes of Assumptions/Inputs	0	608,112
Net Difference Between Projected and Actual Investment Earnings	0	0
Benefits Paid After the Measurement Date of June 30, 2018	596,842	0
Total	<u>\$ 596,842</u>	<u>\$ 6,450,942</u>

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

<u>Year Ending June 30</u>	<u>Primary Government</u>
2020	\$ (799,608)
2021	(799,608)
2022	(799,608)
2023	(799,608)
2024	(799,608)
Thereafter	(2,452,902)

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:

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
Total OPEB Liability	\$ 6,914,231	\$ 6,429,113	\$ 5,979,829

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:

	1% Decrease 5.75 to 2.81%	Current Trend Rate 6.75 to 3.81%	1% Increase 7.75 to 4.81%
Total OPEB Liability	\$ 5,802,369	\$ 6,429,113	\$ 7,176,418

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 (LGP) 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 of local education agencies. 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. The school department provides a direct subsidy ranging from \$244 to \$612 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, 20 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, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	207
Inactive, nonretired members	0
Active Members Eligible for Future Benefits	919
Active Members Not Eligible for Future Benefits	47
Total	<u><u>1,173</u></u>

A state insurance committee, created in accordance with *TCA 8-27-301*, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$1,574,138 to the LEP for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		
	<u>Sullivan County</u>	<u>State of</u>	<u>Total OPEB</u>
	<u>School Department</u>	<u>TN</u>	
	79.3122%	20.6878%	Liability
Balance July 1, 2017	\$ 21,625,221	\$ 7,281,908	\$ 28,907,129
Changes for the Year:			
Service Cost	\$ 1,020,171	\$ 266,102	\$ 1,286,273
Interest	815,238	212,647	1,027,885
Changes in Benefit Terms	(3,796,796)	(990,357)	(4,787,153)
Difference between Expected and Actuarial Experience	3,514,309	916,673	4,430,982
Changes in Proportion	1,301,659	(1,301,659)	0
Changes in Assumption and Other Inputs	738,097	192,525	930,622
Benefit Payments	(2,094,220)	(546,256)	(2,640,476)
Net Changes	\$ 1,498,459	\$ (1,250,326)	\$ 248,133
Balance June 30, 2018	\$ 23,123,680	\$ 6,031,582	\$ 29,155,262

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 is required by GASB Statement No. 75 to recognize revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department employees. The amount of the subsidy is equal to the nonemployer share of collective OPEB expenses. During the year, collective OPEB expenses for Sullivan County School employees was negative. Consequently, Sullivan County has recorded the negative collective OPEB expense (\$1,982,245) and recorded negative operating grants and contributions revenues (\$567,765) for the nonemployer share of the collective OPEB expense.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB liability was 79.3122 percent and the State of Tennessee's Share was 20.6878 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$1,982,245, which includes expenses funded by subsidies provided by the state. At June 30, 2019, 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	\$ 3,105,670	\$ 0
Changes of Assumptions/Inputs	652,272	673,542
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	1,198,380	0
Benefits Paid After the Measurement Date of June 30, 2018	1,574,138	0
Total	<u>\$ 6,530,460</u>	<u>\$ 673,542</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
2020	\$ 546,907
2021	546,907
2022	546,907
2023	546,907
2024	546,907
Thereafter	1,548,245

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

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

<u>Discount Rate</u>		Current	
	1%	Discount	1%
	Decrease	Rate	Increase
	2.62%	3.62%	4.62%

Proportionate Share of the			
Collective Total OPEB			
Liability	\$ 24,655,538	\$ 23,123,680	\$ 21,662,424

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

<u>Healthcare Cost Trend Rate</u>		Curent	
	1%	Rate	1%
	Decrease		Increase
	5.75 to 2.85%	6.75 to 3.85%	7.75 to 4.85%

Proportionate Share of the			
Collective Total OPEB			
Liability	\$ 20,817,016	\$ 23,123,680	\$ 25,826,952

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, 2018 and was determined by an actuarial valuation as of that date.

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

Employees Covered by Benefit Terms

At the measurement date of June 30, 2018, the following employees were covered by the benefit terms:

	<u>School Department</u>
Retirees and Beneficiaries	537
Inactive, nonretired members	225
Active Members Eligible for Future Benefits	995
Active Members Not Eligible for Future Benefits	0
Total	<u><u>1,757</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 \$920,223 to the TNM for OPEB benefits as they came due.

Changes in the Collective Total OPEB Liability

	<u>Share of Collective Liability</u>		<u>Total OPEB Liability</u>
	<u>Sullivan County School Department</u> 94.64%	<u>State of TN</u> 5.36%	
Balance July 1, 2017	\$ 45,650,159	\$ 2,661,131	\$ 48,311,290
Changes for the Year:			
Service Cost	\$ 2,091,519	\$ 118,455	\$ 2,209,974
Interest	1,687,619	95,579	1,783,198
Changes in Benefit Terms	0	0	0
Difference between Expected and Actuarial Experience	(1,634,518)	(92,572)	(1,727,090)
Changes in Proportion	70,752	(70,752)	0
Changes in Assumption and Other Inputs	(2,486,383)	(140,818)	(2,627,201)
Benefit Payments	(816,594)	(46,248)	(862,842)
Net Changes	\$ (1,087,605)	\$ (136,356)	\$ (1,223,961)
Balance June 30, 2018	\$ 44,562,554	\$ 2,524,775	\$ 47,087,329

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 revenues of \$113,072 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 94.64 percent and the State of Tennessee's Share was 5.36 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2019, the school department recognized OPEB expense of \$2,470,328, including expenses funded by the subsidies provided by the state. At June 30, 2019, 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	\$ 1,352,678
Changes of Assumptions/Inputs	0	5,711,176
Changes in Proportion and Differences Between Amounts Paid as Benefits Came Due and Proportionate Share Amounts Paid by the Employer and Nonemployer Contributors As Benefits Came Due	93,049	0
Benefits Paid After the Measurement Date of June 30, 2018	920,223	0
Total	<u>\$ 1,013,272</u>	<u>\$ 7,063,854</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
2020	\$ (1,421,806)
2021	(1,421,806)
2022	(1,421,806)
2023	(1,421,806)
2024	(1,283,582)
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 one percentage point lower or one percentage point higher than the current discount rate.

	1% Decrease 2.62%	Current Discount Rate 3.62%	1% Increase 4.62%
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Proportionate Share of the Collective Total OPEB Liability	\$ 52,546,939	\$ 44,562,554	\$ 38,018,840
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Sensitivity of the Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the plan's total OPEB liability, calculated using the assumed trend rates as well as what the plan's total OPEB liability would be if it were calculated using a trend rate that is one percent lower or one percent higher:

	1% Decrease (1%) to 2.53%	Current Trend Rate 0% to 3.53%	1% Increase 1% to 4.53%
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Proportionate Share of the Collective Total OPEB Liability	\$ 36,481,973	\$ 44,562,554	\$ 55,074,770
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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 \$15,000.

K. Subsequent Events

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

On November 1, 2019, Sullivan County issued a \$1,401,225 tax anticipation note for the General Fund.

On December 4, 2019, Sullivan County issued \$3,745,000 in general obligation bonds.

REQUIRED SUPPLEMENTARY INFORMATION

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

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

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

Exhibit F-2

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

	2014	2015	2016	2017	2018	2019
Actuarially Determined Contribution	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,224,886
Less Contributions in Relation to the Actuarially Determined Contribution	(5,101,066)	(5,272,228)	(5,523,734)	(5,804,426)	(6,108,827)	(6,224,886)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,303,498	\$ 39,259,816	\$ 39,979,995
Contributions as a Percentage of Covered Payroll	15.01%	15.54%	15.51%	15.56%	15.56%	15.57%

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

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

Exhibit F-3

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

	2015	2016	2017	2018	2019*
Contractually Required Contribution	\$ 85,668	\$ 112,024	\$ 164,636	\$ 185,741	\$ 114,137
Less Contributions in Relation to the Contractually Required Contribution	(85,668)	(112,024)	(164,636)	(185,741)	(114,137)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519	\$ 5,883,347
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.94%

* - In FY 2019 the school department placed the actuarially determined contribution into the pension plan and placed \$116,185 into the Pension Stabilization Reserve Trust.

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

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019
Contractually Required Contribution	\$ 3,498,250	\$ 3,295,803	\$ 3,340,997	\$ 3,193,092	\$ 3,105,091	\$ 3,413,693
Less Contributions in Relation to the Contractually Required Contribution	(3,498,250)	(3,295,803)	(3,340,997)	(3,193,092)	(3,105,091)	(3,413,693)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999	\$ 32,635,697
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.46%

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

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

	2015	2016	2017	2018
School Department's Proportion of the Net Pension Liability/Asset	1.030791%	0.636495%	0.627100%	0.531369%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (41,468)	\$ (66,261)	\$ (165,450)	\$ (240,991)
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519
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)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%	121.88%	126.81%	126.97%

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

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
School Department's Proportion of the Net Pension Liability/Asset	1.003689%	0.973901%	1.023823%	0.999217%	0.976591%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (163,095)	\$ 398,943	\$ 6,398,324	\$ (326,927)	\$ (3,436,541)
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999
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)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%	97.14%	100.14%	101.49%

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
For the Fiscal Year Ended June 30

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

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 2.92%

2018 3.56%

2019 3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

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 - Medicare Supplement Plan
Primary Government
For the Fiscal Year Ended June 30

	2018	2019
Total OPEB Liability		
Service Cost	\$ 53,667	\$ 55,277
Interest	269,599	212,962
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(1,814,613)	0
Changes in Assumptions or Other Inputs	0	0
Benefit Payments	(247,972)	(302,641)
Net Change in Total OPEB Liability	\$ (1,739,319)	\$ (34,402)
Total OPEB Liability, Beginning	8,932,964	7,193,645
Total OPEB Liability, Ending	<u>\$ 7,193,645</u>	<u>\$ 7,159,243</u>
 Covered Employee Payroll	 \$ N/A	 \$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	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%

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

Exhibit F-9

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
Total OPEB Liability		
Service Cost	\$ 1,381,882	\$ 1,286,273
Interest	887,727	1,027,885
Changes in Benefit Terms	0	(4,787,153)
Differences Between Actual and Expected Experience	0	4,430,982
Changes in Assumptions or Other Inputs	(1,114,613)	930,622
Benefit Payments	(2,535,201)	(2,640,476)
Net Change in Total OPEB Liability	\$ (1,380,205)	\$ 248,133
Total OPEB Liability, Beginning	30,287,334	28,907,129
Total OPEB Liability, Ending	<u>\$ 28,907,129</u>	<u>\$ 29,155,262</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 7,281,908	\$ 6,031,582
Employer Proportionate Share of the Total OPEB Liability	21,625,221	23,123,680
Covered Employee Payroll	\$ 51,009,548	\$ 51,286,184
Net OPEB Liability as a Percentage of Covered Employee Payroll	42.39%	45.09%

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 2.92%

2018 3.56%

2019 3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 5.4% to 6.75%.

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
Total OPEB Liability		
Service Cost	\$ 2,726,590	\$ 2,209,974
Interest	1,535,988	1,783,198
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	0	(1,727,090)
Changes in Assumptions or Other Inputs	(5,404,726)	(2,627,201)
Benefit Payments	(844,602)	(862,842)
Net Change in Total OPEB Liability	\$ (1,986,750)	\$ (1,223,961)
Total OPEB Liability, Beginning	50,298,040	48,311,290
Total OPEB Liability, Ending	<u>\$ 48,311,290</u>	<u>\$ 47,087,329</u>
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,661,131	\$ 2,524,775
Employer Proportionate Share of the Total OPEB Liability	45,650,159	44,562,554
Covered Employee Payroll	\$ N/A	\$ N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	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	2.92%
2018	3.56%
2019	3.62%

(b) The assumed initial trend rate applicable to the 2019 plan year was revised from 4.6% to 0%.

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

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2019

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2019 were calculated based on the June 30, 2017, 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: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Debt Service Funds

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

Education Debt Service Fund – The Education Debt Service Fund was used to account for the accumulation of resources for, and the payment of, education related long-term debt principal, interest, and related costs. This fund was closed during the year.

Capital Projects Funds

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

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

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

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2019

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>ASSETS</u>						
Cash	\$ 300	\$ 0	\$ 0	\$ 166,721	\$ 167,021	\$ 0
Equity in Pooled Cash and Investments	1,287,343	1,673,893	249,340	0	3,210,576	75,839
Accounts Receivable	110,061	3,156,436	2,642	81,757	3,350,896	0
Allowance for Uncollectibles	0	(1,263,565)	0	0	(1,263,565)	0
Due from Other Governments	5,629	30,510	0	0	36,139	0
Due from Other Funds	2,766	0	0	0	2,766	250,000
Due from Component Units	3,719	0	0	0	3,719	0
Property Taxes Receivable	788,195	0	0	0	788,195	3,858,010
Allowance for Uncollectible Property Taxes	(24,036)	0	0	0	(24,036)	(117,649)
Total Assets	<u>\$ 2,173,977</u>	<u>\$ 3,597,274</u>	<u>\$ 251,982</u>	<u>\$ 248,478</u>	<u>\$ 6,271,711</u>	<u>\$ 4,066,200</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 174	\$ 0	\$ 0	\$ 0	\$ 174	\$ 0
Accrued Payroll	22,112	134,763	0	0	156,875	0
Payroll Deductions Payable	7,609	54,412	0	0	62,021	0
Due to Other Funds	13,991	105,431	0	248,478	367,900	0
Due to State of Tennessee	0	93,200	0	0	93,200	0
Total Liabilities	<u>\$ 43,886</u>	<u>\$ 387,806</u>	<u>\$ 0</u>	<u>\$ 248,478</u>	<u>\$ 680,170</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 747,703	\$ 0	\$ 0	\$ 0	\$ 747,703	\$ 3,659,810

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Capital Projects Funds
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total	General Capital Projects
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Deferred Delinquent Property Taxes	\$ 11,408	\$ 0	\$ 0	\$ 0	\$ 11,408	\$ 55,842
Other Deferred/Unavailable Revenue	4,443	1,383,580	0	0	1,388,023	0
Total Deferred Inflows of Resources	<u>\$ 763,554</u>	<u>\$ 1,383,580</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,147,134</u>	<u>\$ 3,715,652</u>
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 251,982	\$ 0	\$ 251,982	\$ 0
Restricted for Capital Projects	0	0	0	0	0	350,548
Committed:						
Committed for Public Health and Welfare	1,366,537	1,825,888	0	0	3,192,425	0
Total Fund Balances	<u>\$ 1,366,537</u>	<u>\$ 1,825,888</u>	<u>\$ 251,982</u>	<u>\$ 0</u>	<u>\$ 3,444,407</u>	<u>\$ 350,548</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,173,977</u>	<u>\$ 3,597,274</u>	<u>\$ 251,982</u>	<u>\$ 248,478</u>	<u>\$ 6,271,711</u>	<u>\$ 4,066,200</u>

(Continued)

Exhibit G-1

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

	<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
	Other Capital Projects	Total	
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 167,021
Equity in Pooled Cash and Investments	137,436	213,275	3,423,851
Accounts Receivable	0	0	3,350,896
Allowance for Uncollectibles	0	0	(1,263,565)
Due from Other Governments	0	0	36,139
Due from Other Funds	0	250,000	252,766
Due from Component Units	0	0	3,719
Property Taxes Receivable	0	3,858,010	4,646,205
Allowance for Uncollectible Property Taxes	0	(117,649)	(141,685)
Total Assets	<u>\$ 137,436</u>	<u>\$ 4,203,636</u>	<u>\$ 10,475,347</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 174
Accrued Payroll	0	0	156,875
Payroll Deductions Payable	0	0	62,021
Due to Other Funds	0	0	367,900
Due to State of Tennessee	0	0	93,200
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 680,170</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 3,659,810	\$ 4,407,513

(Continued)

Exhibit G-1

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

DEFERRED INFLOWS OF RESOURCES (Cont.)

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

FUND BALANCES

Restricted:

 Restricted for Public Safety
 Restricted for Capital Projects

Committed:

 Committed for Public Health and Welfare

Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

<u>Capital Projects Funds (Cont.)</u>		Total Nonmajor Governmental Funds
Other Capital Projects	Total	
\$ 0	\$ 55,842	\$ 67,250
0	0	1,388,023
<u>\$ 0</u>	<u>\$ 3,715,652</u>	<u>\$ 5,862,786</u>
\$ 0	\$ 0	\$ 251,982
137,436	487,984	487,984
0	0	3,192,425
<u>\$ 137,436</u>	<u>\$ 487,984</u>	<u>\$ 3,932,391</u>
<u>\$ 137,436</u>	<u>\$ 4,203,636</u>	<u>\$ 10,475,347</u>

Exhibit G-2

Sullivan County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances
Nonmajor Governmental Funds
For the Year Ended June 30, 2019

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total	Education Debt Service
<u>Revenues</u>						
Local Taxes	\$ 765,624	\$ 0	\$ 0	\$ 0	\$ 765,624	\$ 0
Fines, Forfeitures, and Penalties	0	0	108,578	0	108,578	0
Charges for Current Services	353,278	7,205,869	0	17,394	7,576,541	0
Other Local Revenues	240,695	3,929	5	0	244,629	0
State of Tennessee	162,871	377,847	0	0	540,718	0
Federal Government	0	0	31,291	0	31,291	0
Other Governments and Citizens Groups	105,280	4,150	0	0	109,430	1,816,944
Total Revenues	\$ 1,627,748	\$ 7,591,795	\$ 139,874	\$ 17,394	\$ 9,376,811	\$ 1,816,944
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 900	\$ 900	\$ 0
Finance	0	0	0	4,259	4,259	18,355
Administration of Justice	0	0	0	11,498	11,498	0
Public Safety	0	0	71,256	737	71,993	0
Public Health and Welfare	1,609,988	7,067,116	0	0	8,677,104	0
Other Operations	0	0	0	0	0	0
Debt Service:						
Principal on Debt	0	0	0	0	0	1,840,000
Interest on Debt	0	0	0	0	0	73,600
Other Debt Service	0	0	0	0	0	1,300
Total Expenditures	\$ 1,609,988	\$ 7,067,116	\$ 71,256	\$ 17,394	\$ 8,765,754	\$ 1,933,255

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Debt Service Fund
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Total	Education Debt Service
Excess (Deficiency) of Revenues Over Expenditures	\$ 17,760	\$ 524,679	\$ 68,618	\$ 0	\$ 611,057	\$ (116,311)
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balances	\$ 17,760	\$ 524,679	\$ 68,618	\$ 0	\$ 611,057	\$ (116,311)
Fund Balance, July 1, 2018	1,348,777	1,301,209	183,364	0	2,833,350	116,311
Fund Balance, June 30, 2019	\$ 1,366,537	\$ 1,825,888	\$ 251,982	\$ 0	\$ 3,444,407	\$ 0

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
<u>Revenues</u>				
Local Taxes	\$ 3,664,050	\$ 0	\$ 3,664,050	\$ 4,429,674
Fines, Forfeitures, and Penalties	0	0	0	108,578
Charges for Current Services	0	0	0	7,576,541
Other Local Revenues	0	0	0	244,629
State of Tennessee	0	0	0	540,718
Federal Government	0	150,400	150,400	181,691
Other Governments and Citizens Groups	0	0	0	1,926,374
Total Revenues	\$ 3,664,050	\$ 150,400	\$ 3,814,450	\$ 15,008,205
<u>Expenditures</u>				
Current:				
General Government	\$ 0	\$ 0	\$ 0	\$ 900
Finance	73,255	0	73,255	95,869
Administration of Justice	0	0	0	11,498
Public Safety	0	0	0	71,993
Public Health and Welfare	0	0	0	8,677,104
Other Operations	0	258,318	258,318	258,318
Debt Service:				
Principal on Debt	0	0	0	1,840,000
Interest on Debt	0	0	0	73,600
Other Debt Service	0	0	0	1,300
Total Expenditures	\$ 73,255	\$ 258,318	\$ 331,573	\$ 11,030,582

(Continued)

Exhibit G-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Other Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,590,795	\$ (107,918)	\$ 3,482,877	\$ 3,977,623
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (3,250,000)	\$ 0	\$ (3,250,000)	\$ (3,250,000)
Total Other Financing Sources (Uses)	\$ (3,250,000)	\$ 0	\$ (3,250,000)	\$ (3,250,000)
Net Change in Fund Balances	\$ 340,795	\$ (107,918)	\$ 232,877	\$ 727,623
Fund Balance, July 1, 2018	9,753	245,354	255,107	3,204,768
Fund Balance, June 30, 2019	\$ 350,548	\$ 137,436	\$ 487,984	\$ 3,932,391

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 765,624	\$ 0	\$ 0	\$ 765,624	\$ 774,106	\$ 774,106	\$ (8,482)
Charges for Current Services	353,278	0	0	353,278	305,827	305,827	47,451
Other Local Revenues	240,695	0	0	240,695	352,000	352,000	(111,305)
State of Tennessee	162,871	0	0	162,871	113,375	118,375	44,496
Other Governments and Citizens Groups	105,280	0	0	105,280	98,230	98,230	7,050
Total Revenues	<u>\$ 1,627,748</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,627,748</u>	<u>\$ 1,643,538</u>	<u>\$ 1,648,538</u>	<u>\$ (20,790)</u>
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Education/Information	\$ 10,781	\$ 0	\$ 0	\$ 10,781	\$ 26,000	\$ 31,000	\$ 20,219
Transfer Stations	1,599,207	(16,906)	217,217	1,799,518	1,979,538	1,979,538	180,020
Total Expenditures	<u>\$ 1,609,988</u>	<u>\$ (16,906)</u>	<u>\$ 217,217</u>	<u>\$ 1,810,299</u>	<u>\$ 2,005,538</u>	<u>\$ 2,010,538</u>	<u>\$ 200,239</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 17,760</u>	<u>\$ 16,906</u>	<u>\$ (217,217)</u>	<u>\$ (182,551)</u>	<u>\$ (362,000)</u>	<u>\$ (362,000)</u>	<u>\$ 179,449</u>
Net Change in Fund Balance	\$ 17,760	\$ 16,906	\$ (217,217)	\$ (182,551)	\$ (362,000)	\$ (362,000)	\$ 179,449
Fund Balance, July 1, 2018	<u>1,348,777</u>	<u>(16,906)</u>	<u>0</u>	<u>1,331,871</u>	<u>1,012,590</u>	<u>1,012,590</u>	<u>319,281</u>
Fund Balance, June 30, 2019	<u><u>\$ 1,366,537</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (217,217)</u></u>	<u><u>\$ 1,149,320</u></u>	<u><u>\$ 650,590</u></u>	<u><u>\$ 650,590</u></u>	<u><u>\$ 498,730</u></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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 7,205,869	\$ 0	\$ 0	\$ 7,205,869	\$ 7,375,830	\$ 7,375,830	\$ (169,961)
Other Local Revenues	3,929	0	0	3,929	338,000	338,000	(334,071)
State of Tennessee	377,847	0	0	377,847	0	0	377,847
Other Governments and Citizens Groups	4,150	0	0	4,150	32,000	32,000	(27,850)
Total Revenues	\$ 7,591,795	\$ 0	\$ 0	\$ 7,591,795	\$ 7,745,830	\$ 7,745,830	\$ (154,035)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 7,067,116	\$ (45,162)	\$ 11,649	\$ 7,033,603	\$ 7,427,295	\$ 7,461,945	\$ 428,342
Total Expenditures	\$ 7,067,116	\$ (45,162)	\$ 11,649	\$ 7,033,603	\$ 7,427,295	\$ 7,461,945	\$ 428,342
Excess (Deficiency) of Revenues Over Expenditures	\$ 524,679	\$ 45,162	\$ (11,649)	\$ 558,192	\$ 318,535	\$ 283,885	\$ 274,307
Net Change in Fund Balance	\$ 524,679	\$ 45,162	\$ (11,649)	\$ 558,192	\$ 318,535	\$ 283,885	\$ 274,307
Fund Balance, July 1, 2018	1,301,209	(45,162)	0	1,256,047	617,675	617,675	638,372
Fund Balance, June 30, 2019	\$ 1,825,888	\$ 0	\$ (11,649)	\$ 1,814,239	\$ 936,210	\$ 901,560	\$ 912,679

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 108,578	\$ 0	\$ 0	\$ 108,578	\$ 85,008	\$ 85,008	\$ 23,570
Other Local Revenues	5	0	0	5	0	0	5
Federal Government	31,291	0	0	31,291	15,000	15,000	16,291
Total Revenues	<u>\$ 139,874</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 139,874</u>	<u>\$ 100,008</u>	<u>\$ 100,008</u>	<u>\$ 39,866</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 71,256	\$ (500)	\$ 250	\$ 71,006	\$ 90,000	\$ 90,000	\$ 18,994
Total Expenditures	<u>\$ 71,256</u>	<u>\$ (500)</u>	<u>\$ 250</u>	<u>\$ 71,006</u>	<u>\$ 90,000</u>	<u>\$ 90,000</u>	<u>\$ 18,994</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 68,618</u>	<u>\$ 500</u>	<u>\$ (250)</u>	<u>\$ 68,868</u>	<u>\$ 10,008</u>	<u>\$ 10,008</u>	<u>\$ 58,860</u>
Net Change in Fund Balance	\$ 68,618	\$ 500	\$ (250)	\$ 68,868	\$ 10,008	\$ 10,008	\$ 58,860
Fund Balance, July 1, 2018	<u>183,364</u>	<u>(500)</u>	<u>0</u>	<u>182,864</u>	<u>181,870</u>	<u>181,870</u>	<u>994</u>
Fund Balance, June 30, 2019	<u><u>\$ 251,982</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (250)</u></u>	<u><u>\$ 251,732</u></u>	<u><u>\$ 191,878</u></u>	<u><u>\$ 191,878</u></u>	<u><u>\$ 59,854</u></u>

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 1,934,455	\$ 0	\$ 0
Other Governments and Citizens Groups	1,816,944	0	1,934,455	(117,511)
Total Revenues	<u>\$ 1,816,944</u>	<u>\$ 1,934,455</u>	<u>\$ 1,934,455</u>	<u>\$ (117,511)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 18,355	\$ 18,355	\$ 18,355	\$ 0
<u>Principal on Debt</u>				
Education	1,840,000	1,840,000	1,840,000	0
<u>Interest on Debt</u>				
Education	73,600	73,600	73,600	0
<u>Other Debt Service</u>				
Education	1,300	2,500	2,500	1,200
Total Expenditures	<u>\$ 1,933,255</u>	<u>\$ 1,934,455</u>	<u>\$ 1,934,455</u>	<u>\$ 1,200</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (116,311)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (116,311)</u>
Net Change in Fund Balance	\$ (116,311)	\$ 0	\$ 0	\$ (116,311)
Fund Balance, July 1, 2018	<u>116,311</u>	<u>108,611</u>	<u>108,611</u>	<u>7,700</u>
Fund Balance, June 30, 2019	<u>\$ 0</u>	<u>\$ 108,611</u>	<u>\$ 108,611</u>	<u>\$ (108,611)</u>

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 3,664,050	\$ 0	\$ 3,664,050	\$ 3,580,000	\$ 3,580,000	\$ 84,050
Total Revenues	\$ 3,664,050	\$ 0	\$ 3,664,050	\$ 3,580,000	\$ 3,580,000	\$ 84,050
<u>Expenditures</u>						
<u>Finance</u>						
Other Finance	\$ 73,255	\$ 0	\$ 73,255	\$ 80,000	\$ 80,000	\$ 6,745
<u>Capital Projects</u>						
Public Safety Projects	0	225,000	225,000	0	225,000	0
Total Expenditures	\$ 73,255	\$ 225,000	\$ 298,255	\$ 80,000	\$ 305,000	\$ 6,745
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,590,795	\$ (225,000)	\$ 3,365,795	\$ 3,500,000	\$ 3,275,000	\$ 90,795
<u>Other Financing Sources (Uses)</u>						
Transfers Out	\$ (3,250,000)	\$ 0	\$ (3,250,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 250,000
Total Other Financing Sources	\$ (3,250,000)	\$ 0	\$ (3,250,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 250,000
Net Change in Fund Balance	\$ 340,795	\$ (225,000)	\$ 115,795	\$ 0	\$ (225,000)	\$ 340,795
Fund Balance, July 1, 2018	9,753	0	9,753	43,891	268,891	(259,138)
Fund Balance, June 30, 2019	\$ 350,548	\$ (225,000)	\$ 125,548	\$ 43,891	\$ 43,891	\$ 81,657

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2019

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 8,946,742	\$ 8,697,750	\$ 8,697,750	\$ 248,992
Other Local Revenues	1,302,567	1,232,159	1,232,159	70,408
Other Governments and Citizens Groups	611,346	818,860	611,346	0
Total Revenues	\$ 10,860,655	\$ 10,748,769	\$ 10,541,255	\$ 319,400
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 182,576	\$ 190,000	\$ 190,000	\$ 7,424
<u>Principal on Debt</u>				
General Government	2,950,000	3,345,750	2,950,000	0
Education	4,303,252	4,155,411	4,303,252	0
<u>Interest on Debt</u>				
General Government	1,129,162	1,268,125	1,129,163	1
Education	5,939,911	5,916,999	5,939,912	1
<u>Other Debt Service</u>				
General Government	158,044	5,000	161,444	3,400
Education	19,938	22,039	22,039	2,101
Total Expenditures	\$ 14,682,883	\$ 14,903,324	\$ 14,695,810	\$ 12,927
Excess (Deficiency) of Revenues Over Expenditures	\$ (3,822,228)	\$ (4,154,555)	\$ (4,154,555)	\$ 332,327
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 0	\$ 4,445,939	\$ 0	\$ 0
Transfers In	4,195,939	0	4,445,939	(250,000)
Total Other Financing Sources	\$ 4,195,939	\$ 4,445,939	\$ 4,445,939	\$ (250,000)
Net Change in Fund Balance	\$ 373,711	\$ 291,384	\$ 291,384	\$ 82,327
Fund Balance, July 1, 2018	4,231,227	4,129,885	4,129,885	101,342
Fund Balance, June 30, 2019	\$ 4,604,938	\$ 4,421,269	\$ 4,421,269	\$ 183,669

Proprietary Funds

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

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

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

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2019

	<u>Internal Service Funds</u>		
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Total Proprietary Funds</u>
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 83,814	\$ 0	\$ 83,814
Equity in Pooled Cash and Investments	399,325	12,094	411,419
Accounts Receivable	42,258	0	42,258
Due from Other Funds	387,570	393,182	780,752
Due from Component Units	14,859	0	14,859
Total Assets	<u>\$ 927,826</u>	<u>\$ 405,276</u>	<u>\$ 1,333,102</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 6,500	\$ 162	\$ 6,662
Claims and Judgments Payable	284,625	0	284,625
Total Liabilities	<u>\$ 291,125</u>	<u>\$ 162</u>	<u>\$ 291,287</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 636,701</u>	<u>\$ 405,114</u>	<u>\$ 1,041,815</u>
Total Net Position	<u>\$ 636,701</u>	<u>\$ 405,114</u>	<u>\$ 1,041,815</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, 2019

	Internal Service Funds		
	Self- Insurance	Employee Insurance - General	Total
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 323,768	\$ 578,613	\$ 902,381
Cobra Insurance Payments	0	1,151	1,151
Total Operating Revenues	<u>\$ 323,768</u>	<u>\$ 579,764</u>	<u>\$ 903,532</u>
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 0	\$ 26,842	\$ 26,842
Dental Insurance	0	283,583	283,583
Audit Services	45,002	0	45,002
Liability Insurance	324,121	0	324,121
Medical Claims	0	231,809	231,809
Bank Charges	75	0	75
Trustee's Commission	74	0	74
Workers' Compensation Insurance	960,138	0	960,138
Total Operating Expenses	<u>\$ 1,329,410</u>	<u>\$ 542,234</u>	<u>\$ 1,871,644</u>
Operating Income (Loss)	<u>\$ (1,005,642)</u>	<u>\$ 37,530</u>	<u>\$ (968,112)</u>
<u>Nonoperating Revenues (Expenses)</u>			
Investment Income	\$ 4,670	\$ 0	\$ 4,670
Total Nonoperating Revenues (Expenses)	<u>\$ 4,670</u>	<u>\$ 0</u>	<u>\$ 4,670</u>
Income (Loss) before Transfers	\$ (1,000,972)	\$ 37,530	\$ (963,442)
Transfers In	429,388	0	429,388
Change in Net Position	\$ (571,584)	\$ 37,530	\$ (534,054)
Net Position, July 1, 2018	<u>1,208,285</u>	<u>367,584</u>	<u>1,575,869</u>
Net Position, June 30, 2019	<u>\$ 636,701</u>	<u>\$ 405,114</u>	<u>\$ 1,041,815</u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2019

	<u>Internal Service Funds</u>		
	Self-Insurance	Employee Insurance - General	Total
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-Insurance Premiums	\$ 316,761	\$ 416,480	\$ 733,241
Excess Risk Insurance Recovery	23,930	0	23,930
Payments to Insurers and Claims Payments	(1,225,288)	(515,392)	(1,740,680)
Payments for Administrative Costs	(45,151)	(26,842)	(71,993)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (929,748)</u>	<u>\$ (125,754)</u>	<u>\$ (1,055,502)</u>
<u>Cash Flows from Investing Activities</u>			
Interest on Investments	\$ 4,670	\$ 0	\$ 4,670
Net Cash Provided By (Used In) Investing Activities	<u>\$ 4,670</u>	<u>\$ 0</u>	<u>\$ 4,670</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers In	\$ 944,164	\$ 0	\$ 944,164
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 944,164</u>	<u>\$ 0</u>	<u>\$ 944,164</u>
Increase (Decrease) in Cash	\$ 19,086	\$ (125,754)	\$ (106,668)
Cash, July 1, 2018	<u>464,053</u>	<u>137,848</u>	<u>601,901</u>
Cash, June 30, 2019	<u><u>\$ 483,139</u></u>	<u><u>\$ 12,094</u></u>	<u><u>\$ 495,233</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (1,005,642)	\$ 37,530	\$ (968,112)
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	(32,771)	0	0
(Increase) Decrease in Operating Receivables	(7,007)	(163,284)	(170,291)
Increase (Decrease) in Current Liabilities	<u>115,672</u>	<u>0</u>	<u>115,672</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (929,748)</u></u>	<u><u>\$ (125,754)</u></u>	<u><u>\$ (1,022,731)</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>			
Cash Per Net Position	\$ 83,814	\$ 0	\$ 83,814
Equity in Pooled Cash and Investments Per Net Position	<u>399,325</u>	<u>12,094</u>	<u>411,419</u>
Cash, June 30, 2019	<u><u>\$ 483,139</u></u>	<u><u>\$ 12,094</u></u>	<u><u>\$ 495,233</u></u>

Fiduciary Funds

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

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

City School ADA - Bristol Fund, City School ADA - Kingsport Fund, and City School ADA – Johnson City Fund – These three funds are used to account for the city school systems' shares of education revenues collected by the county that must be apportioned between the various school systems on an average daily attendance basis. These collections are remitted to the city school systems on a monthly basis.

Constitutional Officers - Agency Fund – The Constitutional Officers - Agency Fund is used to account for amounts collected in an agency capacity by the county clerk; circuit, general sessions, and law courts clerk; clerk and master; register of deeds; and sheriff. Such collections include amounts due the state, cities, other county funds, litigants, heirs, and others.

Judicial District Drug Fund – The Judicial District Drug Fund is used to account for state grants and other restricted revenues held in trust for the benefit of the multi-jurisdictional drug task force, which was created by contract (mutual aid agreement) between the participating city and county governments.

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

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2019

	Agency Funds				
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	City School ADA - Johnson City	Constitu - tional Officers - Agency
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,706,701
Equity in Pooled Cash and Investments	0	410,067	687,072	12,493	0
Accounts Receivable	0	218	366	4	0
Due from Other Governments	4,297,542	989,598	1,671,035	15,564	0
Property Taxes Receivable	0	11,343,434	19,032,947	218,898	0
Allowance for Uncollectible Property Taxes	0	(345,913)	(580,401)	(6,675)	0
Total Assets	<u>\$ 4,297,542</u>	<u>\$ 12,397,404</u>	<u>\$ 20,811,019</u>	<u>\$ 240,284</u>	<u>\$ 9,706,701</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 0	\$ 0	\$ 0	0
Due to Other Taxing Units	4,297,542	12,397,404	20,811,019	240,284	0
Due to Litigants, Heirs, and Others	0	0	0	0	9,706,701
Due to Joint Ventures	0	0	0	0	0
Total Liabilities	<u>\$ 4,297,542</u>	<u>\$ 12,397,404</u>	<u>\$ 20,811,019</u>	<u>\$ 240,284</u>	<u>\$ 9,706,701</u>

(Continued)

Exhibit J-1

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

	<u>Agency Funds (Cont.)</u>		
	<u>Judicial District Drug</u>	<u>District Attorney General</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 9,706,701
Equity in Pooled Cash and Investments	87,053	60,943	1,257,628
Accounts Receivable	0	0	588
Due from Other Governments	9,277	0	6,983,016
Property Taxes Receivable	0	0	30,595,279
Allowance for Uncollectible Property Taxes	0	0	(932,989)
Total Assets	<u>\$ 96,330</u>	<u>\$ 60,943</u>	<u>\$ 47,610,223</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 428	\$ 0	\$ 428
Due to Other Taxing Units	0	0	37,746,249
Due to Litigants, Heirs, and Others	0	60,943	9,767,644
Due to Joint Ventures	95,902	0	95,902
Total Liabilities	<u>\$ 96,330</u>	<u>\$ 60,943</u>	<u>\$ 47,610,223</u>

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2019

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 25,019,820	\$ 25,019,820	\$ 0
Due from Other Governments	4,173,260	4,297,542	4,173,260	4,297,542
Total Assets	\$ 4,173,260	\$ 29,317,362	\$ 29,193,080	\$ 4,297,542
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 4,173,260	\$ 29,317,362	\$ 29,193,080	\$ 4,297,542
Total Liabilities	\$ 4,173,260	\$ 29,317,362	\$ 29,193,080	\$ 4,297,542
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 727,435	\$ 16,818,144	\$ 17,135,512	\$ 410,067
Accounts Receivable	229	218	229	218
Due from Other Governments	931,401	989,598	931,401	989,598
Taxes Receivable	10,911,606	11,343,434	10,911,606	11,343,434
Allowance for Uncollectible Taxes	(299,802)	(345,913)	(299,802)	(345,913)
Total Assets	\$ 12,270,869	\$ 28,805,481	\$ 28,678,946	\$ 12,397,404
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 12,270,869	\$ 28,805,481	\$ 28,678,946	\$ 12,397,404
Total Liabilities	\$ 12,270,869	\$ 28,805,481	\$ 28,678,946	\$ 12,397,404
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 1,236,367	\$ 28,214,145	\$ 28,763,440	\$ 687,072
Accounts Receivable	389	366	389	366
Due from Other Governments	1,581,678	1,671,035	1,581,678	1,671,035
Taxes Receivable	18,549,177	19,032,947	18,549,177	19,032,947
Allowance for Uncollectible Taxes	(509,648)	(580,401)	(509,648)	(580,401)
Total Assets	\$ 20,857,963	\$ 48,338,092	\$ 48,385,036	\$ 20,811,019
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 20,857,963	\$ 48,338,092	\$ 48,385,036	\$ 20,811,019
Total Liabilities	\$ 20,857,963	\$ 48,338,092	\$ 48,385,036	\$ 20,811,019

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>City School ADA - Johnson City Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 9,010	\$ 320,365	\$ 316,882	\$ 12,493
Accounts Receivable	3	4	3	4
Due from Other Governments	11,421	15,564	11,421	15,564
Taxes Receivable	132,731	218,898	132,731	218,898
Allowance for Uncollectible Taxes	(3,646)	(6,675)	(3,646)	(6,675)
Total Assets	\$ 149,519	\$ 548,156	\$ 457,391	\$ 240,284
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 149,519	\$ 548,156	\$ 457,391	\$ 240,284
Total Liabilities	\$ 149,519	\$ 548,156	\$ 457,391	\$ 240,284
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 9,340,612	\$ 31,049,350	\$ 30,683,261	\$ 9,706,701
Total Assets	\$ 9,340,612	\$ 31,049,350	\$ 30,683,261	\$ 9,706,701
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 9,340,612	\$ 31,049,350	\$ 30,683,261	\$ 9,706,701
Total Liabilities	\$ 9,340,612	\$ 31,049,350	\$ 30,683,261	\$ 9,706,701
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 312,092	\$ 128,383	\$ 353,422	\$ 87,053
Due from Other Governments	5,570	9,277	5,570	9,277
Total Assets	\$ 317,662	\$ 137,660	\$ 358,992	\$ 96,330
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 428	\$ 0	\$ 428
Due to Joint Ventures	317,662	137,232	358,992	95,902
Total Liabilities	\$ 317,662	\$ 137,660	\$ 358,992	\$ 96,330

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 61,256	\$ 22,224	\$ 22,537	\$ 60,943
Total Assets	<u>\$ 61,256</u>	<u>\$ 22,224</u>	<u>\$ 22,537</u>	<u>\$ 60,943</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 61,256	\$ 22,224	\$ 22,537	\$ 60,943
Total Liabilities	<u>\$ 61,256</u>	<u>\$ 22,224</u>	<u>\$ 22,537</u>	<u>\$ 60,943</u>
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 9,340,612	\$ 31,049,350	\$ 30,683,261	\$ 9,706,701
Equity in Pooled Cash and Investments	2,346,160	70,523,081	71,611,613	1,257,628
Accounts Receivable	621	588	621	588
Due from Other Governments	6,703,330	6,983,016	6,703,330	6,983,016
Taxes Receivable	29,593,514	30,595,279	29,593,514	30,595,279
Allowance for Uncollectible Taxes	(813,096)	(932,989)	(813,096)	(932,989)
Total Assets	<u>\$ 47,171,141</u>	<u>\$ 138,218,325</u>	<u>\$ 137,779,243</u>	<u>\$ 47,610,223</u>
<u>Liabilities</u>				
Accounts Payable	\$ 0	\$ 428	\$ 0	\$ 428
Due to Joint Ventures	317,662	137,232	358,992	95,902
Due to Other Taxing Units	37,451,611	107,009,091	106,714,453	37,746,249
Due to Litigants, Heirs, and Others	9,401,868	31,071,574	30,705,798	9,767,644
Total Liabilities	<u>\$ 47,171,141</u>	<u>\$ 138,218,325</u>	<u>\$ 137,779,243</u>	<u>\$ 47,610,223</u>

Sullivan County School Department

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

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

School Federal Projects Fund – The School Federal Projects Fund is used to account for restricted federal revenues, which must be expended on specific education programs.

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

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

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

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

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

Exhibit K-1

Sullivan County, Tennessee
Statement of Activities
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2019

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
					Total Governmental Activities
Governmental Activities:					
Instruction	\$ 52,031,923	\$ 40,250	\$ 4,321,404	\$ 0	\$ (47,670,269)
Support Services	27,537,254	1,141,286	140,623	0	(26,255,345)
Operation of Non-instructional Services	4,917,895	1,073,666	3,447,029	0	(397,200)
Total Governmental Activities	<u>\$ 84,487,072</u>	<u>\$ 2,255,202</u>	<u>\$ 7,909,056</u>	<u>\$ 0</u>	<u>\$ (74,322,814)</u>
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 24,756,577
Local Option Sales Tax					13,188,235
Grants and Contributions Not Restricted for Specific Programs					44,341,382
Miscellaneous					152,553
Gain on Investments					6,177
Total General Revenues					<u>\$ 82,444,924</u>
Change in Net Position					\$ 8,122,110
Net Position, July 1, 2018					<u>81,760,454</u>
Net Position, June 30, 2019					<u>\$ 89,882,564</u>

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2019

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>				
Cash	\$ 2,816	\$ 0	\$ 147	\$ 2,963
Equity in Pooled Cash and Investments	17,908,301	57,277,108	3,744,128	78,929,537
Inventories	95,948	0	46,130	142,078
Accounts Receivable	11,701	0	21,366	33,067
Due from Other Governments	2,631,720	0	276,446	2,908,166
Due from Other Funds	313,627	0	1,379	315,006
Due from Primary Government	1,100,000	0	0	1,100,000
Property Taxes Receivable	25,532,549	0	0	25,532,549
Allowance for Uncollectible Property Taxes	(778,604)	0	0	(778,604)
Prepaid Items	4,372	0	0	4,372
Restricted Assets	122,363	0	0	122,363
Total Assets	<u>\$ 46,944,793</u>	<u>\$ 57,277,108</u>	<u>\$ 4,089,596</u>	<u>\$ 108,311,497</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 49,067	\$ 0	\$ 10,379	\$ 59,446
Payroll Deductions Payable	517,671	0	11,710	529,381
Contracts Payable	0	1,018,880	0	1,018,880
Retainage Payable	0	53,625	0	53,625
Due to Other Funds	1,379	0	313,627	315,006
Due to Primary Government	22,317	0	0	22,317
Due to State of Tennessee	180	0	0	180
Other Current Liabilities	12,582	0	54,411	66,993
Unearned/Unavailable Revenue	0	20,000,000	0	20,000,000
Total Liabilities	<u>\$ 603,196</u>	<u>\$ 21,072,505</u>	<u>\$ 390,127</u>	<u>\$ 22,065,828</u>

(Continued)

Exhibit K-2

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

	<u>Major Funds</u>		<u>Nonmajor Funds</u>	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 24,220,849	\$ 0	\$ 0	\$ 24,220,849
Deferred Delinquent Property Taxes	369,567	0	0	369,567
Other Deferred/Unavailable Revenue	1,165,754	0	0	1,165,754
Total Deferred Inflows of Resources	<u>\$ 25,756,170</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 25,756,170</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 95,947	\$ 0	\$ 46,130	\$ 142,077
Prepaid Items	4,372	0	0	4,372
Restricted:				
Restricted for Education	79,237	0	3,206,114	3,285,351
Restricted for Capital Projects	0	36,204,603	0	36,204,603
Restricted for Hybrid Retirement Stabilization Funds	122,363	0	0	122,363
Committed:				
Committed for Education	416,440	0	447,225	863,665
Assigned:				
Assigned for Education	3,691,487	0	0	3,691,487
Assigned for Capital Outlay	5,945,626	0	0	5,945,626
Unassigned	10,229,955	0	0	10,229,955
Total Fund Balances	<u>\$ 20,585,427</u>	<u>\$ 36,204,603</u>	<u>\$ 3,699,469</u>	<u>\$ 60,489,499</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 46,944,793</u>	<u>\$ 57,277,108</u>	<u>\$ 4,089,596</u>	<u>\$ 108,311,497</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, 2019

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)		\$	60,489,499
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,624,082	
Add: construction in progress		26,768,075	
Add: buildings and improvements net of accumulated depreciation		57,550,339	
Add: other capital assets net of accumulated depreciation		<u>1,311,212</u>	91,253,708
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,535,321
(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	\$	(2,461,861)	
Less: other postemployment benefits liability		<u>(67,686,234)</u>	(70,148,095)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions and OPEB will be amortized and recognized as components of pension and OPEB expense in future years:			
Add: deferred outflows of resources related to pensions	\$	8,462,104	
Less: deferred inflows of resources related to pensions		(6,365,618)	
Add: deferred outflows of resources related to OPEB		7,543,732	
Less: deferred inflows of resources related to OPEB		<u>(7,737,396)</u>	1,902,822
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension assets - agent plan	\$	1,171,777	
Add: net pension assets - teacher retirement plans		<u>3,677,532</u>	<u>4,849,309</u>
Net position of governmental activities (Exhibit A)			<u>\$ 89,882,564</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, 2019

	Major Funds		Nonmajor Funds	
	General Purpose School	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>				
Local Taxes	\$ 38,021,868	\$ 0	\$ 38,365	\$ 38,060,233
Licenses and Permits	4,578	0	0	4,578
Charges for Current Services	1,123,778	0	1,118,648	2,242,426
Other Local Revenues	148,265	0	23,241	171,506
State of Tennessee	43,491,373	0	40,543	43,531,916
Federal Government	227,688	0	9,360,256	9,587,944
Other Governments and Citizens Groups	7,525	0	2,610	10,135
Total Revenues	<u>\$ 83,025,075</u>	<u>\$ 0</u>	<u>\$ 10,583,663</u>	<u>\$ 93,608,738</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 46,633,468	\$ 0	\$ 4,617,288	\$ 51,250,756
Support Services	29,261,667	0	1,273,605	30,535,272
Operation of Non-Instructional Services	696,859	0	4,375,091	5,071,950
Capital Outlay	26,087	0	454,826	480,913
Debt Service:				
Other Debt Service	2,428,290	0	0	2,428,290
Capital Projects	0	22,876,396	0	22,876,396
Total Expenditures	<u>\$ 79,046,371</u>	<u>\$ 22,876,396</u>	<u>\$ 10,720,810</u>	<u>\$ 112,643,577</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 3,978,704</u>	<u>\$ (22,876,396)</u>	<u>\$ (137,147)</u>	<u>\$ (19,034,839)</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	Education Capital Projects	Other Govern- mental Funds	Total Governmental Funds
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 8,167	\$ 8,167
Transfers In	610,533	0	0	610,533
Transfers Out	0	0	(610,533)	(610,533)
Total Other Financing Sources (Uses)	<u>\$ 610,533</u>	<u>\$ 0</u>	<u>\$ (602,366)</u>	<u>\$ 8,167</u>
Net Change in Fund Balances	\$ 4,589,237	\$ (22,876,396)	\$ (739,513)	\$ (19,026,672)
Fund Balance, July 1, 2018	<u>15,996,190</u>	<u>59,080,999</u>	<u>4,438,982</u>	<u>79,516,171</u>
Fund Balance, June 30, 2019	<u>\$ 20,585,427</u>	<u>\$ 36,204,603</u>	<u>\$ 3,699,469</u>	<u>\$ 60,489,499</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, 2019

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)		\$ (19,026,672)
(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	\$ 23,215,523	
Less: current-year depreciation expense	<u>(2,756,056)</u>	20,459,467
(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		(534,194)
(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, 2018	\$ (1,606,845)	
Add: deferred delinquent property taxes/other deferred June 30, 2019	<u>1,535,321</u>	(71,524)
(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	\$ 169,466	
Change in other postemployment benefits liability	(410,854)	
Change in net pension asset/liability	4,253,810	
Change in deferred outflows related to pensions	(398,435)	
Change in deferred inflows related to pensions	1,718,608	
Change in deferred outflows related to opeb	4,587,823	
Change in deferred inflows related to opeb	<u>(2,625,385)</u>	<u>7,295,033</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 8,122,110</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2019

	Special Revenue Funds				Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	School Improvement	
<u>ASSETS</u>					
Cash	\$ 0	\$ 147	\$ 0	\$ 0	\$ 147
Equity in Pooled Cash and Investments	208,672	1,944,618	47,263	1,543,575	3,744,128
Inventories	0	46,130	0	0	46,130
Accounts Receivable	0	21,366	0	0	21,366
Due from Other Governments	276,446	0	0	0	276,446
Due from Other Funds	1,379	0	0	0	1,379
Total Assets	<u>\$ 486,497</u>	<u>\$ 2,012,261</u>	<u>\$ 47,263</u>	<u>\$ 1,543,575</u>	<u>\$ 4,089,596</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 10,303	\$ 76	\$ 0	\$ 0	\$ 10,379
Payroll Deductions Payable	11,610	100	0	0	11,710
Due to Other Funds	223,769	89,820	38	0	313,627
Other Current Liabilities	0	54,411	0	0	54,411
Total Liabilities	<u>\$ 245,682</u>	<u>\$ 144,407</u>	<u>\$ 38</u>	<u>\$ 0</u>	<u>\$ 390,127</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 46,130	\$ 0	\$ 0	\$ 46,130
Restricted:					
Restricted for Education	40,815	1,621,724	0	1,543,575	3,206,114
Committed:					
Committed for Education	200,000	200,000	47,225	0	447,225
Total Fund Balances	<u>\$ 240,815</u>	<u>\$ 1,867,854</u>	<u>\$ 47,225</u>	<u>\$ 1,543,575</u>	<u>\$ 3,699,469</u>
Total Liabilities and Fund Balances	<u>\$ 486,497</u>	<u>\$ 2,012,261</u>	<u>\$ 47,263</u>	<u>\$ 1,543,575</u>	<u>\$ 4,089,596</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, 2019

	Special Revenue Funds				Total
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	School Improvement	Nonmajor Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 38,365	\$ 38,365
Charges for Current Services	0	1,078,398	40,250	0	1,118,648
Other Local Revenues	0	23,160	0	81	23,241
State of Tennessee	0	40,543	0	0	40,543
Federal Government	5,953,770	3,406,486	0	0	9,360,256
Other Governments and Citizens Groups	0	2,610	0	0	2,610
Total Revenues	\$ 5,953,770	\$ 4,551,197	\$ 40,250	\$ 38,446	\$ 10,583,663
<u>Expenditures</u>					
Current:					
Instruction	\$ 4,617,288	\$ 0	\$ 0	\$ 0	\$ 4,617,288
Support Services	1,273,605	0	0	0	1,273,605
Operation of Non-Instructional Services	0	4,338,155	36,936	0	4,375,091
Capital Outlay	0	0	0	454,826	454,826
Total Expenditures	\$ 5,890,893	\$ 4,338,155	\$ 36,936	\$ 454,826	\$ 10,720,810
Excess (Deficiency) of Revenues Over Expenditures	\$ 62,877	\$ 213,042	\$ 3,314	\$ (416,380)	\$ (137,147)
<u>Other Financing Sources (Uses)</u>					
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 8,167	\$ 8,167
Transfers Out	(48,533)	0	0	(562,000)	(610,533)
Total Other Financing Sources (Uses)	\$ (48,533)	\$ 0	\$ 0	\$ (553,833)	\$ (602,366)

(Continued)

Exhibit K-7

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

	Special Revenue Funds				Total
	School Federal Projects	Central Cafeteria	Other Education Special Revenue	School Improvement	Nonmajor Governmental Funds
Net Change in Fund Balances	\$ 14,344	\$ 213,042	\$ 3,314	\$ (970,213)	\$ (739,513)
Fund Balance, July 1, 2018	226,471	1,654,812	43,911	2,513,788	4,438,982
Fund Balance, June 30, 2019	<u>\$ 240,815</u>	<u>\$ 1,867,854</u>	<u>\$ 47,225</u>	<u>\$ 1,543,575</u>	<u>\$ 3,699,469</u>

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 38,021,868	\$ 0	\$ 0	\$ 38,021,868	\$ 36,238,000	\$ 36,238,000	\$ 1,783,868
Licenses and Permits	4,578	0	0	4,578	4,000	4,000	578
Charges for Current Services	1,123,778	0	0	1,123,778	16,000	1,116,000	7,778
Other Local Revenues	148,265	0	0	148,265	1,168,000	368,000	(219,735)
State of Tennessee	43,491,373	0	0	43,491,373	42,770,535	43,243,874	247,499
Federal Government	227,688	0	0	227,688	226,500	226,500	1,188
Other Governments and Citizens Groups	7,525	0	0	7,525	355,000	55,000	(47,475)
Total Revenues	\$ 83,025,075	\$ 0	\$ 0	\$ 83,025,075	\$ 80,778,035	\$ 81,251,374	\$ 1,773,701
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 38,548,122	\$ (176,347)	\$ 260,316	\$ 38,632,091	\$ 41,434,114	\$ 41,375,664	\$ 2,743,573
Special Education Program	5,207,262	0	5,202	5,212,464	5,450,296	5,450,296	237,832
Career and Technical Education Program	2,878,084	(1,195)	17,608	2,894,497	2,931,400	2,931,400	36,903
<u>Support Services</u>							
Health Services	911,484	0	110	911,594	949,380	958,380	46,786
Other Student Support	1,990,621	0	0	1,990,621	2,009,660	2,009,660	19,039
Regular Instruction Program	2,656,280	(820)	1,077	2,656,537	3,002,344	3,002,344	345,807
Special Education Program	501,757	0	0	501,757	562,826	562,826	61,069
Career and Technical Education Program	164,546	0	1,500	166,046	169,920	169,920	3,874
Other Programs	473,339	0	0	473,339	0	473,339	0
Board of Education	1,214,972	0	54	1,215,026	1,725,834	1,725,834	510,808
Director of Schools	491,453	0	0	491,453	521,524	546,024	54,571
Office of the Principal	5,520,874	(23,214)	0	5,497,660	5,871,774	5,862,474	364,814
Fiscal Services	413,381	0	0	413,381	451,791	461,091	47,710
Human Services/Personnel	320,944	(8)	76	321,012	297,350	322,300	1,288
Operation of Plant	6,570,474	(3,069)	56,000	6,623,405	6,656,500	6,656,500	33,095
Maintenance of Plant	3,119,915	(8,207)	64,148	3,175,856	3,481,944	3,481,944	306,088
Transportation	4,911,627	(25)	131,950	5,043,552	5,266,449	5,266,449	222,897

(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 7/1/2018	Add: Encumbrances 6/30/2019	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	\$ 20,059	\$ 0	\$ 0	\$ 20,059	\$ 30,798	\$ 30,798	\$ 10,739
Early Childhood Education	676,800	0	6,255	683,055	722,052	722,052	38,997
<u>Capital Outlay</u>							
Regular Capital Outlay	26,087	0	5,834,200	5,860,287	40,000	5,873,200	12,913
<u>Principal on Debt</u>							
Education	0	0	0	0	2,406,000	0	0
<u>Interest on Debt</u>							
Education	0	0	0	0	171,300	0	0
<u>Other Debt Service</u>							
Education	2,428,290	0	0	2,428,290	0	2,577,300	149,010
Total Expenditures	<u>\$ 79,046,371</u>	<u>\$ (212,885)</u>	<u>\$ 6,378,496</u>	<u>\$ 85,211,982</u>	<u>\$ 84,153,256</u>	<u>\$ 90,459,795</u>	<u>\$ 5,247,813</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,978,704</u>	<u>\$ 212,885</u>	<u>\$ (6,378,496)</u>	<u>\$ (2,186,907)</u>	<u>\$ (3,375,221)</u>	<u>\$ (9,208,421)</u>	<u>\$ 7,021,514</u>
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 610,533	\$ 0	\$ 0	\$ 610,533	\$ 610,000	\$ 610,000	\$ 533
Total Other Financing Sources	<u>\$ 610,533</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 610,533</u>	<u>\$ 610,000</u>	<u>\$ 610,000</u>	<u>\$ 533</u>
Net Change in Fund Balance	\$ 4,589,237	\$ 212,885	\$ (6,378,496)	\$ (1,576,374)	\$ (2,765,221)	\$ (8,598,421)	\$ 7,022,047
Fund Balance, July 1, 2018	15,996,190	(212,885)	0	15,783,305	10,995,089	10,995,089	4,788,216
Fund Balance, June 30, 2019	<u>\$ 20,585,427</u>	<u>\$ 0</u>	<u>\$ (6,378,496)</u>	<u>\$ 14,206,931</u>	<u>\$ 8,229,868</u>	<u>\$ 2,396,668</u>	<u>\$ 11,810,263</u>

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 5,953,770	\$ 0	\$ 0	\$ 5,953,770	\$ 7,765,841	\$ 7,765,841	\$ (1,812,071)
Total Revenues	\$ 5,953,770	\$ 0	\$ 0	\$ 5,953,770	\$ 7,765,841	\$ 7,765,841	\$ (1,812,071)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,347,442	\$ 0	\$ 21,417	\$ 2,368,859	\$ 2,633,321	\$ 2,633,321	\$ 264,462
Special Education Program	2,113,584	0	0	2,113,584	2,602,858	2,602,858	489,274
Career and Technical Education Program	156,262	(26,471)	19,065	148,856	142,002	147,570	(1,286)
<u>Support Services</u>							
Other Student Support	222,090	0	0	222,090	401,087	395,519	173,429
Regular Instruction Program	538,838	0	0	538,838	1,091,068	1,091,068	552,230
Special Education Program	494,376	0	0	494,376	775,448	775,448	281,072
Board of Education	0	0	0	0	60	60	60
Transportation	18,301	0	0	18,301	64,666	64,666	46,365
Total Expenditures	\$ 5,890,893	\$ (26,471)	\$ 40,482	\$ 5,904,904	\$ 7,710,510	\$ 7,710,510	\$ 1,805,606
Excess (Deficiency) of Revenues Over Expenditures	\$ 62,877	\$ 26,471	\$ (40,482)	\$ 48,866	\$ 55,331	\$ 55,331	\$ (6,465)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (48,533)	\$ 0	\$ 0	\$ (48,533)	\$ (55,331)	\$ (55,331)	\$ 6,798
Total Other Financing Sources	\$ (48,533)	\$ 0	\$ 0	\$ (48,533)	\$ (55,331)	\$ (55,331)	\$ 6,798
Net Change in Fund Balance	\$ 14,344	\$ 26,471	\$ (40,482)	\$ 333	\$ 0	\$ 0	\$ 333
Fund Balance, July 1, 2018	226,471	(26,471)	0	200,000	0	0	200,000
Fund Balance, June 30, 2019	\$ 240,815	\$ 0	\$ (40,482)	\$ 200,333	\$ 0	\$ 0	\$ 200,333

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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 1,078,398	\$ 0	\$ 0	\$ 1,078,398	\$ 1,151,500	\$ 1,151,500	\$ (73,102)
Other Local Revenues	23,160	0	0	23,160	1,300	1,300	21,860
State of Tennessee	40,543	0	0	40,543	50,000	50,000	(9,457)
Federal Government	3,406,486	0	0	3,406,486	3,649,012	3,649,012	(242,526)
Other Governments and Citizens Groups	2,610	0	0	2,610	2,000	2,000	610
Total Revenues	\$ 4,551,197	\$ 0	\$ 0	\$ 4,551,197	\$ 4,853,812	\$ 4,853,812	\$ (302,615)
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,338,155	\$ (182)	\$ 279,514	\$ 4,617,487	\$ 4,995,812	\$ 4,995,812	\$ 378,325
Total Expenditures	\$ 4,338,155	\$ (182)	\$ 279,514	\$ 4,617,487	\$ 4,995,812	\$ 4,995,812	\$ 378,325
Excess (Deficiency) of Revenues Over Expenditures	\$ 213,042	\$ 182	\$ (279,514)	\$ (66,290)	\$ (142,000)	\$ (142,000)	\$ 75,710
Net Change in Fund Balance	\$ 213,042	\$ 182	\$ (279,514)	\$ (66,290)	\$ (142,000)	\$ (142,000)	\$ 75,710
Fund Balance, July 1, 2018	1,654,812	(182)	0	1,654,630	1,601,840	1,601,840	52,790
Fund Balance, June 30, 2019	\$ 1,867,854	\$ 0	\$ (279,514)	\$ 1,588,340	\$ 1,459,840	\$ 1,459,840	\$ 128,500

Exhibit K-11

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2019

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 40,250	\$ 0	\$ 40,250	\$ 200,000	\$ 200,000	\$ (159,750)
State of Tennessee	0	0	0	40,000	40,000	(40,000)
Total Revenues	<u>\$ 40,250</u>	<u>\$ 0</u>	<u>\$ 40,250</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ (199,750)</u>
<u>Expenditures</u>						
<u>Operation of Non-Instructional Services</u>						
Early Childhood Education	\$ 36,936	\$ 12,525	\$ 49,461	\$ 235,896	\$ 235,896	\$ 186,435
Total Expenditures	<u>\$ 36,936</u>	<u>\$ 12,525</u>	<u>\$ 49,461</u>	<u>\$ 235,896</u>	<u>\$ 235,896</u>	<u>\$ 186,435</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 3,314</u>	<u>\$ (12,525)</u>	<u>\$ (9,211)</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>	<u>\$ (13,315)</u>
Net Change in Fund Balance	\$ 3,314	\$ (12,525)	\$ (9,211)	\$ 4,104	\$ 4,104	\$ (13,315)
Fund Balance, July 1, 2018	<u>43,911</u>	<u>0</u>	<u>43,911</u>	<u>43,911</u>	<u>43,911</u>	<u>0</u>
Fund Balance, June 30, 2019	<u><u>\$ 47,225</u></u>	<u><u>\$ (12,525)</u></u>	<u><u>\$ 34,700</u></u>	<u><u>\$ 48,015</u></u>	<u><u>\$ 48,015</u></u>	<u><u>\$ (13,315)</u></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, 2019

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2018	Add: Encumbrances 6/30/2019	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 38,365	\$ 0	\$ 0	\$ 38,365	\$ 0	\$ 0	\$ 38,365
Other Local Revenues	81	0	0	81	0	0	81
Total Revenues	<u>\$ 38,446</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,446</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 38,446</u>
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,000	\$ 5,000	\$ 5,000
<u>Capital Outlay</u>							
Regular Capital Outlay	454,826	(121,614)	388,844	722,056	1,058,000	1,058,000	335,944
Total Expenditures	<u>\$ 454,826</u>	<u>\$ (121,614)</u>	<u>\$ 388,844</u>	<u>\$ 722,056</u>	<u>\$ 1,063,000</u>	<u>\$ 1,063,000</u>	<u>\$ 340,944</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (416,380)</u>	<u>\$ 121,614</u>	<u>\$ (388,844)</u>	<u>\$ (683,610)</u>	<u>\$ (1,063,000)</u>	<u>\$ (1,063,000)</u>	<u>\$ 379,390</u>
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 8,167	\$ 0	\$ 0	\$ 8,167	\$ 0	\$ 0	\$ 8,167
Transfers Out	(562,000)	0	0	(562,000)	(562,000)	(562,000)	0
Total Other Financing Sources	<u>\$ (553,833)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (553,833)</u>	<u>\$ (562,000)</u>	<u>\$ (562,000)</u>	<u>\$ 8,167</u>
Net Change in Fund Balance	\$ (970,213)	\$ 121,614	\$ (388,844)	\$ (1,237,443)	\$ (1,625,000)	\$ (1,625,000)	\$ 387,557
Fund Balance, July 1, 2018	<u>2,513,788</u>	<u>(121,614)</u>	<u>0</u>	<u>2,392,174</u>	<u>2,388,964</u>	<u>2,388,964</u>	<u>3,210</u>
Fund Balance, June 30, 2019	<u>\$ 1,543,575</u>	<u>\$ 0</u>	<u>\$ (388,844)</u>	<u>\$ 1,154,731</u>	<u>\$ 763,964</u>	<u>\$ 763,964</u>	<u>\$ 390,767</u>

Exhibit K-13

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
June 30, 2019

	Private- Purpose Trust Fund Endowment Fund
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 119,680
Total Assets	\$ 119,680
<u>LIABILITIES</u>	
Accounts Payable	\$ 5,900
Total Liabilities	\$ 5,900
<u>NET POSITION</u>	
Unrestricted	\$ 113,780
Total Net Postion	\$ 113,780

Sullivan County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
For the Year Ended June 30, 2019

		Private- Purpose Trust Fund
		<hr/>
		Endowment Fund
		<hr/>
	<u>ADDITIONS</u>	
Investment Income		\$ 4,079
Total Additions		<hr/> \$ 4,079 <hr/>
	<u>DEDUCTIONS</u>	
Education:		
Scholarships:		\$ 5,900
Total Deductions		<hr/> \$ 5,900 <hr/>
Change in Net Position		\$ (1,821)
Net Position, July 1, 2018		<hr/> 115,601 <hr/>
Net Position, June 30, 2019		<hr/> \$ 113,780 <hr/>

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, 2019

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-18	Issued During Period	Matured During Period	Outstanding 6-30-19
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Roof	\$ 1,500,000	2.65%	10-12-15	10-16-23	\$ 936,585	\$ 0	\$ 147,841	\$ 788,744
Total Notes Payable					\$ 936,585	\$ 0	\$ 147,841	\$ 788,744
OTHER LOANS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Qualified School Construction Bonds, Series 2009 (1)	15,480,000	1.515	12-17-09	7-1-26	\$ 7,913,565	\$ 0	\$ 965,928	\$ 6,947,637
Qualified School Construction Bonds, Series 2010 (1)	5,073,000	0	10-7-10	8-1-27	2,909,928	0	316,547	2,593,381
Energy Efficient Schools Initiative	5,054,635	0	5-16-11	4-16-20	3,212,221	0	417,936	2,794,285
Total Other Loans Payable					\$ 14,035,714	\$ 0	\$ 1,700,411	\$ 12,335,303
CAPITAL LEASES PAYABLE								
<u>Payable through General Fund</u>								
Circuit Computer Upgrades	54,645	6	4-1-15	3-1-19	\$ 7,819	\$ 0	\$ 7,819	\$ 0
Jail Camera System	459,900	3.25	12-29-15	1-20-20	186,758	0	91,886	94,872
Circuit Computers 2017	58,677	6	4-17-17	3-17-21	39,775	0	15,200	24,575
Sheriff Vehicles	208,036	3.4	5-18-17	5-18-20	103,961	0	51,111	52,850
Clerk and Master Computers 2018	21,067	6.5	5-24-18	3-24-22	19,800	0	4,819	14,981
Sheriff Vehicles 2018	355,937	4.75	6-10-18	6-10-21	273,063	0	86,819	186,244
Court System Computers 2018	33,501	6.5	8-15-18	6-15-23	0	33,501	6,007	27,494
Circuit Servers 2018	28,899	6.5	10-16-18	8-16-22	0	28,899	5,542	23,357
Sheriff Vehicles 2019	1,474,199	3.79	1-15-19	3-15-22	0	1,474,199	382,624	1,091,575
Total Payable through General Fund					\$ 631,176	\$ 1,536,599	\$ 651,827	\$ 1,515,948
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks 2018	494,574	4.26	11-30-17	11-1-23	\$ 409,432	\$ 0	\$ 78,130	\$ 331,302
Total Payable through Highway/Public Works Fund					\$ 409,432	\$ 0	\$ 78,130	\$ 331,302
Total Capital Leases Payable					\$ 1,040,608	\$ 1,536,599	\$ 729,957	\$ 1,847,250

(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 7-1-18	Issued During Period	Matured During Period	Outstanding 6-30-19
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2015A	\$ 24,870,000	2 to 5%	3-30-15	4-1-26	\$ 20,050,000	\$ 0	\$ 2,450,000	\$ 17,600,000
General Obligation Refunding Bonds, Series 2015C	6,265,000	2 to 3.35	3-30-15	4-1-28	5,530,000	0	500,000	5,030,000
General Obligation Bonds, Series 2017	135,740,000	3 to 5	3-30-17	5-1-47	135,740,000	0	2,455,000	133,285,000
Total Payable through General Debt Service Fund					<u>\$ 161,320,000</u>	<u>\$ 0</u>	<u>\$ 5,405,000</u>	<u>\$ 155,915,000</u>
<u>Payable through Education Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2015B	6,965,000	2 to 4	3-30-15	5-1-19	\$ 1,840,000	\$ 0	\$ 1,840,000	\$ 0
Total Payable through Education Debt Service Fund					<u>\$ 1,840,000</u>	<u>\$ 0</u>	<u>\$ 1,840,000</u>	<u>\$ 0</u>
Total Bonds Payable					<u>\$ 163,160,000</u>	<u>\$ 0</u>	<u>\$ 7,245,000</u>	<u>\$ 155,915,000</u>
NONEXCHANGE FINANCIAL GUARANTEE								
<u>Payable through General Debt Service Fund</u>								
Airport Authority 2018 Aerospace Park Bonds	2,290,750	3 to 4.5	3-29-18	5-1-38	\$ 0	\$ 2,304,292	\$ 65,750	\$ 2,238,542
Total Payable through General Debt Service Fund					<u>\$ 0</u>	<u>\$ 2,304,292</u>	<u>\$ 65,750</u>	<u>\$ 2,238,542</u>
Total Nonexchange Financial Guarantee					<u>\$ 0</u>	<u>\$ 2,304,292</u>	<u>\$ 65,750</u>	<u>\$ 2,238,542</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
2020	\$ 151,805	\$ 18,944	\$ 170,749
2021	155,876	14,869	170,745
2022	160,056	10,684	170,740
2023	164,348	6,387	170,735
2024	156,659	2,076	158,735
Total	<u>\$ 788,744</u>	<u>\$ 52,960</u>	<u>\$ 841,704</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2020	\$ 1,703,555	\$ 499,973	\$ 19,538	\$ 2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022	1,709,915	493,613	19,538	2,223,066
2023	1,713,131	490,397	19,539	2,223,067
2024	1,716,371	487,157	19,538	2,223,066
2025	1,719,635	483,893	19,539	2,223,067
2026	1,597,364	480,931	19,538	2,097,833
2027	438,768	265,483	7,928	712,179
2028	29,841	24,221	1,014	55,076
Total	<u>\$ 12,335,303</u>	<u>\$ 3,722,473</u>	<u>\$ 145,711</u>	<u>\$ 16,203,487</u>

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2020	\$ 699,333	\$ 69,355	\$ 768,688
2021	565,988	41,523	607,511
2022	479,215	22,934	502,149
2023	94,912	4,226	99,138
2024	7,802	332	8,134
Total	<u>\$ 1,847,250</u>	<u>\$ 138,370</u>	<u>\$ 1,985,620</u>

Exhibit L-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2020	\$ 5,700,000	\$ 6,287,794	\$ 11,987,794
2021	6,020,000	6,018,244	12,038,244
2022	6,390,000	5,437,119	11,827,119
2023	6,730,000	5,426,354	12,156,354
2024	7,110,000	5,102,934	12,212,934
2025	5,390,000	4,759,809	10,149,809
2026	5,080,000	4,502,349	9,582,349
2027	4,230,000	4,280,849	8,510,849
2028	4,340,000	4,152,748	8,492,748
2029	3,885,000	3,983,081	7,868,081
2030	4,040,000	3,827,681	7,867,681
2031	4,165,000	3,706,481	7,871,481
2032	4,330,000	3,539,881	7,869,881
2033	4,505,000	3,366,681	7,871,681
2034	4,685,000	3,186,481	7,871,481
2035	4,835,000	3,034,219	7,869,219
2036	4,995,000	2,877,081	7,872,081
2037	5,160,000	2,708,500	7,868,500
2038	5,370,000	2,502,100	7,872,100
2039	5,585,000	2,287,300	7,872,300
2040	5,805,000	2,063,900	7,868,900
2041	6,040,000	1,831,700	7,871,700
2042	6,280,000	1,590,100	7,870,100
2043	6,530,000	1,338,900	7,868,900
2044	6,770,000	1,102,188	7,872,188
2045	7,040,000	831,387	7,871,387
2046	7,320,000	549,788	7,869,788
2047	7,585,000	284,437	7,869,437
Total	\$ 155,915,000	\$ 90,580,086	\$ 246,495,086

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:			
2020	\$ 80,000	\$ 81,250	\$ 161,250
2021	85,000	77,650	162,650
2022	90,000	73,825	163,825
2023	95,000	69,775	164,775
2024	95,000	65,500	160,500
2025	100,000	61,225	161,225
2026	105,000	56,725	161,725
2027	110,000	53,575	163,575
2028	115,000	50,138	165,138
2029	115,000	46,400	161,400
2030	120,000	42,663	162,663
2031	125,000	38,763	163,763
2032	130,000	34,700	164,700
2033	135,000	30,312	165,312
2034	135,000	25,756	160,756
2035	140,000	21,031	161,031
2036	145,000	16,131	161,131
2037	150,000	11,056	161,056
2038	155,000	5,619	160,619
Total	\$ 2,225,000	\$ 862,094	\$ 3,087,094

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance	\$ 2,225,000
Add: Accrued Interest	<u>13,542</u>
Sullivan County's Nonexchange Financial Guarantee Liability 6-30-19	<u>\$ 2,238,542</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, 2019

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Tax credit rebate	\$ 245,939
"	"	Debt retirement	700,000
"	Self-Insurance	Operations	429,388
General Capital Projects	General Debt Service	Debt retirement	<u>3,250,000</u>
Total Transfers Primary Government			<u>\$ 4,625,327</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 48,533
School Improvement	"	Debt retirement	<u>562,000</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 610,533</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, 2019

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 121,675 (1)	\$ 100,000	Cincinnati Insurance Company
Highway Commissioner				
Jim Belgeri (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	19,314	100,000	"
Scott Murray (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	96,567	100,000	Western Surety Company
Director of Schools	State Board of Education and County Board of Education	156,893 (2)	100,000	Cincinnati Insurance Company
Trustee	Section 8-24-102, <i>TCA</i>	99,133	5,200,598	"
Assessor of Property				
Russell Baker (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	16,522	50,000	"
Donna Whitaker (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	82,611	50,000	"
Director of Accounts and Budgets	County Commission	99,133	100,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	80,961	100,000	"
County Clerk				
Jeannie Gammon (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	16,522	100,000	"
Teresa Jacobs (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	82,611	100,000	"
Circuit, General Sessions, and Law Courts Clerk				
Tommy Kerns (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i>	16,522	100,000	"
Bobby Russell (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i>	82,611	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	99,133 (3)	150,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	99,133	100,000	Cincinnati Insurance Company
Sheriff				
Wayne Anderson (7-1-18 through 8-31-18)	Section 8-24-102, <i>TCA</i> , and County Commission	19,314 (4)	100,000	"
Jeff Cassidy (9-1-18 through 6-30-19)	Section 8-24-102, <i>TCA</i> , and County Commission	97,167 (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) Includes payout \$27,051 for accrued vacation benefits. Does not include vehicle allowance of \$7,800 and career ladder supplement of \$1,000.

(3) Does not include special commissioner fees of \$4,822.

(4) Includes a \$1,139 supplement as workhouse superintendent.

(5) Includes a \$5,696 supplement as workhouse superintendent and a \$600 law enforcement training supplement.

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2019

	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	\$ 30,013,678	\$ 721,908	\$ 0	\$ 0	\$ 0	\$ 2,849,611
Trustee's Collections - Prior Year	506,315	12,177	0	0	0	48,068
Circuit Clerk/Clerk and Master Collections - Prior Years	424,899	10,978	0	0	0	43,204
Interest and Penalty	291,215	7,337	0	0	0	28,935
Pickup Taxes	498,242	11,983	0	0	0	47,302
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	715,701	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	1,381,224	0	0	0	0	2,500,000
Litigation Tax - General	355,598	0	0	0	0	0
Litigation Tax - Office of Public Defender	161,046	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0
Litigation Tax - Courthouse Security	445,453	0	0	0	0	0
Business Tax	2,480,324	0	0	0	0	0
Mixed Drink Tax	11,948	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	131,276
<u>Statutory Local Taxes</u>						
Bank Excise Tax	51,588	1,241	0	0	0	4,898
Wholesale Beer Tax	0	0	0	0	0	368,017
Total Local Taxes	\$ 37,343,136	\$ 765,624	\$ 0	\$ 0	\$ 0	\$ 6,021,311
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 367,129	\$ 0	\$ 0	\$ 0	\$ 0	\$ 251,067

(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>						
Beer Permits	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Building Permits	121,310	0	0	0	0	0
Total Licenses and Permits	<u>\$ 489,627</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 251,067</u>
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 19,358	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	78,406	0	0	0	0	0
Jail Fees	57,530	0	0	0	0	0
Data Entry Fee - Circuit Court	69,416	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	24,659	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	68,911	0	0	0	0	0
Fines for Littering	238	0	0	0	0	0
Officers Costs	173,136	0	0	0	0	0
Game and Fish Fines	315	0	0	0	0	0
Drug Control Fines	0	0	0	9,583	0	0
Drug Court Fees	0	0	0	25,734	0	0
Victims Assistance Assessments	73,632	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	2,168	0	0	0	0	0
<u>Chancery Court</u>						
Officers Costs	3,812	0	0	0	0	0
Data Entry Fee - Chancery Court	20,761	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	\$ 64,071	\$ 0	\$ 0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	9,190	0	0
Other Fines, Forfeitures, and Penalties	2,460	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 594,802	\$ 0	\$ 0	\$ 108,578	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 353,278	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	323,566	0	7,205,869	0	0	0
Zoning Studies	3,594	0	0	0	0	0
Work Release Charges for Board	10,010	0	0	0	0	0
Health Department Collections	573,725	0	0	0	0	0
Other General Service Charges	63,419	0	0	0	0	0
Service Charges	101,030	0	0	0	0	0
Backflow Charges	323	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	288,284	0	0	0	0	0
Copy Fees	10,109	0	0	0	0	0
Library Fees	19,654	0	0	0	0	0
Archives and Records Management Fee	219,230	0	0	0	0	0
Greenbelt Late Application Fee	200	0	0	0	0	0
Telephone Commissions	177,087	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	12,572	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	4,822	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>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Data Processing Fee - Register	\$ 46,819	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Processing Fee - Sheriff	2,626	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	13,200	0	0	0	0	0
Data Processing Fee - County Clerk	22,386	0	0	0	0	0
Subscription and Document Retrieval Fee - Circuit	19,833	0	0	0	0	0
Vehicle Insurance Coverage and Reinstatement Fees	2,485	0	0	0	0	0
<u>Education Charges</u>						
Other Charges for Services	965	0	0	0	0	0
Total Charges for Current Services	\$ 1,898,545	\$ 353,278	\$ 7,205,869	\$ 0	\$ 17,394	\$ 0
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 955,279	\$ 0	\$ 0	\$ 0	\$ 0	\$ 55,573
Lease/Rentals	61,930	0	0	0	0	0
Sale of Materials and Supplies	6,305	0	0	0	0	6,181
Commissary Sales	42,391	0	0	0	0	0
Sale of Maps	11	0	0	0	0	0
Sale of Recycled Materials	668	235,866	0	0	0	0
Miscellaneous Refunds	33,092	1,237	3,929	5	0	4,039
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	22,880	3,592	0	0	0	0
Sale of Property	9,001	0	0	0	0	0
Damages Recovered from Individuals	2,473	0	0	0	0	1,530
Contributions and Gifts	33,655	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>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 7,964	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 1,175,649	\$ 240,695	\$ 3,929	\$ 5	\$ 0	\$ 67,323
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 1,652,422	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	666,904	0	0	0	0	0
General Sessions Court Clerk	1,042,036	0	0	0	0	0
Clerk and Master	659,916	0	0	0	0	0
Register	684,205	0	0	0	0	0
Sheriff	1,463	0	0	0	0	0
Trustee	2,704,036	0	0	0	0	0
Total Fees Received From County Officials	\$ 7,410,982	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 63,654	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	81,000	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	676,984	0	0	0	0	0
Other Health and Welfare Grants	0	3,150	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	1,099,826
Litter Program	77,580	29,436	0	0	0	0
Other Public Works Grants	610,017	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</u>						
Income Tax	\$ 322,039	\$ 0	\$ 0	\$ 0	\$ 0	0
Beer Tax	17,959	0	0	0	0	0
Vehicle Certificate of Title Fees	24,447	0	0	0	0	0
Alcoholic Beverage Tax	248,583	0	0	0	0	0
State Revenue Sharing - Telecommunications	285,469	0	0	0	0	0
Prisoner Transportation	16,205	0	0	0	0	0
Contracted Prisoner Boarding	1,935,921	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	3,599,589
Petroleum Special Tax	0	0	0	0	0	113,155
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	623,681	0	0	0	0	0
Other State Revenues	1,481,166	130,285	377,847	0	0	0
Total State of Tennessee	\$ 6,479,869	\$ 162,871	\$ 377,847	\$ 0	\$ 0	\$ 4,812,570
<u>Federal Government</u>						
<u>Federal Through State</u>						
Civil Defense Reimbursement	\$ 62,500	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	23,434	0	0	0	0	0
Other Federal through State	2,185,626	0	0	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	92,263	0	0	0	0	9,445
Asset Forfeiture Funds	0	0	0	31,291	0	0
Tax Credit Bond Rebate	230,957	0	0	0	0	0
Other Direct Federal Revenue	205,944	0	0	0	0	0
Total Federal Government	\$ 2,800,724	\$ 0	\$ 0	\$ 31,291	\$ 0	\$ 9,445

(Continued)

Exhibit L-5

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,137
Contributions	0	0	0	0	0	0
Contracted Services	619,229	105,280	0	0	0	3,017
<u>Citizens Groups</u>						
Donations	41,911	0	4,150	0	0	0
Total Other Governments and Citizens Groups	\$ 661,140	\$ 105,280	\$ 4,150	\$ 0	\$ 0	\$ 12,154
Total	\$ 58,854,474	\$ 1,627,748	\$ 7,591,795	\$ 139,874	\$ 17,394	\$ 11,173,870

(Continued)

Exhibit L-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 8,358,870	\$ 0	\$ 3,519,061	\$ 0	\$ 45,463,128
Trustee's Collections - Prior Year	141,001	0	74,086	0	781,647
Circuit Clerk/Clerk and Master Collections - Prior Years	77,804	0	0	0	556,885
Interest and Penalty	62,943	0	12,248	0	402,678
Pickup Taxes	138,753	0	58,655	0	754,935
Payments in-Lieu-of Taxes - T.V.A.	0	0	0	0	5,905
Payments in-Lieu-of Taxes - Local Utilities	0	0	0	0	715,701
<u>County Local Option Taxes</u>					
Local Option Sales Tax	0	0	0	0	3,881,224
Litigation Tax - General	0	0	0	0	355,598
Litigation Tax - Office of Public Defender	0	0	0	0	161,046
Litigation Tax - Jail, Workhouse, or Courthouse	153,005	0	0	0	153,005
Litigation Tax - Courthouse Security	0	0	0	0	445,453
Business Tax	0	0	0	0	2,480,324
Mixed Drink Tax	0	0	0	0	11,948
Mineral Severance Tax	0	0	0	0	131,276
<u>Statutory Local Taxes</u>					
Bank Excise Tax	14,366	0	0	0	72,093
Wholesale Beer Tax	0	0	0	0	368,017
Total Local Taxes	\$ 8,946,742	\$ 0	\$ 3,664,050	\$ 0	\$ 56,740,863
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 0	\$ 0	\$ 0	\$ 0	\$ 618,196

(Continued)

Exhibit L-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	1,188
Building Permits	0	0	0	0	121,310
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	740,694
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	19,358
Officers Costs	0	0	0	0	78,406
Jail Fees	0	0	0	0	57,530
Data Entry Fee - Circuit Court	0	0	0	0	69,416
<u>Criminal Court</u>					
DUI Treatment Fines	0	0	0	0	24,659
<u>General Sessions Court</u>					
Fines	0	0	0	0	68,911
Fines for Littering	0	0	0	0	238
Officers Costs	0	0	0	0	173,136
Game and Fish Fines	0	0	0	0	315
Drug Control Fines	0	0	0	0	9,583
Drug Court Fees	0	0	0	0	25,734
Victims Assistance Assessments	0	0	0	0	73,632
<u>Juvenile Court</u>					
Fines	0	0	0	0	2,168
<u>Chancery Court</u>					
Officers Costs	0	0	0	0	3,812
Data Entry Fee - Chancery Court	0	0	0	0	20,761

(Continued)

Exhibit L-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Education 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	\$ 0	64,071
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	9,190
Other Fines, Forfeitures, and Penalties	0	0	0	0	2,460
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	703,380
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	353,278
Patient Charges	0	0	0	0	7,529,435
Zoning Studies	0	0	0	0	3,594
Work Release Charges for Board	0	0	0	0	10,010
Health Department Collections	0	0	0	0	573,725
Other General Service Charges	0	0	0	0	63,419
Service Charges	0	0	0	0	101,030
Backflow Charges	0	0	0	0	323
<u>Fees</u>					
Recreation Fees	0	0	0	0	288,284
Copy Fees	0	0	0	0	10,109
Library Fees	0	0	0	0	19,654
Archives and Records Management Fee	0	0	0	0	219,230
Greenbelt Late Application Fee	0	0	0	0	200
Telephone Commissions	0	0	0	0	177,087
Constitutional Officers' Fees and Commissions	0	0	0	0	12,572
Special Commissioner Fees/Special Master Fees	0	0	0	0	4,822

(Continued)

Exhibit L-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Data Processing Fee - Register	\$ 0	\$ 0	\$ 0	\$ 0	46,819
Data Processing Fee - Sheriff	0	0	0	0	2,626
Sexual Offender Registration Fee - Sheriff	0	0	0	0	13,200
Data Processing Fee - County Clerk	0	0	0	0	22,386
Subscription and Document Retrieval Fee - Circuit	0	0	0	0	19,833
Vehicle Insurance Coverage and Reinstatement Fees	0	0	0	0	2,485
<u>Education Charges</u>					
Other Charges for Services	0	0	0	0	965
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	9,475,086
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 985,408	\$ 0	\$ 0	\$ 0	1,996,260
Lease/Rentals	0	0	0	0	61,930
Sale of Materials and Supplies	0	0	0	0	12,486
Commissary Sales	0	0	0	0	42,391
Sale of Maps	0	0	0	0	11
Sale of Recycled Materials	0	0	0	0	236,534
Miscellaneous Refunds	0	0	0	0	42,302
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	317,159	0	0	0	317,159
Sale of Equipment	0	0	0	0	26,472
Sale of Property	0	0	0	0	9,001
Damages Recovered from Individuals	0	0	0	0	4,003
Contributions and Gifts	0	0	0	0	33,655

(Continued)

Exhibit L-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,964
Total Other Local Revenues	\$ 1,302,567	\$ 0	\$ 0	\$ 0	\$ 2,790,168
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,652,422
Circuit Court Clerk	0	0	0	0	666,904
General Sessions Court Clerk	0	0	0	0	1,042,036
Clerk and Master	0	0	0	0	659,916
Register	0	0	0	0	684,205
Sheriff	0	0	0	0	1,463
Trustee	0	0	0	0	2,704,036
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,410,982
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 63,654
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	81,000
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	676,984
Other Health and Welfare Grants	0	0	0	0	3,150
<u>Public Works Grants</u>					
State Aid Program	0	0	0	0	1,099,826
Litter Program	0	0	0	0	107,016
Other Public Works Grants	0	0	0	0	610,017

(Continued)

Exhibit L-5

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

	<u>Debt Service Funds</u>		<u>Capital Projects Funds</u>		
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 322,039
Beer Tax	0	0	0	0	17,959
Vehicle Certificate of Title Fees	0	0	0	0	24,447
Alcoholic Beverage Tax	0	0	0	0	248,583
State Revenue Sharing - Telecommunications	0	0	0	0	285,469
Prisoner Transportation	0	0	0	0	16,205
Contracted Prisoner Boarding	0	0	0	0	1,935,921
Gasoline and Motor Fuel Tax	0	0	0	0	3,599,589
Petroleum Special Tax	0	0	0	0	113,155
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	623,681
Other State Revenues	0	0	0	0	1,989,298
Total State of Tennessee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,833,157
<u>Federal Government</u>					
<u>Federal Through State</u>					
Civil Defense Reimbursement	\$ 0	\$ 0	\$ 0	\$ 0	\$ 62,500
Homeland Security Grants	0	0	0	0	23,434
Other Federal through State	0	0	0	150,400	2,336,026
<u>Direct Federal Revenue</u>					
Forest Service	0	0	0	0	101,708
Asset Forfeiture Funds	0	0	0	0	31,291
Tax Credit Bond Rebate	0	0	0	0	230,957
Other Direct Federal Revenue	0	0	0	0	205,944
Total Federal Government	\$ 0	\$ 0	\$ 0	\$ 150,400	\$ 2,991,860

(Continued)

Exhibit L-5

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

	Debt Service Funds		Capital Projects Funds		
	General Debt Service	Education Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 9,137
Contributions	611,346	1,816,944	0	0	2,428,290
Contracted Services	0	0	0	0	727,526
<u>Citizens Groups</u>					
Donations	0	0	0	0	46,061
Total Other Governments and Citizens Groups	\$ 611,346	\$ 1,816,944	\$ 0	\$ 0	\$ 3,211,014
Total	\$ 10,860,655	\$ 1,816,944	\$ 3,664,050	\$ 150,400	\$ 95,897,204

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, 2019

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	School Improvement	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 23,382,874	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,382,874
Trustee's Collections - Prior Year	394,452	0	0	0	0	394,452
Circuit Clerk/Clerk and Master Collections - Prior Years	396,808	0	0	0	24,663	421,471
Interest and Penalty	254,308	0	0	0	10,880	265,188
Pickup Taxes	388,164	0	0	0	0	388,164
<u>County Local Option Taxes</u>						
Local Option Sales Tax	13,164,187	0	0	0	0	13,164,187
<u>Statutory Local Taxes</u>						
Bank Excise Tax	41,075	0	0	0	2,822	43,897
Total Local Taxes	\$ 38,021,868	\$ 0	\$ 0	\$ 0	\$ 38,365	\$ 38,060,233
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 4,578	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,578
Total Licenses and Permits	\$ 4,578	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,578
<u>Charges for Current Services</u>						
<u>Fees</u>						
Copy Fees	\$ 20	\$ 0	\$ 0	\$ 0	\$ 0	\$ 20
<u>Education Charges</u>						
Tuition - Other	0	0	0	40,250	0	40,250
Lunch Payments - Children	0	0	601,049	0	0	601,049
Income from Breakfast	0	0	70,401	0	0	70,401
A la Carte Sales	0	0	393,589	0	0	393,589

(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	School Improvement	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Receipts from Individual Schools	\$ 21,325	\$ 0	\$ 4,732	\$ 0	\$ 0	\$ 26,057
TBI Criminal Background Fee	2,433	0	0	0	0	2,433
Other Charges for Services	1,100,000	0	8,627	0	0	1,108,627
Total Charges for Current Services	\$ 1,123,778	\$ 0	\$ 1,078,398	\$ 40,250	\$ 0	\$ 2,242,426
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 6,177	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,177
Sale of Materials and Supplies	359	0	0	0	0	359
Sale of Recycled Materials	3,081	0	0	0	0	3,081
E-Rate Funding	27,923	0	0	0	0	27,923
Commodity Rebates	0	0	23,160	0	0	23,160
Miscellaneous Refunds	31,003	0	0	0	81	31,084
<u>Nonrecurring Items</u>						
Sale of Equipment	9,336	0	0	0	0	9,336
Sale of Property	69,681	0	0	0	0	69,681
Damages Recovered from Individuals	291	0	0	0	0	291
<u>Other Local Revenues</u>						
Other Local Revenues	414	0	0	0	0	414
Total Other Local Revenues	\$ 148,265	\$ 0	\$ 23,160	\$ 0	\$ 81	\$ 171,506
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 473,339	\$ 0	\$ 0	\$ 0	\$ 0	\$ 473,339

(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					
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	School Improvement	Total
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds</u>						
Basic Education Program	\$ 39,733,099	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,733,099
Early Childhood Education	608,299	0	0	0	0	608,299
School Food Service	0	0	40,543	0	0	40,543
Other State Education Funds	615,523	0	0	0	0	615,523
Career Ladder Program	169,260	0	0	0	0	169,260
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	1,891,853	0	0	0	0	1,891,853
Total State of Tennessee	\$ 43,491,373	\$ 0	\$ 40,543	\$ 0	\$ 0	\$ 43,531,916
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,240,171	\$ 0	\$ 0	\$ 2,240,171
USDA - Commodities	0	0	307,794	0	0	307,794
Breakfast	0	0	732,764	0	0	732,764
USDA - Other	0	0	17,031	0	0	17,031
Vocational Education - Basic Grants to States	0	181,498	0	0	0	181,498
Title I Grants to Local Education Agencies	0	2,667,955	0	0	0	2,667,955
Special Education - Grants to States	43,092	2,569,188	0	0	0	2,612,280
Special Education Preschool Grants	0	66,938	0	0	0	66,938
Education for Homeless Children and Youth	0	43,422	0	0	0	43,422
Eisenhower Professional Development State Grants	0	327,814	0	0	0	327,814
Other Federal through State	0	96,955	12,000	0	0	108,955
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	184,596	0	0	0	0	184,596

(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	School Improvement	
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Other Direct Federal Revenue	\$ 0	\$ 0	\$ 96,726	\$ 0	\$ 0	\$ 96,726
Total Federal Government	\$ 227,688	\$ 5,953,770	\$ 3,406,486	\$ 0	\$ 0	\$ 9,587,944
<u>Other Governments and Citizens Groups</u>						
<u>Citizens Groups</u>						
Donations	\$ 2,525	\$ 0	\$ 2,610	\$ 0	\$ 0	\$ 5,135
<u>Other</u>						
Other	5,000	0	0	0	0	5,000
Total Other Governments and Citizens Groups	\$ 7,525	\$ 0	\$ 2,610	\$ 0	\$ 0	\$ 10,135
Total	\$ 83,025,075	\$ 5,953,770	\$ 4,551,197	\$ 40,250	\$ 38,446	\$ 93,608,738

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2019

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	204,295	
Social Security		12,667	
Employer Medicare		2,962	
Audit Services		59,593	
Communication		1,275	
Contracts with Government Agencies		46,031	
Data Processing Services		34	
Dues and Memberships		8,014	
Legal Notices, Recording, and Court Costs		4,859	
Maintenance and Repair Services - Office Equipment		3,659	
Postal Charges		113	
Printing, Stationery, and Forms		400	
Travel		18,325	
Tuition		330	
Other Contracted Services		4,027	
Data Processing Supplies		80	
Office Supplies		4,648	
Other Supplies and Materials		3,200	
Total County Commission			\$ 374,512

County Mayor/Executive

County Official/Administrative Officer	\$	121,675	
Secretary(ies)		44,094	
Social Security		10,267	
Pensions		25,805	
Life Insurance		85	
Medical Insurance		10,100	
Dental Insurance		897	
Employer Medicare		2,401	
Communication		3,414	
Data Processing Services		50	
Dues and Memberships		2,550	
Maintenance and Repair Services - Office Equipment		392	
Postal Charges		115	
Travel		9,717	
Tuition		135	
Data Processing Supplies		2,019	
Food Supplies		190	
Office Supplies		2,966	
Total County Mayor/Executive			236,872

County Attorney

County Official/Administrative Officer	\$	127,759
Secretary(ies)		29,420
Social Security		9,322
Pensions		24,451
Life Insurance		90

(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.)

Medical Insurance	\$	23,026	
Dental Insurance		672	
Employer Medicare		2,180	
Communication		2,934	
Data Processing Services		3,707	
Dues and Memberships		1,099	
Legal Services		130	
Maintenance and Repair Services - Office Equipment		389	
Postal Charges		400	
Printing, Stationery, and Forms		86	
Travel		1,723	
Data Processing Supplies		164	
Office Supplies		409	
Periodicals		2,008	
Total County Attorney			\$ 229,969

Election Commission

County Official/Administrative Officer	\$	99,133	
Clerical Personnel		138,036	
Temporary Personnel		116,359	
Election Commission		18,000	
Election Workers		60,115	
Social Security		22,618	
Pensions		36,911	
Life Insurance		226	
Medical Insurance		44,222	
Dental Insurance		1,904	
Unemployment Compensation		30	
Employer Medicare		5,289	
Advertising		147	
Communication		10,603	
Data Processing Services		34,346	
Dues and Memberships		250	
Legal Notices, Recording, and Court Costs		7,058	
Maintenance and Repair Services - Office Equipment		2,951	
Postal Charges		12,281	
Printing, Stationery, and Forms		1,744	
Travel		3,004	
Tuition		948	
Food Supplies		1,200	
Office Supplies		8,093	
Other Charges		33,616	
Furniture and Fixtures		3,360	
Total Election Commission			662,444

Register of Deeds

County Official/Administrative Officer	\$	99,133
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(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.)

Clerical Personnel	\$	176,330	
Social Security		16,339	
Pensions		42,208	
Life Insurance		229	
Medical Insurance		46,120	
Dental Insurance		1,642	
Employer Medicare		3,821	
Communication		6,086	
Data Processing Services		41,497	
Dues and Memberships		600	
Maintenance and Repair Services - Office Equipment		9,971	
Postal Charges		740	
Travel		2,413	
Tuition		150	
Data Processing Supplies		2,576	
Food Supplies		292	
Office Supplies		1,109	
Total Register of Deeds			\$ 451,256

Planning

Supervisor/Director	\$	60,422
Clerical Personnel		24,482
Other Salaries and Wages		166,625
Board and Committee Members Fees		2,075
Social Security		14,974
Pensions		38,954
Life Insurance		252
Medical Insurance		53,159
Dental Insurance		1,997
Unemployment Compensation		2,005
Employer Medicare		3,502
Communication		7,817
Data Processing Services		7,609
Dues and Memberships		1,640
Legal Notices, Recording, and Court Costs		1,551
Licenses		60
Maintenance and Repair Services - Office Equipment		4,040
Postal Charges		469
Printing, Stationery, and Forms		337
Travel		2,321
Tuition		1,433
Permits		3,460
Other Contracted Services		5,870
Data Processing Supplies		3,763
Food Supplies		236
Gasoline		3,911
Office Supplies		1,130

(Continued)

Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)Planning (Cont.)

Periodicals	\$	653	
Vehicle Parts		611	
Other Supplies and Materials		1,750	
Total Planning			\$ 417,108

Geographical Information Systems

Data Processing Services	\$	1,211	
Other Contracted Services		56,095	
Data Processing Supplies		279	
Total Geographical Information Systems			57,585

County Buildings

Supervisor/Director	\$	54,066	
Mechanic(s)		57,611	
Guards		25,533	
Clerical Personnel		45,045	
Custodial Personnel		99,059	
Maintenance Personnel		185,258	
Overtime Pay		12,993	
Social Security		27,944	
Pensions		70,092	
Life Insurance		623	
Medical Insurance		142,392	
Dental Insurance		4,702	
Employer Medicare		6,535	
Architects		27,720	
Communication		9,665	
Data Processing Services		2,128	
Dues and Memberships		100	
Evaluation and Testing		1,430	
Legal Services		35	
Licenses		316	
Maintenance Agreements		3,385	
Maintenance and Repair Services - Buildings		1,195	
Maintenance and Repair Services - Equipment		56,873	
Maintenance and Repair Services - Office Equipment		309	
Maintenance and Repair Services - Vehicles		197	
Pest Control		1,562	
Printing, Stationery, and Forms		411	
Rentals		664	
Travel		96	
Tuition		125	
Disposal Fees		7,307	
Permits		335	
Other Contracted Services		925	
Custodial Supplies		18,048	
Data Processing Supplies		890	

(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.)

Electricity	\$	321,110	
Equipment and Machinery Parts		6,671	
Food Supplies		300	
Garage Supplies		2,264	
Gasoline		13,081	
General Construction Materials		44,251	
Lubricants		181	
Natural Gas		11,233	
Office Supplies		2,009	
Salt		5,201	
Small Tools		3,582	
Tires and Tubes		1,918	
Uniforms		982	
Vehicle Parts		1,025	
Water and Sewer		15,104	
Wire		258	
Chemicals		190	
Other Supplies and Materials		10,414	
Building Improvements		21,225	
Furniture and Fixtures		16,942	
Heating and Air Conditioning Equipment		46,599	
Maintenance Equipment		5,641	
Other Equipment		14,137	
Total County Buildings			\$ 1,409,887

Other Facilities

Contracts with Government Agencies	\$	182,713	
Total Other Facilities			182,713

Preservation of Records

Supervisor/Director	\$	45,519	
Part-time Personnel		10,048	
Social Security		3,452	
Pensions		7,082	
Life Insurance		40	
Medical Insurance		5,502	
Dental Insurance		448	
Employer Medicare		807	
Advertising		1,861	
Communication		4,417	
Data Processing Services		1,978	
Maintenance and Repair Services - Office Equipment		1,654	
Postal Charges		19	
Rentals		100	
Disposal Fees		350	
Other Contracted Services		2,325	
Food Supplies		683	

(Continued)

Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)Preservation of Records (Cont.)

Office Supplies	\$	5,517	
Other Charges		410	
Total Preservation of Records			\$ 92,212

Risk Management

Communication	\$	195	
Legal Notices, Recording, and Court Costs		17	
Tuition		125	
Boiler Insurance		23,039	
Building and Contents Insurance		1,071	
Liability Insurance		561,893	
Premiums on Corporate Surety Bonds		26,812	
Vehicle and Equipment Insurance		71,932	
Workers' Compensation Insurance		96,562	
Total Risk Management			781,646

FinanceAccounting and Budgeting

County Official/Administrative Officer	\$	99,133	
Supervisor/Director		179,627	
Clerical Personnel		224,289	
Other Per Diem and Fees		8,048	
Social Security		30,209	
Pensions		63,532	
Life Insurance		444	
Medical Insurance		73,556	
Dental Insurance		3,773	
Employer Medicare		7,065	
Communication		14,800	
Data Processing Services		120	
Dues and Memberships		208	
Licenses		618	
Maintenance and Repair Services - Office Equipment		1,642	
Postal Charges		9,690	
Printing, Stationery, and Forms		6	
Travel		553	
Tuition		1,145	
Disposal Fees		1,135	
Other Contracted Services		900	
Data Processing Supplies		4,867	
Food Supplies		484	
Office Supplies		2,180	
Total Accounting and Budgeting			728,024

Purchasing

County Official/Administrative Officer	\$	80,961
Assistant(s)		57,222

(Continued)

Exhibit L-7

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

General Fund (Cont.)Finance (Cont.)Purchasing (Cont.)

Purchasing Personnel	\$	142,995	
Equipment Operators		33,972	
Clerical Personnel		54,264	
Social Security		22,163	
Pensions		57,297	
Life Insurance		407	
Medical Insurance		70,600	
Dental Insurance		2,872	
Employer Medicare		5,183	
Communication		13,395	
Data Processing Services		4,000	
Dues and Memberships		2,706	
Legal Notices, Recording, and Court Costs		4,092	
Licenses		440	
Maintenance and Repair Services - Equipment		6,437	
Maintenance and Repair Services - Office Equipment		5,598	
Maintenance and Repair Services - Vehicles		44	
Rentals		465	
Travel		1,191	
Tuition		1,492	
Disposal Fees		2,890	
Data Processing Supplies		8,824	
Duplicating Supplies		4,239	
Equipment and Machinery Parts		864	
Food Supplies		951	
Gasoline		1,760	
General Construction Materials		425	
Instructional Supplies and Materials		670	
Office Supplies		5,255	
Periodicals		300	
Propane Gas		58	
Small Tools		256	
Vehicle Parts		123	
Total Purchasing			\$ 594,411

Property Assessor's Office

County Official/Administrative Officer	\$	99,133
Assistant(s)		22,653
Supervisor/Director		54,369
Deputy(ies)		397,995
Internal Audit Personnel		56,120
Clerical Personnel		459,866
Social Security		65,096
Pensions		169,176
Life Insurance		1,143
Medical Insurance		217,793
Dental Insurance		7,938

(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.)

Employer Medicare	\$	15,224	
Audit Services		10,126	
Communication		24,789	
Contracts with Government Agencies		24,111	
Data Processing Services		32,638	
Dues and Memberships		2,850	
Legal Services		2,349	
Legal Notices, Recording, and Court Costs		158	
Licenses		18	
Maintenance and Repair Services - Office Equipment		6,193	
Maintenance and Repair Services - Vehicles		2,492	
Postal Charges		4,356	
Printing, Stationery, and Forms		1,714	
Towing Services		75	
Travel		4,815	
Tuition		2,750	
Data Processing Supplies		1,530	
Food Supplies		1,235	
Gasoline		11,643	
Office Supplies		1,725	
Tires and Tubes		1,993	
Vehicle Parts		1,844	
Other Supplies and Materials		783	
Other Charges		7,701	
Building Improvements		6,068	
Data Processing Equipment		1,817	
Motor Vehicles		25,295	
Total Property Assessor's Office			\$ 1,747,574

County Trustee's Office

County Official/Administrative Officer	\$	99,133
Assistant(s)		56,698
Deputy(ies)		184,986
Part-time Personnel		22,089
Social Security		21,860
Pensions		51,458
Life Insurance		311
Medical Insurance		72,020
Dental Insurance		2,660
Employer Medicare		5,113
Bank Charges		1
Communication		13,998
Data Processing Services		957
Dues and Memberships		185
Maintenance Agreements		24,300
Maintenance and Repair Services - Office Equipment		1,270
Postal Charges		37,892

(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	\$	7,702	
Rentals		176	
Travel		3,301	
Tuition		1,020	
Other Contracted Services		350	
Data Processing Supplies		1,822	
Office Supplies		8,009	
Total County Trustee's Office			\$ 617,311

County Clerk's Office

County Official/Administrative Officer	\$	99,133	
Deputy(ies)		743,346	
Part-time Personnel		7,087	
Board and Committee Members Fees		440	
Social Security		50,183	
Pensions		130,982	
Life Insurance		998	
Medical Insurance		256,568	
Dental Insurance		8,102	
Employer Medicare		11,736	
Communication		11,041	
Data Processing Services		5,307	
Dues and Memberships		1,413	
Legal Services		42	
Legal Notices, Recording, and Court Costs		299	
Maintenance Agreements		43,399	
Maintenance and Repair Services - Equipment		1,918	
Maintenance and Repair Services - Office Equipment		166	
Postal Charges		44,125	
Printing, Stationery, and Forms		1,881	
Travel		2,667	
Tuition		300	
Other Contracted Services		630	
Data Processing Supplies		6,058	
Food Supplies		382	
Office Supplies		20,540	
Total County Clerk's Office			1,448,743

Data Processing

Data Processing Services	\$	14,843	
Maintenance Agreements		99,318	
Maintenance and Repair Services - Office Equipment		1,395	
Other Contracted Services		8,580	
Data Processing Supplies		4,377	
Office Supplies		18	
Total Data Processing			128,531

(Continued)

Exhibit L-7

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

General Fund (Cont.)Finance (Cont.)Other Finance

Refunds	\$	8,080	
Trustee's Commission		691,919	
Total Other Finance			\$ 699,999

Administration of JusticeCircuit Court Judge

Communication	\$	8,683	
Postal Charges		130	
Printing, Stationery, and Forms		192	
Office Supplies		2,329	
Total Circuit Court Judge			11,334

Circuit Court Clerk

County Official/Administrative Officer	\$	99,133	
Clerical Personnel		924,570	
Part-time Personnel		60,628	
Social Security		64,615	
Pensions		158,605	
Life Insurance		1,274	
Medical Insurance		228,029	
Dental Insurance		8,902	
Employer Medicare		15,111	
Communication		18,170	
Contracts with Other Public Agencies		2,154	
Data Processing Services		49,953	
Dues and Memberships		1,483	
Maintenance and Repair Services - Equipment		300	
Maintenance and Repair Services - Office Equipment		9,967	
Postal Charges		18,720	
Printing, Stationery, and Forms		5,857	
Rentals		258	
Travel		4,068	
Data Processing Supplies		2,046	
Food Supplies		1,012	
Office Supplies		29,221	
Periodicals		1,107	
Data Processing Equipment		45,650	
Total Circuit Court Clerk			1,750,833

General Sessions Court

Judge(s)	\$	334,051	
Secretary(ies)		83,659	
Social Security		20,868	
Pensions		64,273	
Life Insurance		170	
Medical Insurance		34,980	
Dental Insurance		1,568	

(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.)

Employer Medicare	\$	5,892	
Communication		4,127	
Dues and Memberships		1,748	
Licenses		597	
Maintenance Agreements		1,169	
Maintenance and Repair Services - Office Equipment		590	
Postal Charges		737	
Printing, Stationery, and Forms		2,127	
Travel		5,551	
Tuition		1,155	
Food Supplies		226	
Library Books/Media		658	
Office Supplies		524	
Periodicals		8,932	
Total General Sessions Court			\$ 573,602

General Sessions Judge

Judge(s)	\$	334,051	
Assistant(s)		72,093	
Secretary(ies)		45,647	
Social Security		22,774	
Pensions		69,121	
Life Insurance		226	
Medical Insurance		43,387	
Dental Insurance		2,242	
Employer Medicare		6,393	
Communication		4,123	
Dues and Memberships		2,003	
Maintenance Agreements		1,169	
Maintenance and Repair Services - Office Equipment		1,349	
Postal Charges		604	
Printing, Stationery, and Forms		620	
Travel		5,105	
Tuition		920	
Data Processing Supplies		186	
Library Books/Media		503	
Office Supplies		2,102	
Periodicals		1,297	
Total General Sessions Judge			615,915

Drug Court

Travel	\$	5,866	
Tuition		1,650	
Drug Treatment		3,410	
Total Drug Court			10,926

(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	\$	99,133	
Clerical Personnel		279,878	
Part-time Personnel		12,599	
Social Security		22,983	
Pensions		58,827	
Life Insurance		366	
Medical Insurance		87,306	
Dental Insurance		2,931	
Employer Medicare		5,375	
Communication		7,169	
Data Processing Services		21,427	
Dues and Memberships		1,138	
Legal Notices, Recording, and Court Costs		224	
Maintenance and Repair Services - Equipment		1,515	
Maintenance and Repair Services - Office Equipment		4,489	
Postal Charges		4,645	
Printing, Stationery, and Forms		2,610	
Rentals		272	
Travel		2,017	
Tuition		325	
Other Contracted Services		149	
Data Processing Supplies		1,604	
Food Supplies		172	
Office Supplies		12,846	
Periodicals		517	
Data Processing Equipment		16,750	
Total Chancery Court			\$ 647,267

Juvenile Court

Probation Officer(s)	\$	30,501
Guidance Personnel		331,690
Secretary(ies)		74,492
Clerical Personnel		37,876
Social Security		28,315
Pensions		68,354
Life Insurance		430
Medical Insurance		105,743
Dental Insurance		3,208
Employer Medicare		6,622
Bank Charges		1,024
Communication		2,826
Data Processing Services		438
Dues and Memberships		760
Legal Services		16,600
Maintenance and Repair Services - Office Equipment		403
Maintenance and Repair Services - Vehicles		125
Printing, Stationery, and Forms		110

(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.)

Travel	\$	5,604	
Tuition		3,915	
Other Contracted Services		56,593	
Data Processing Supplies		1,661	
Drugs and Medical Supplies		1,137	
Food Supplies		360	
Gasoline		389	
Library Books/Media		268	
Office Supplies		2,601	
Periodicals		284	
Vehicle Parts		161	
Motor Vehicles		30,481	
Total Juvenile Court			\$ 812,971

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	177,215	
Supervisor/Director		76,361	
Salary Supplements		4,240	
Secretary(ies)		24,260	
Part-time Personnel		2,325	
Social Security		17,553	
Pensions		43,163	
Life Insurance		261	
Medical Insurance		19,327	
Dental Insurance		1,191	
Employer Medicare		4,105	
Communication		1,000	
Data Processing Services		1,474	
Postal Charges		100	
Printing, Stationery, and Forms		662	
Internet Connectivity		6,333	
Travel		2,888	
Tuition		570	
Other Contracted Services		2,175	
Data Processing Supplies		1,421	
Electricity		7,636	
Office Supplies		828	
Total District Attorney General			395,088

Office of Public Defender

Paraprofessionals	\$	87,168	
Social Security		5,335	
Pensions		13,541	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Administration of Justice (Cont.)Office of Public Defender (Cont.)

Life Insurance	\$	45	
Medical Insurance		5,502	
Dental Insurance		223	
Employer Medicare		1,248	
Licenses		400	
Travel		567	
Total Office of Public Defender			\$ 114,029

Judicial Commissioners

Other Salaries and Wages	\$	61,156	
Social Security		3,791	
Employer Medicare		886	
Dues and Memberships		375	
Travel		357	
Data Processing Supplies		116	
Office Supplies		57	
Total Judicial Commissioners			66,738

Other Administration of Justice

Jury and Witness Expense	\$	65,789	
Legal Services		1,267	
Total Other Administration of Justice			67,056

Courtroom Security

Deputy(ies)	\$	197,891	
Part-time Personnel		33,282	
Social Security		13,613	
Pensions		30,734	
Life Insurance		274	
Medical Insurance		57,494	
Dental Insurance		2,128	
Employer Medicare		3,184	
Communication		30,856	
Maintenance and Repair Services - Buildings		58,141	
Maintenance and Repair Services - Equipment		6,665	
Law Enforcement Supplies		3,242	
Office Supplies		62	
Uniforms		4,604	
Other Supplies and Materials		112	
Total Courtroom Security			442,282

Victim Assistance Programs

Remittance of Revenue Collected	\$	77,539	
Total Victim Assistance Programs			77,539

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$ 116,481
Assistant(s)	253,793
Deputy(ies)	2,457,224
Captain(s)	357,274
Lieutenant(s)	652,209
Sergeant(s)	1,479,467
Mechanic(s)	130,439
Dispatchers/Radio Operators	617,366
Secretary(ies)	444,768
School Resource Officer	549,000
Social Security	419,601
Pensions	1,070,112
Life Insurance	6,941
Medical Insurance	1,444,212
Dental Insurance	50,700
Employer Medicare	98,088
Bank Charges	59
Communication	72,657
Data Processing Services	90,753
Dues and Memberships	12,069
Freight Expenses	324
Licenses	6,121
Maintenance and Repair Services - Buildings	6,108
Maintenance and Repair Services - Equipment	62,370
Maintenance and Repair Services - Office Equipment	19,864
Maintenance and Repair Services - Vehicles	1,404
Medical and Dental Services	4,048
Pest Control	40
Postal Charges	7,756
Printing, Stationery, and Forms	3,047
Rentals	802
Towing Services	4,090
Travel	72,708
Tuition	79,734
Veterinary Services	1,411
Disposal Fees	2,514
Other Contracted Services	15,694
Animal Food and Supplies	4,010
Custodial Supplies	16,975
Data Processing Supplies	25,018
Electricity	19,627
Equipment and Machinery Parts	12,647
Food Supplies	13,487
Garage Supplies	3,676
Gasoline	355,475
General Construction Materials	8,992
Instructional Supplies and Materials	470

(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.)

Law Enforcement Supplies	\$	264,986	
Lubricants		6,599	
Office Supplies		29,041	
Periodicals		964	
Small Tools		3,355	
Tires and Tubes		33,387	
Uniforms		113,970	
Vehicle Parts		90,545	
Water and Sewer		2,212	
Other Supplies and Materials		14,476	
Other Charges		2,747	
Heating and Air Conditioning Equipment		4,627	
Law Enforcement Equipment		7,445	
Motor Vehicles		1,498,238	
Total Sheriff's Department			\$ 13,144,217

Administration of the Sexual Offender Registry

Communication	\$	832	
Other Contracted Services		5,050	
Data Processing Supplies		565	
Office Supplies		474	
Total Administration of the Sexual Offender Registry			6,921

Jail

Assistant(s)	\$	76,231	
Deputy(ies)		3,401,446	
Captain(s)		111,155	
Lieutenant(s)		369,145	
Sergeant(s)		332,337	
Psychological Personnel		42,827	
Medical Personnel		502,327	
Secretary(ies)		27,492	
Cafeteria Personnel		197,876	
Board and Committee Members Fees		8,825	
Social Security		303,541	
Pensions		784,338	
Employee and Dependent Insurance		48,348	
Life Insurance		5,607	
Medical Insurance		871,946	
Dental Insurance		36,578	
Unemployment Compensation		3,319	
Employer Medicare		70,990	
Advertising		638	
Communication		17,862	
Data Processing Services		55,393	
Dues and Memberships		173	
Freight Expenses		461	

(Continued)

Exhibit L-7

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

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

Maintenance Agreements	\$	7,300	
Maintenance and Repair Services - Buildings		16,403	
Maintenance and Repair Services - Equipment		73,139	
Maintenance and Repair Services - Office Equipment		7,140	
Medical and Dental Services		664,233	
Pest Control		2,010	
Postal Charges		54	
Rentals		1,384	
Transportation - Other than Students		48,853	
Travel		27,484	
Tuition		5,448	
Disposal Fees		10,750	
Permits		560	
Other Contracted Services		31,883	
Custodial Supplies		46,495	
Data Processing Supplies		5,963	
Diesel Fuel		394	
Drugs and Medical Supplies		58,019	
Electricity		278,969	
Equipment and Machinery Parts		46,899	
Food Preparation Supplies		38,172	
Food Supplies		873,935	
Garage Supplies		28	
Gasoline		43,899	
General Construction Materials		6,882	
Law Enforcement Supplies		19,169	
Natural Gas		49,295	
Office Supplies		16,055	
Prisoners Clothing		83,475	
Small Tools		761	
Uniforms		35,707	
Vehicle Parts		8,434	
Water and Sewer		206,517	
Other Supplies and Materials		7,852	
Food Service Equipment		9,708	
Law Enforcement Equipment		13,308	
Total Jail			\$ 10,015,432

Workhouse

Deputy(ies)	\$	66,183	
Social Security		3,883	
Pensions		10,250	
Life Insurance		90	
Medical Insurance		17,566	
Dental Insurance		560	
Employer Medicare		908	
Disposal Fees		2,499	
Custodial Supplies		2,276	
Total Workhouse			104,215

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Juvenile Services

Contracts with Government Agencies	\$ 269,694	
Contributions	307,180	
Total Juvenile Services		\$ 576,874

Fire Prevention and Control

Contributions	\$ 1,644,105	
Total Fire Prevention and Control		1,644,105

Civil Defense

Supervisor/Director	\$ 61,552	
Medical Personnel	334,063	
Paraprofessionals	53,584	
Secretary(ies)	32,927	
Part-time Personnel	47,512	
Social Security	31,168	
Pensions	73,574	
Life Insurance	498	
Medical Insurance	103,372	
Dental Insurance	3,732	
Employer Medicare	7,289	
Communication	5,388	
Dues and Memberships	190	
Maintenance and Repair Services - Vehicles	59	
Medical and Dental Services	150	
Postal Charges	28	
Travel	163	
Tuition	235	
Data Processing Supplies	288	
Food Supplies	189	
Gasoline	7,317	
Office Supplies	1,176	
Uniforms	3,382	
Vehicle Parts	456	
Other Supplies and Materials	234	
Other Equipment	2,913	
Total Civil Defense		771,439

Rescue Squad

Contributions	\$ 1,018,979	
Total Rescue Squad		1,018,979

Disaster Relief

Data Processing Supplies	\$ 1,241	
Total Disaster Relief		1,241

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 64,578	
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(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)County Coroner/Medical Examiner (Cont.)

Communication	\$	316	
Contributions		348,237	
Licenses		20	
Maintenance and Repair Services - Vehicles		300	
Other Contracted Services		105,675	
Drugs and Medical Supplies		4,118	
Gasoline		3,973	
Vehicle Parts		1,449	
Other Charges		3,600	
Motor Vehicles		9,088	
Total County Coroner/Medical Examiner			\$ 541,354

Other Public Safety

Communication	\$	1,935	
Contracts with Government Agencies		245,200	
Maintenance and Repair Services - Buildings		725	
Maintenance and Repair Services - Equipment		26,251	
Travel		133	
Electricity		11,044	
Equipment Parts - Light		1,814	
Natural Gas		267	
Tires and Tubes		567	
Total Other Public Safety			287,936

Public Health and WelfareLocal Health Center

County Official/Administrative Officer	\$	83,203	
Assistant(s)		211,415	
Supervisor/Director		310,834	
Teachers		373,255	
Medical Personnel		1,755,381	
Education Media Personnel		11,768	
Clerical Personnel		634,713	
Educational Assistants		6,138	
Custodial Personnel		36,162	
Part-time Personnel		29,423	
Social Security		200,463	
Pensions		506,702	
Life Insurance		3,326	
Medical Insurance		603,347	
Dental Insurance		23,777	
Employer Medicare		47,798	
Bank Charges		8,203	
Communication		62,108	
Contracts with Government Agencies		55,208	
Contracts with Private Agencies		25,365	
Data Processing Services		107	

(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.)

Freight Expenses	\$	29	
Licenses		1,140	
Maintenance and Repair Services - Buildings		1,095	
Maintenance and Repair Services - Equipment		39,370	
Maintenance and Repair Services - Vehicles		283	
Medical and Dental Services		149,698	
Pest Control		1,440	
Postal Charges		5,116	
Printing, Stationery, and Forms		8,546	
Rentals		176	
Travel		46,853	
Tuition		3,409	
Disposal Fees		4,884	
Other Contracted Services		25,617	
Custodial Supplies		4,145	
Data Processing Supplies		77,203	
Drugs and Medical Supplies		260,593	
Electricity		84,932	
Equipment and Machinery Parts		4,274	
Food Supplies		15,310	
Gasoline		2,549	
General Construction Materials		14,594	
Instructional Supplies and Materials		79,732	
Natural Gas		3,560	
Office Supplies		20,176	
Periodicals		721	
Uniforms		4,562	
Water and Sewer		21,337	
Other Supplies and Materials		16,057	
Building Improvements		22,733	
Other Capital Outlay		14,936	
Total Local Health Center			\$ 5,923,766

Rabies and Animal Control

Truck Drivers	\$	89,129
Laborers		4,271
Clerical Personnel		42,369
Part-time Personnel		68,137
Social Security		11,861
Pensions		20,869
Life Insurance		223
Medical Insurance		35,752
Dental Insurance		1,679
Employer Medicare		2,774
Bank Charges		1,590
Communication		9,083
Legal Services		4,788

(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.)

Licenses	\$	571	
Maintenance and Repair Services - Buildings		7,662	
Maintenance and Repair Services - Equipment		335	
Maintenance and Repair Services - Vehicles		560	
Medical and Dental Services		105	
Pest Control		1,527	
Postal Charges		117	
Printing, Stationery, and Forms		29	
Travel		465	
Veterinary Services		69,196	
Disposal Fees		1,880	
Other Contracted Services		10,464	
Animal Food and Supplies		36,569	
Custodial Supplies		6,864	
Drugs and Medical Supplies		2,758	
Electricity		12,097	
Equipment and Machinery Parts		102	
Food Supplies		862	
Gasoline		9,234	
General Construction Materials		180	
Natural Gas		3,750	
Office Supplies		3,845	
Road Signs		330	
Uniforms		1,025	
Vehicle Parts		975	
Water and Sewer		2,684	
Motor Vehicles		23,275	
Total Rabies and Animal Control			\$ 489,986

Ambulance/Emergency Medical Services

Motor Vehicles	\$	65,770	
Building Purchases		289,628	
Total Ambulance/Emergency Medical Services			355,398

Other Local Health Services

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

Regional Mental Health Center

Contracts with Government Agencies	\$	38,400	
Contributions		73,187	
Evaluation and Testing		100	
Total Regional Mental Health Center			111,687

Aid to Dependent Children

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Other Local Welfare Services

Pauper Burials	\$ 16,500	
Total Other Local Welfare Services		\$ 16,500

Other Waste Disposal

Solid Waste Equipment	\$ 25,780	
Total Other Waste Disposal		25,780

Other Public Health and Welfare

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

Social, Cultural, and Recreational ServicesLibraries

Supervisor/Director	\$ 80,453	
Clerical Personnel	294,153	
Custodial Personnel	80,342	
Part-time Personnel	18,637	
Social Security	28,438	
Pensions	57,525	
Life Insurance	446	
Medical Insurance	58,572	
Dental Insurance	2,832	
Employer Medicare	6,651	
Advertising	100	
Communication	12,065	
Contributions	15,000	
Data Processing Services	11,122	
Dues and Memberships	700	
Janitorial Services	70	
Licenses	1,225	
Maintenance and Repair Services - Buildings	1,000	
Maintenance and Repair Services - Equipment	33	
Maintenance and Repair Services - Office Equipment	1,238	
Matching Share	14,257	
Pest Control	960	
Postal Charges	254	
Rentals	1,070	
Travel	2,973	
Tuition	1,452	
Disposal Fees	222	
Other Contracted Services	450	
Custodial Supplies	1,167	
Electricity	16,122	
Food Supplies	512	
General Construction Materials	3,738	
Instructional Supplies and Materials	46,790	
Library Books/Media	42,094	

(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.)

Natural Gas	\$	3,471	
Office Supplies		13,708	
Periodicals		2,545	
Water and Sewer		1,391	
Other Charges		12,329	
Data Processing Equipment		1,500	
Total Libraries			\$ 837,607

Parks and Fair Boards

Supervisor/Director	\$	53,148	
Temporary Personnel		105,749	
Social Security		9,499	
Pensions		8,303	
Life Insurance		66	
Medical Insurance		17,428	
Dental Insurance		598	
Unemployment Compensation		4,570	
Employer Medicare		2,222	
Bank Charges		2,681	
Communication		1,514	
Contributions		46,500	
Licenses		230	
Payments to Schools - Other		1,100,000	
Postal Charges		50	
Printing, Stationery, and Forms		131	
Disposal Fees		3,209	
Custodial Supplies		831	
Diesel Fuel		110	
Electricity		58,438	
Equipment Parts - Light		3,847	
Garage Supplies		60	
Gasoline		3,224	
General Construction Materials		6,693	
Ice		3,699	
Instructional Supplies and Materials		500	
Office Supplies		863	
Propane Gas		1,094	
Small Tools		900	
Vehicle Parts		555	
Water and Sewer		37,349	
Refunds		500	
Total Parks and Fair Boards			1,474,561

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	825	
Contributions		2,500	

(Continued)

Exhibit L-7

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

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

Matching Share	\$ 154,658	
Building Improvements	575,796	
Total Agricultural Extension Service		\$ 733,779

Forest Service

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

Soil Conservation

Secretary(ies)	\$ 33,740	
Social Security	2,434	
Pensions	4,696	
Life Insurance	45	
Medical Insurance	5,502	
Dental Insurance	223	
Employer Medicare	569	
Contributions	14,600	
Total Soil Conservation		61,809

Other OperationsTourism

Contributions	\$ 5,000	
Total Tourism		5,000

Industrial Development

Contributions	\$ 403,940	
Electricity	423	
Total Industrial Development		404,363

Other Economic and Community Development

Contracts with Government Agencies	\$ 74,845	
Contributions	17,593	
Total Other Economic and Community Development		92,438

Veterans' Services

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

Employee Benefits

Supervisor/Director	\$ 71,052	
Social Security	4,359	
Pensions	11,274	
Employee and Dependent Insurance	114,491	
Life Insurance	45	
Medical Insurance	24,409	
Dental Insurance	448	
Employer Medicare	1,019	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Other Operations (Cont.)Employee Benefits (Cont.)

Other Fringe Benefits	\$	26,997	
Communication		610	
Contributions		32,490	
Printing, Stationery, and Forms		76	
Tuition		385	
Drugs and Medical Supplies		40	
Instructional Supplies and Materials		1,610	
Office Supplies		132	
Uniforms		280	
Other Supplies and Materials		279	
Total Employee Benefits			\$ 289,996

Miscellaneous

Dues and Memberships	\$	42,238	
Other Charges		23,920	
Total Miscellaneous			66,158

InstructionCareer and Technical Education Program

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

Other

Contracts with Other Public Agencies	\$	198,210	
Total Other			198,210

Principal on DebtGeneral Government

Principal on Capital Leases	\$	651,827	
Total General Government			651,827

Interest on DebtGeneral Government

Interest on Notes	\$	13,036	
Interest on Capital Leases		33,501	
Total General Government			46,537

Capital ProjectsPublic Utility Projects

Other Construction	\$	19,616	
Total Public Utility Projects			19,616

Capital Projects - DonatedCapital Projects Donated to Other Entities

Other Supplies and Materials	\$	20,560	
Total Capital Projects Donated to Other Entities			20,560

Total General Fund \$ 56,475,968

(Continued)

Exhibit L-7

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

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Communication	\$	3,725	
Freight Expenses		187	
Other Contracted Services		4,136	
Instructional Supplies and Materials		2,733	
Total Sanitation Education/Information	\$		10,781

Transfer Stations

Supervisor/Director	\$	87,988
Truck Drivers		212,909
Clerical Personnel		17,778
Maintenance Personnel		252,388
Part-time Personnel		52,647
Social Security		37,504
Pensions		74,399
Employee and Dependent Insurance		12,000
Life Insurance		642
Medical Insurance		141,751
Dental Insurance		4,140
Employer Medicare		8,771
Communication		7,804
Contracts with Private Agencies		27,918
Data Processing Services		70
Dues and Memberships		8,650
Evaluation and Testing		1,250
Licenses		20
Maintenance Agreements		36
Maintenance and Repair Services - Equipment		41,398
Maintenance and Repair Services - Office Equipment		4,043
Maintenance and Repair Services - Vehicles		58,269
Medical and Dental Services		310
Postal Charges		243
Printing, Stationery, and Forms		383
Rentals		180
Towing Services		1,675
Travel		1,608
Tuition		148
Disposal Fees		250,890
Permits		3,178
Other Contracted Services		5,411
Crushed Stone		331
Custodial Supplies		309
Data Processing Supplies		1,450
Electricity		22,505
Equipment Parts - Light		922
Fuel Oil		4,606
Garage Supplies		20,855
Gasoline		4,400

(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.)

Lubricants	\$	114,571	
Office Supplies		3,270	
Propane Gas		1,296	
Road Signs		563	
Tires and Tubes		28,146	
Uniforms		158	
Vehicle Parts		19,392	
Water and Sewer		4,856	
Gravel and Chert		332	
Other Supplies and Materials		5,325	
Trustee's Commission		21,067	
Workers' Compensation Insurance		4,402	
Solid Waste Equipment		24,050	
Total Transfer Stations			\$ 1,599,207

Total Solid Waste/Sanitation Fund \$ 1,609,988

Ambulance Service FundPublic Health and WelfareAmbulance/Emergency Medical Services

Captain(s)	\$	171,969	
Lieutenant(s)		54,478	
Medical Personnel		3,225,015	
Clerical Personnel		184,588	
Part-time Personnel		203,049	
Social Security		229,487	
Pensions		558,999	
Employee and Dependent Insurance		2,712	
Life Insurance		3,263	
Medical Insurance		716,264	
Dental Insurance		24,879	
Unemployment Compensation		15	
Employer Medicare		53,670	
Advertising		137	
Bank Charges		543	
Communication		42,076	
Consultants		10,500	
Contracts with Private Agencies		14,800	
Data Processing Services		356,368	
Dues and Memberships		1,270	
Legal Services		560	
Licenses		5,768	
Maintenance Agreements		240	
Maintenance and Repair Services - Buildings		2,903	
Maintenance and Repair Services - Equipment		7,617	
Medical and Dental Services		4,175	
Pest Control		1,470	

(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.)

Postal Charges	\$	562	
Printing, Stationery, and Forms		1,114	
Rentals		16,128	
Towing Services		1,700	
Travel		10,285	
Tuition		14,564	
Disposal Fees		8,016	
Permits		250	
Other Contracted Services		236,801	
Custodial Supplies		3,723	
Data Processing Supplies		18,026	
Diesel Fuel		154,765	
Drugs and Medical Supplies		186,562	
Electricity		26,868	
Equipment Parts - Light		299	
Equipment and Machinery Parts		1,430	
Food Supplies		210	
Gasoline		5,992	
Instructional Supplies and Materials		2,158	
Lubricants		4,714	
Natural Gas		4,151	
Office Supplies		84	
Textbooks - Bound		1,360	
Tires and Tubes		16,732	
Uniforms		25,338	
Vehicle Parts		90,508	
Water and Sewer		2,278	
Other Supplies and Materials		12,927	
Liability Insurance		5,652	
Refunds		53,667	
Trustee's Commission		70,568	
Communication Equipment		95,720	
Health Equipment		117,149	
Total Ambulance/Emergency Medical Services			\$ 7,067,116

Total Ambulance Service Fund \$ 7,067,116

Drug Control FundPublic SafetySheriff's Department

Communication	\$	5,585	
Data Processing Services		5,398	
Operating Lease Payments		20,288	
Licenses		13	
Matching Share		9,800	
Rentals		3,250	
Towing Services		960	

(Continued)

Exhibit L-7

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

Drug Control Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Travel	\$	536	
Tuition		1,200	
Other Contracted Services		3,000	
Data Processing Supplies		5,898	
Law Enforcement Supplies		10,181	
Office Supplies		2,367	
Uniforms		901	
Vehicle Parts		844	
Trustee's Commission		1,035	
Total Sheriff's Department			\$ 71,256

Total Drug Control Fund \$ 71,256

Constitutional Officers - Fees FundGeneral GovernmentRegister of Deeds

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

FinanceCounty Clerk's Office

Constitutional Officers' Operating Expenses	\$	4,259	
Total County Clerk's Office			4,259

Administration of JusticeCircuit Court

Constitutional Officers' Operating Expenses	\$	485	
Total Circuit Court			485

General Sessions Court

Constitutional Officers' Operating Expenses	\$	3,292	
Total General Sessions Court			3,292

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	4,822	
Constitutional Officers' Operating Expenses		2,899	
Total Chancery Court			7,721

Public SafetySheriff's Department

Constitutional Officers' Operating Expenses	\$	737	
Total Sheriff's Department			737

Total Constitutional Officers - Fees Fund 17,394

(Continued)

Exhibit L-7

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

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	115,881	
Social Security		7,116	
Pensions		18,042	
Life Insurance		45	
Medical Insurance		10,010	
Dental Insurance		186	
Employer Medicare		1,664	
Communication		20,043	
Data Processing Services		1,388	
Dues and Memberships		4,842	
Engineering Services		4,900	
Evaluation and Testing		8,353	
Licenses		266	
Maintenance Agreements		270	
Maintenance and Repair Services - Buildings		12,353	
Maintenance and Repair Services - Office Equipment		5,087	
Postal Charges		196	
Printing, Stationery, and Forms		682	
Rentals		1,376	
Travel		445	
Tuition		1,000	
Other Contracted Services		4,103	
Custodial Supplies		1,758	
Data Processing Supplies		3,100	
Electricity		27,900	
Food Supplies		1,118	
Natural Gas		5,579	
Office Supplies		4,178	
Water and Sewer		3,034	
Trustee's Commission		129,818	
Total Administration			\$ 394,733

Highway and Bridge Maintenance

Assistant(s)	\$	139,456
Supervisor/Director		422,069
Paraprofessionals		41,264
Foremen		307,976
Mechanic(s)		260,433
Equipment Operators		396,785
Equipment Operators - Heavy		290,716
Equipment Operators - Light		841,653
Truck Drivers		741,164
Dispatchers/Radio Operators		27,116
Laborers		66,778
Custodial Personnel		22,557
Temporary Personnel		32,531
Part-time Personnel		125,906

(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.)

Social Security	\$	219,807	
Pensions		549,372	
Employee and Dependent Insurance		54,718	
Life Insurance		3,900	
Medical Insurance		1,043,766	
Dental Insurance		34,283	
Employer Medicare		51,396	
Data Processing Services		109	
Engineering Services		17,764	
Evaluation and Testing		1,097	
Janitorial Services		4,086	
Licenses		1,082	
Maintenance and Repair Services - Buildings		760	
Maintenance and Repair Services - Equipment		1,822	
Rentals		17,607	
Travel		781	
Tuition		1,675	
Disposal Fees		9,554	
Permits		500	
Contracts for Landfill Facilities		116	
Other Contracted Services		257,251	
Asphalt - Cold Mix		1,917	
Concrete		28,240	
Crushed Stone		83,019	
Custodial Supplies		50	
Data Processing Supplies		59	
Drugs and Medical Supplies		838	
Equipment Parts - Light		2,312	
Fertilizer, Lime, and Seed		1,001	
General Construction Materials		64,960	
Office Supplies		2,813	
Other Road Materials		34,156	
Pipe		15,328	
Pipe - Metal		85,498	
Salt		101,218	
Small Tools		6,366	
Structural Steel		8,152	
Uniforms		8,611	
Wood Products		1,319	
Clay		5,950	
Chemicals		1,230	
Other Supplies and Materials		1,297	
Total Highway and Bridge Maintenance			\$ 6,442,184

Operation and Maintenance of Equipment

Freight Expenses	\$	12
Maintenance and Repair Services - Equipment		17,712

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Operation and Maintenance of Equipment (Cont.)

Maintenance and Repair Services - Vehicles	\$	23,775	
Rentals		2,778	
Disposal Fees		2,631	
Other Contracted Services		5,499	
Custodial Supplies		302	
Diesel Fuel		131,263	
Equipment Parts - Heavy		58,760	
Equipment Parts - Light		17,450	
Equipment and Machinery Parts		7,523	
Fuel Oil		2,254	
Garage Supplies		20,493	
Gasoline		114,599	
General Construction Materials		199	
Lubricants		15,099	
Office Supplies		86	
Small Tools		3,602	
Structural Steel		1,122	
Tires and Tubes		32,948	
Vehicle Parts		54,057	
Other Supplies and Materials		4,672	
Total Operation and Maintenance of Equipment			\$ 516,836

Asphalt Plant Operations

Licenses	\$	875	
Maintenance and Repair Services - Equipment		3,333	
Rentals		760	
Asphalt		452,697	
Asphalt - Cold Mix		2,065	
Asphalt - Hot Mix		190,753	
Crushed Stone		180,537	
Electricity		36,539	
Equipment Parts - Heavy		12,689	
Equipment Parts - Light		91	
Lubricants		11,595	
Natural Gas		40,142	
Pipe - Metal		121	
Water and Sewer		774	
Total Asphalt Plant Operations			932,971

Traffic Control

General Construction Materials	\$	404	
Other Road Materials		490	
Road Signs		37,576	
Total Traffic Control			38,470

Other Charges

Vehicle and Equipment Insurance	\$	83,670	
Workers' Compensation Insurance		92,577	
Total Other Charges			176,247

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Capital Outlay

Asphalt Plant Equipment	\$ 29,881	
Communication Equipment	5,400	
Highway Equipment	463,602	
Motor Vehicles	998,113	
Health Equipment	1,429	
Total Capital Outlay		\$ 1,498,425

Principal on DebtHighways and Streets

Principal on Capital Leases	\$ 78,130	
Total Highways and Streets		78,130

Interest on DebtHighways and Streets

Interest on Capital Leases	\$ 11,870	
Total Highways and Streets		11,870

Capital ProjectsHighway and Street Capital Projects

State Aid Projects	\$ 674,705	
Total Highway and Street Capital Projects		674,705

Total Highway/Public Works Fund \$ 10,764,571

General Debt Service FundFinanceOther Finance

Trustee's Commission	\$ 182,576	
Total Other Finance		\$ 182,576

Principal on DebtGeneral Government

Principal on Bonds	\$ 2,950,000	
Total General Government		2,950,000

Education

Principal on Bonds	\$ 2,455,000	
Principal on Notes	147,841	
Principal on Other Loans	1,700,411	
Total Education		4,303,252

Interest on DebtGeneral Government

Interest on Bonds	\$ 1,129,162	
Total General Government		1,129,162

(Continued)

Exhibit L-7

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

General Debt Service Fund (Cont.)Interest on Debt (Cont.)Education

Interest on Bonds	\$ 5,413,881	
Interest on Notes	22,913	
Interest on Other Loans	<u>503,117</u>	
Total Education		\$ 5,939,911

Other Debt ServiceGeneral Government

Nonexchange Financial Guarantees	\$ 157,444	
Other Debt Service	<u>600</u>	
Total General Government		158,044

Education

Other Debt Service	\$ 19,938	
Total Education		<u>19,938</u>

Total General Debt Service Fund \$ 14,682,883

Education Debt Service FundFinanceOther Finance

Trustee's Commission	\$ 18,355	
Total Other Finance		\$ 18,355

Principal on DebtEducation

Principal on Bonds	\$ 1,840,000	
Total Education		1,840,000

Interest on DebtEducation

Interest on Bonds	\$ 73,600	
Total Education		73,600

Other Debt ServiceEducation

Other Debt Service	\$ 1,300	
Total Education		<u>1,300</u>

Total Education Debt Service Fund 1,933,255

General Capital Projects FundFinanceOther Finance

Trustee's Commission	\$ 73,255	
Total Other Finance		<u>\$ 73,255</u>

Total General Capital Projects Fund 73,255

(Continued)

Exhibit L-7

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

<u>Other Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Other Capital Outlay	\$	258,318	
Total Miscellaneous			\$ 258,318
Total Other Capital Projects Fund			\$ 258,318
Total Governmental Funds - Primary Government			\$ 92,954,004

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2019

General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$	165,820	
Teachers		24,980,822	
Career Ladder Program		106,145	
Career Ladder Extended Contracts		17,950	
Homebound Teachers		69,394	
Salary Supplements		837,595	
Educational Assistants		666,698	
Other Salaries and Wages		381,848	
Certified Substitute Teachers		145,594	
Non-certified Substitute Teachers		132,874	
Social Security		1,569,897	
Pensions		2,650,292	
Life Insurance		23,167	
Medical Insurance		4,945,933	
Dental Insurance		94,598	
Employer Medicare		373,698	
Contracts with Government Agencies		323,706	
Evaluation and Testing		141,468	
Maintenance Agreements		50,750	
Travel		3,592	
Other Contracted Services		937	
Equipment and Machinery Parts		11,004	
Instructional Supplies and Materials		280,647	
Textbooks - Bound		352,386	
Other Supplies and Materials		219	
In Service/Staff Development		1,283	
Other Charges		139,156	
Data Processing Equipment		36,051	
Regular Instruction Equipment		43,551	
Other Equipment		1,047	
Total Regular Instruction Program			\$ 38,548,122

Special Education Program

Teachers	\$	2,561,899
Career Ladder Program		10,000
Career Ladder Extended Contracts		2,895
Homebound Teachers		19,328
Educational Assistants		595,492
Speech Pathologist		537,903
Certified Substitute Teachers		26,322
Non-certified Substitute Teachers		32,399
Social Security		219,084
Pensions		356,919
Life Insurance		3,307
Medical Insurance		729,136
Dental Insurance		13,793

(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.)

Employer Medicare	\$	51,685	
Contracts with Private Agencies		3,000	
Evaluation and Testing		5,738	
Maintenance and Repair Services - Equipment		780	
Other Contracted Services		13,662	
Instructional Supplies and Materials		12,106	
Other Supplies and Materials		198	
Special Education Equipment		11,616	
Total Special Education Program			\$ 5,207,262

Career and Technical Education Program

Teachers	\$	1,980,731	
Career Ladder Program		6,000	
Certified Substitute Teachers		17,710	
Non-certified Substitute Teachers		10,082	
Social Security		113,749	
Pensions		196,920	
Life Insurance		1,721	
Medical Insurance		387,994	
Dental Insurance		7,231	
Employer Medicare		26,892	
Maintenance and Repair Services - Equipment		2,193	
Travel		342	
Other Contracted Services		2,957	
Equipment and Machinery Parts		132	
Instructional Supplies and Materials		102,083	
Vocational Instruction Equipment		21,347	
Total Career and Technical Education Program			2,878,084

Support ServicesHealth Services

Supervisor/Director	\$	85,562	
Medical Personnel		564,025	
Secretary(ies)		23,886	
Social Security		39,930	
Pensions		13,928	
Life Insurance		130	
Medical Insurance		108,470	
Dental Insurance		608	
Employer Medicare		9,339	
Communication		987	
Travel		4,651	
Other Supplies and Materials		57,117	
In Service/Staff Development		2,851	
Total Health Services			911,484

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Other Student Support

Career Ladder Program	\$	2,000	
Guidance Personnel		1,371,670	
Secretary(ies)		86,903	
Social Security		84,289	
Pensions		152,881	
Life Insurance		1,363	
Medical Insurance		265,684	
Dental Insurance		6,119	
Employer Medicare		19,712	
Total Other Student Support			\$ 1,990,621

Regular Instruction Program

Supervisor/Director	\$	372,895	
Career Ladder Program		5,000	
Librarians		956,923	
Secretary(ies)		99,313	
Clerical Personnel		16,448	
Other Salaries and Wages		143,144	
Social Security		92,811	
Pensions		176,640	
Life Insurance		1,313	
Medical Insurance		288,636	
Dental Insurance		5,191	
Employer Medicare		21,809	
Communication		3,056	
Dues and Memberships		60	
Operating Lease Payments		29,577	
Maintenance Agreements		276,199	
Maintenance and Repair Services - Equipment		1,585	
Printing, Stationery, and Forms		1,154	
Travel		16,747	
Other Contracted Services		5,128	
Gasoline		13,293	
Instructional Supplies and Materials		39,366	
Library Books/Media		39,185	
Office Supplies		5,961	
Periodicals		7,039	
Propane Gas		222	
Other Supplies and Materials		7,209	
In Service/Staff Development		23,946	
Other Charges		705	
Data Processing Equipment		5,725	
Total Regular Instruction Program			2,656,280

Special Education Program

Supervisor/Director	\$	86,231	
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(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Special Education Program (Cont.)

Career Ladder Program	\$	1,000	
Secretary(ies)		34,209	
Other Salaries and Wages		216,100	
Social Security		19,094	
Pensions		40,864	
Life Insurance		297	
Medical Insurance		61,972	
Dental Insurance		1,203	
Employer Medicare		4,466	
Travel		28,512	
In Service/Staff Development		7,809	
Total Special Education Program			\$ 501,757

Career and Technical Education Program

Supervisor/Director	\$	80,049	
Secretary(ies)		34,200	
Social Security		6,475	
Pensions		13,698	
Life Insurance		85	
Medical Insurance		19,745	
Dental Insurance		430	
Employer Medicare		1,475	
Printing, Stationery, and Forms		20	
Travel		6,545	
Office Supplies		120	
Propane Gas		1,704	
Total Career and Technical Education Program			164,546

Other Programs

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

Board of Education

Board and Committee Members Fees	\$	53,123	
Social Security		2,370	
Medical Insurance		100	
Dental Insurance		232	
Unemployment Compensation		39,805	
Employer Medicare		764	
Advertising		399	
Audit Services		74,875	
Dues and Memberships		18,270	
Legal Services		94,145	
Maintenance Agreements		7,000	
Travel		15,849	
Other Contracted Services		6,857	

(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.)

Other Supplies and Materials	\$	1,351	
Building and Contents Insurance		9,364	
Liability Insurance		161,338	
Trustee's Commission		480,556	
Workers' Compensation Insurance		223,574	
Other Charges		25,000	
Total Board of Education			\$ 1,214,972

Director of Schools

County Official/Administrative Officer	\$	156,893	
Assistant(s)		4,310	
Secretary(ies)		41,096	
Other Salaries and Wages		7,800	
Social Security		11,995	
Pensions		24,090	
Life Insurance		87	
Medical Insurance		44,902	
Dental Insurance		446	
Employer Medicare		2,871	
Communication		143,746	
Dues and Memberships		5,614	
Operating Lease Payments		4,326	
Postal Charges		12,466	
Travel		2,662	
Other Contracted Services		23,248	
Equipment and Machinery Parts		214	
Office Supplies		2,168	
Other Supplies and Materials		270	
Administration Equipment		2,249	
Total Director of Schools			491,453

Office of the Principal

Principals	\$	1,518,669	
Career Ladder Program		12,900	
Accountants/Bookkeepers		416,205	
Assistant Principals		1,172,716	
Secretary(ies)		663,597	
Social Security		217,227	
Pensions		412,612	
Life Insurance		3,619	
Medical Insurance		845,697	
Dental Insurance		13,736	
Employer Medicare		50,803	
Travel		1,334	
Other Contracted Services		159,661	
Office Supplies		8,884	
Data Processing Equipment		23,214	
Total Office of the Principal			5,520,874

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Fiscal Services

Supervisor/Director	\$	72,828	
Accountants/Bookkeepers		194,162	
Social Security		14,542	
Pensions		38,871	
Life Insurance		261	
Medical Insurance		69,398	
Dental Insurance		1,214	
Employer Medicare		3,421	
Bank Charges		2,785	
Printing, Stationery, and Forms		1,339	
Travel		1,800	
Other Contracted Services		3,234	
Data Processing Supplies		188	
Office Supplies		3,323	
In Service/Staff Development		454	
Other Charges		5,561	
Total Fiscal Services			\$ 413,381

Human Services/Personnel

Supervisor/Director	\$	81,412	
Career Ladder Program		1,000	
Secretary(ies)		34,200	
Clerical Personnel		96,147	
Social Security		12,446	
Pensions		25,849	
Life Insurance		180	
Medical Insurance		37,117	
Dental Insurance		658	
Employer Medicare		2,911	
Advertising		166	
Dues and Memberships		50	
Evaluation and Testing		40	
Maintenance and Repair Services - Equipment		319	
Travel		2,441	
Other Contracted Services		25,229	
Office Supplies		489	
Other Supplies and Materials		290	
Total Human Services/Personnel			320,944

Operation of Plant

Custodial Personnel	\$	2,052,799	
Social Security		117,983	
Pensions		314,857	
Life Insurance		3,474	
Medical Insurance		644,256	
Dental Insurance		12,076	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Operation of Plant (Cont.)

Employer Medicare	\$	27,621	
Licenses		10,382	
Maintenance and Repair Services - Buildings		61,329	
Maintenance and Repair Services - Equipment		491	
Disposal Fees		76,505	
Custodial Supplies		133,610	
Diesel Fuel		1,637	
Electricity		2,478,903	
Equipment Parts - Light		21,428	
Fuel Oil		40,310	
Natural Gas		118,034	
Propane Gas		81,908	
Tires and Tubes		1,708	
Uniforms		6,707	
Water and Sewer		354,280	
Plant Operation Equipment		10,176	
Total Operation of Plant			\$ 6,570,474

Maintenance of Plant

Supervisor/Director	\$	62,401
Foremen		138,999
Secretary(ies)		48,505
Maintenance Personnel		1,427,179
Social Security		96,145
Pensions		253,150
Life Insurance		2,018
Medical Insurance		477,010
Dental Insurance		7,472
Employer Medicare		22,790
Communication		9,631
Dues and Memberships		200
Licenses		236
Maintenance Agreements		29,921
Maintenance and Repair Services - Buildings		31,626
Maintenance and Repair Services - Equipment		8,227
Maintenance and Repair Services - Vehicles		1,198
Rentals		894
Travel		2,003
Other Contracted Services		21,472
Asphalt		2,140
Concrete		4,192
Equipment Parts - Light		3,313
Equipment and Machinery Parts		26,466
Garage Supplies		5,856
Gasoline		97,455
General Construction Materials		121,874

(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.)

Office Supplies	\$	1,233	
Salt		992	
Small Tools		2,765	
Tires and Tubes		16,797	
Uniforms		13,132	
Vehicle Parts		34,708	
Chemicals		11,296	
Other Supplies and Materials		2,851	
In Service/Staff Development		2,343	
Administration Equipment		39,247	
Maintenance Equipment		6,886	
Motor Vehicles		43,147	
Other Equipment		42,145	
Total Maintenance of Plant			\$ 3,119,915

Transportation

Mechanic(s)	\$	35,180	
Bus Drivers		322,913	
Social Security		21,789	
Pensions		5,478	
Life Insurance		44	
Medical Insurance		18,793	
Dental Insurance		234	
Employer Medicare		5,096	
Contracts with Vehicle Owners		4,384,004	
Maintenance and Repair Services - Vehicles		234	
Garage Supplies		5,991	
Gasoline		84,581	
Tires and Tubes		8,886	
Vehicle Parts		16,976	
Maintenance Equipment		1,428	
Total Transportation			4,911,627

Operation of Non-Instructional ServicesCommunity Services

Other Salaries and Wages	\$	16,776	
Social Security		1,010	
Pensions		2,037	
Employer Medicare		236	
Total Community Services			20,059

Early Childhood Education

Teachers	\$	356,628	
Educational Assistants		117,897	
Social Security		27,241	
Pensions		42,993	

(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 (Cont.)

Life Insurance	\$	424	
Medical Insurance		85,877	
Dental Insurance		2,182	
Employer Medicare		6,371	
Travel		199	
Instructional Supplies and Materials		33,570	
In Service/Staff Development		3,418	
Total Early Childhood Education			\$ 676,800

Capital Outlay

Regular Capital Outlay

Land	\$	2,687	
Other Capital Outlay		23,400	
Total Regular Capital Outlay			26,087

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	2,428,290	
Total Education			<u>2,428,290</u>

Total General Purpose School Fund \$ 79,046,371

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$	45,374	
Educational Assistants		761,666	
Other Salaries and Wages		194,219	
Social Security		49,782	
Pensions		48,782	
Life Insurance		608	
Medical Insurance		116,563	
Dental Insurance		2,382	
Employer Medicare		13,317	
Instructional Supplies and Materials		310,622	
Other Supplies and Materials		51	
Other Charges		27,322	
Regular Instruction Equipment		776,754	
Total Regular Instruction Program			\$ 2,347,442

Special Education Program

Teachers	\$	607,102	
Educational Assistants		944,374	
Social Security		88,338	
Pensions		140,669	
Life Insurance		1,809	

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)Instruction (Cont.)Special Education Program (Cont.)

Medical Insurance	\$	279,965	
Dental Insurance		6,505	
Employer Medicare		20,952	
Contracts with Private Agencies		767	
Instructional Supplies and Materials		17,400	
Special Education Equipment		5,703	
Total Special Education Program			\$ 2,113,584

Career and Technical Education Program

Instructional Supplies and Materials	\$	6,159	
Other Supplies and Materials		4,235	
Vocational Instruction Equipment		145,868	
Total Career and Technical Education Program			156,262

Support ServicesOther Student Support

Other Salaries and Wages	\$	103,853	
Social Security		6,307	
Pensions		10,863	
Life Insurance		77	
Medical Insurance		12,164	
Dental Insurance		321	
Employer Medicare		1,475	
Communication		384	
Travel		27,048	
Other Supplies and Materials		50,351	
In Service/Staff Development		9,247	
Total Other Student Support			222,090

Regular Instruction Program

Supervisor/Director	\$	72,875	
Clerical Personnel		17,102	
Other Salaries and Wages		194,169	
Social Security		17,686	
Pensions		30,377	
Life Insurance		160	
Medical Insurance		27,751	
Dental Insurance		408	
Employer Medicare		4,043	
Maintenance and Repair Services - Equipment		2,277	
Travel		9,474	
Other Supplies and Materials		12,834	
In Service/Staff Development		149,682	
Total Regular Instruction Program			538,838

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Special Education Program

Psychological Personnel	\$	84,343	
Other Salaries and Wages		263,729	
Social Security		17,839	
Pensions		33,073	
Life Insurance		239	
Medical Insurance		60,130	
Dental Insurance		1,121	
Employer Medicare		4,634	
Other Supplies and Materials		9,599	
In Service/Staff Development		19,560	
Other Equipment		109	
Total Special Education Program			\$ 494,376

Transportation

Contracts with Vehicle Owners	\$	4,205	
Travel		14,096	
Total Transportation			18,301

Total School Federal Projects Fund \$ 5,890,893

Central Cafeteria FundOperation of Non-Instructional ServicesFood Service

Supervisor/Director	\$	55,661
Accountants/Bookkeepers		15,339
Truck Drivers		41,660
Secretary(ies)		324
Cafeteria Personnel		1,322,038
Other Salaries and Wages		99,195
Social Security		90,375
Pensions		106,954
Life Insurance		1,266
Medical Insurance		334,753
Dental Insurance		3,320
Employer Medicare		21,135
Bank Charges		1,368
Contracts with Other School Systems		13,991
Data Processing Services		18,484
Dues and Memberships		1,047
Operating Lease Payments		2,343
Licenses		3,240
Maintenance and Repair Services - Equipment		11,397
Travel		9,613
Other Contracted Services		1,955
Equipment and Machinery Parts		19,556
Food Preparation Supplies		228,168

(Continued)

Exhibit L-8

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

Central Cafeteria Fund (Cont.)Operation of Non-Instructional Services (Cont.)Food Service (Cont.)

Food Supplies	\$ 1,591,399	
Gasoline	2,908	
Office Supplies	2,375	
USDA - Commodities	307,794	
Other Supplies and Materials	15	
In Service/Staff Development	1,718	
Food Service Equipment	28,764	
Total Food Service		\$ 4,338,155

Total Central Cafeteria Fund \$ 4,338,155

Other Education Special Revenue FundOperation of Non-Instructional ServicesEarly Childhood Education

Educational Assistants	\$ 20,669	
Social Security	1,281	
Employer Medicare	300	
Instructional Supplies and Materials	14,686	
Total Early Childhood Education		\$ 36,936

Total Other Education Special Revenue Fund 36,936

School Improvement FundCapital OutlayRegular Capital Outlay

Other Contracted Services	\$ 7,175	
Building Improvements	447,651	
Total Regular Capital Outlay		\$ 454,826

Total School Improvement Fund 454,826

Education Capital Projects FundCapital ProjectsEducation Capital Projects

Architects	\$ 518,987	
Other Contracted Services	85,840	
Building Construction	18,521,806	
Site Development	3,749,763	
Total Education Capital Projects		\$ 22,876,396

Total Education Capital Projects Fund 22,876,396

Total Governmental Funds - Sullivan County School Department \$ 112,643,577

Exhibit L-9

Sullivan County, Tennessee
Schedule of Detailed Receipts, Disbursements,
and Changes in Cash Balances - City Agency Funds
For the Year Ended June 30, 2019

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	City School ADA - Johnson City Fund	Total
<u>Cash Receipts</u>					
Current Property Taxes	\$ 0	\$ 10,344,856	\$ 17,354,042	\$ 197,225	\$ 27,896,123
Trustee's Collections - Prior Years	0	175,292	294,063	3,342	472,697
Circuit/Clerk and Master Collections - Prior Years	0	162,300	275,342	3,011	440,653
Interest and Penalty	0	108,313	179,006	2,026	289,345
Pick-up Taxes	0	172,498	289,374	3,289	465,161
Local Option Sales Tax	25,019,820	5,834,114	9,787,018	111,215	40,752,167
Bank Excise Tax	0	18,633	31,664	230	50,527
Marriage Licenses	0	1,956	3,327	25	5,308
Other Local Revenues	0	182	309	2	493
Total Cash Receipts	\$ 25,019,820	\$ 16,818,144	\$ 28,214,145	\$ 320,365	\$ 70,372,474
<u>Cash Disbursements</u>					
Remittance of Revenues Collected	\$ 24,764,057	\$ 16,858,045	\$ 28,285,308	\$ 311,360	\$ 70,218,770
Trustee's Commission	255,763	277,467	478,132	5,522	1,016,884
Total Cash Disbursements	\$ 25,019,820	\$ 17,135,512	\$ 28,763,440	\$ 316,882	\$ 71,235,654
<u>Excess of Cash Receipts</u>					
Over (Under) Cash Disbursements	\$ 0	\$ (317,368)	\$ (549,295)	\$ 3,483	\$ (863,180)
Cash Balance, July 1, 2018	0	727,435	1,236,367	9,010	1,972,812
Cash Balance, June 30, 2019	\$ 0	\$ 410,067	\$ 687,072	\$ 12,493	\$ 1,109,632

SINGLE AUDIT SECTION



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy 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, 2019, 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 December 19, 2019.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did

not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify certain deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2019-002, 2019-003, and 2019-005(B).

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed 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: 2019-001, 2019-004, and 2019-005(A).

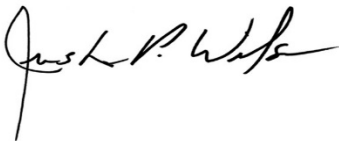
Sullivan County's Responses to the Findings

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,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 19, 2019

JPW/tg



JUSTIN P. WILSON
Comptroller

JASON E. MUMPOWER
Deputy 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, 2019. 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, 2019.

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.

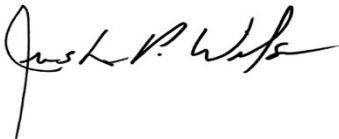
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2019, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated December 19, 2019, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 19, 2019

JPW/tg

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year-Ended June 30, 2019

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Forest Service Schools and Roads Cluster: (4)			
Schools and Roads - Grants to States	10.665	N/A	\$ 35,348
Passed-through State Department of Education:			
Child Nutrition Cluster: (4)			
School Breakfast Program	10.553	N/A	732,764
National School Lunch Program	10.555	N/A	2,257,202 (6)
Child Nutrition Discretionary Grants	10.579	N/A	12,000
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (4)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	307,794 (6)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	(5)	869,617
Total U.S. Department of Agriculture			<u>\$ 4,214,725</u>
U.S. Department of Interior:			
Direct Program:			
Payments in Lieu of Taxes	15.226	N/A	\$ 66,360
Total U.S. Department of Interior			<u>\$ 66,360</u>
U.S. Department of Justice:			
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(5)	\$ 67,220
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	30147	44,978
Violence Against Women Formula Grants	16.588	35794	53,687
Edward Byrne Memorial Justice Assistance Grant Program	16.738	28891	80,405
Direct Program:			
Equitable Sharing Program	16.922	N/A	31,291
Total U.S. Department of Justice			<u>\$ 277,581</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction Cluster: (4)			
Highway Planning and Construction	20.205	STP-EN-8200(29)	\$ 150,400
Alcohol Open Container Requirements	20.607	(5)	26,052
Total U.S. Department of Transportation			<u>\$ 176,452</u>
U.S. Institute of Museums and Library Services:			
Passed-through State Library and Archives:			
Grants to States	45.310	30501	\$ 2,359
Total U.S. Institute of Museums and Library Services			<u>\$ 2,359</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title 1 Grants to Local Educational Agencies	84.010	N/A	\$ 2,649,115
Special Education Cluster: (4)			
Special Education - Grants to States	84.027	N/A	2,612,280
Special Education - Preschool Grants	84.173	N/A	66,938
Career and Technical Education - Basic Grants to States	84.048	N/A	190,190
Education for Homeless Children and Youth	84.196	N/A	42,022
Improving Teacher Quality State Grants	84.367	N/A	327,595

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Consolidated Grant to the Outlying Areas	84.403	N/A	\$ 44,335
Total U.S. Department of Education			<u>\$ 5,932,475</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	\$ 459,052
Injury Prevention and Control Research and State and Community Based Programs	93.136	(5)	39,071
Family Planning Services	93.217	GG-18-54804-00	163,066
Immunization Cooperative Agreements	93.268	GG-19-59776-00	102,754
National State Based Tobacco Control Programs Grant	93.305	GG-17-53331-00	35,028
Preventive Health and Health Services Block Grant Funded Solely with Prevention and Public Health Funds (PPHF)	93.758	GG-19-58325-00	102,991
HIV Prevention Activities - Health Department Based	93.940	(5)	101,356
Cooperative Agreements to Support State-based Safe Motherhood and Infant Health Initiative Programs	93.946	(5)	3,000
Maternal and Child Health Services Block Grant to the States	93.994	(5)	211,133
Passed-through State Department of Education:			
CCDF Cluster: (4)			
Child Care and Development Block Grant	93.575	(3)	50,043
Total U.S. Department of Health and Human Services			<u>\$ 1,267,494</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	52021-22238	\$ 62,500
Homeland Security Grant Program	97.067	34101-29316	23,434
Total U.S. Department of Homeland Security			<u>\$ 85,934</u>
Total Expenditures of Federal Grants			<u>\$ 12,023,380</u>
<u>State Grants</u>		<u>Contract Number</u>	
Care and Coordination Services - State Department of Health	N/A	GG-19-58300-00	\$ 71,984
Adolescent Pregnancy - State Department of Health	N/A	GG-19-57766-00	54,906
TennCare Dental Prevention - State Department of Health	N/A	GG-19-58320-00	263,288
Tuberculosis Control and Prevention Program - State Department of Health	N/A	GG-19-58779-00	54,201
Home Visiting - State Department of Health	N/A	GG-15-41198-00	353,668
TennCare Outreach - State Department of Health	N/A	GG-17-49872-00	166,334
HIV Prevention Program - State Department of Health	N/A	(7)	42,885
Neonatal Abstinence Syndrome Education Services - State Department of Health	N/A	GG-19-58562-00	25,574
Immunization Grants - State Department of Health	N/A	GG-19-59776-00	41,856
Grant in Aid - State Department of Health	N/A	GE-19-59471-00	458,906
Prenatal Presumptive Eligibility Expansion Program - State Department of Health	N/A	GU-19-58321-00	41,500
Healthy Built Communities - State Department of Health	N/A	Z-19-19503-00	20,000
Breast and Cervical Cancer Program - State Department of Health	N/A	GG-18-54086-00	23,365
Family Planning - State Department of Health	N/A	GG-18-54804-00	23,256

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
State Grants (Cont.)			
Tobacco Settlement - State Department of Health	N/A	GG-19-59659-00	\$ 37,205
Juvenile Services Program - State Commission on Children and Youth	N/A	(8)	63,654
Multipurpose Agricultural Facility Grant - State Department of General Services	N/A	460/000-03-15	586,870
State Aid Program - State Department of Transportation	N/A	(3)	1,099,826
Litter Program - State Department of Transportation	N/A	(3)	107,016
Used Oil Grant - State Department of Environment and Conservation	N/A	03372	3,150
Court Security Grant Program - Administrative Office of the Courts	N/A	(3)	89,219
Access to Court Grant - Administrative Office of the Courts	N/A	(3)	1,335
Legal Clinic Grant - Administrative Office of the Courts	N/A	(3)	147
Read to be Ready Coaching Network Program - State Department of Education	N/A	(3)	9,971
Safe Schools Act Grant - State Department of Education	N/A	(3)	44,996
School Safety - State Department of Education	N/A	(3)	95,627
Coordinated School Health - State Department of Education	N/A	(3)	99,592
Early Childhood Education Project - State Department of Education	N/A	(3)	608,299
Total State Grants			<u>\$ 4,488,630</u>

CFDA = Catalog of Federal Domestic Assistance

N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Sullivan County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
(3) Information not available.
(4) Forest Service Schools and Roads Cluster total \$35,348; Child Nutrition Cluster total \$3,297,760;
Highway Planning and Construction Cluster total \$150,400; Special Education Cluster total \$2,679,218; CCDF Cluster
total \$50,043.
(5) Grants with multiple pass-through identifying numbers:
CFDA 10.557: GG-15-43129-00: \$226,951; GG-19-60613-00: \$642,666.
CFDA 16.540: 39617: \$13,500; 56486 \$53,720.
CFDA 20.607: Z-18THS300: \$13,714; Z-19THS271: \$12,338.
CFDA 93.136: GG-15-44160-00: \$27,362; GG-19-61306-00: \$11,709.
CFDA 93.940: GG-18-56737-00: \$45,959; GG-19-61548-00: \$55,397.
CFDA 93.946: GU-15-45635-00: \$1,500; GG-19-60775-00: \$1,500.
CFDA 93.994: GG-18-54086-00: \$46,330; GG-18-54804-00: \$12,244; GU-19-58081-00: \$30,000; GG-19-58300-00: \$107,976;
Z-19-90519-00: \$14,583.
(6) Total for CFDA No 10.555 is \$2,564,996.

Additional Notes for State Grants:

- (7) GG-18-56737-00: \$20,288; GG-19-61548-00: \$22,597.
(8) 31601: \$10,000; 56471: \$53,654.

Sullivan County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2019

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, 2019.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	CFDA Number	Current Status
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OFFICE OF DIRECTOR OF SCHOOLS

2018	261	2018-001	General Ledger Insurance Liability Accounts were not Reconciled with Payroll Reports and Payments	N/A	Corrected
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OFFICE OF CIRCUIT, GENERAL SESSIONS, AND LAW COURTS CLERK

2018	262	2018-002	Execution Docket Trial Balances were not Maintained Properly	N/A	Corrected
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OFFICE OF SHERIFF

2018	264	2018-003	The Sheriff's Office had Deficiencies in the Maintenance of Seized Property and Evidence Records	N/A	Corrected
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Prior-year Federal Award Findings

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

SULLIVAN COUNTY, TENNESSEE
SCHEDULE OF FINDINGS AND QUESTIONED COSTS
For the Year Ended June 30, 2019

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

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

Federal Awards:

4. Internal Control Over Major Federal Programs:
 - * Material weakness identified? **NO**
 - * Significant deficiency identified? **NONE REPORTED**
5. Type of report auditor issued on compliance for major programs. **UNMODIFIED**
6. Any audit findings disclosed that are required to be reported in accordance with 2 CFR 200.516(a)? **NO**
7. Identification of Major Federal Programs:
 - * CFDA Numbers: 10.553 and 10.555 Nutrition Cluster: School Breakfast Program and National School Lunch Program
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 2019-001

ACCOUNTING RECORDS FOR THE YEAR ENDED JUNE 30, 2019, WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2019

(Noncompliance Under *Government Auditing Standards*)

Accounting records, including subsidiary capital assets and compensated absences records, were not closed and available for audit by August 31, 2019, as required by Section 9-2-102, *Tennessee Code Annotated*. The accounting records were closed on November 20, 2019. The capital assets and compensated absences records were made available to auditors on November 18th and November 13th, respectively. This deficiency can be attributed to a lack of management oversight. The failure to properly maintain and close accounting and subsidiary records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of budgetary and accounting controls, and increases the risk that errors will not be discovered and corrected in a timely manner.

RECOMMENDATION

Management should close its accounting records for the fiscal year ended June 30, including the subsidiary capital assets and compensated absences records, and have those records available for audit by the following August 31.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS DAVID COX

We concur with this finding, and we agree that accounting records were not officially closed by August 31, 2019. However, the records were ready for closure pending notification that all things were reconciled with the Trustee's Office. With reports being delayed and many times inaccurate when received, the official closure of the books was postponed pending notification of final reconciliation.

FINDING 2019-002

**THE OFFICE HAD DEFICIENCIES IN THE
MAINTENANCE OF PAYROLL DEDUCTION ACCOUNTS
AND RECORDS**

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

Our audit revealed the following deficiencies related to the administration and maintenance of the accounting and reporting systems.

- A. The retirement contributions payroll liability account was not reconciled adequately with subsidiary payroll records, monthly billings, and payments made from various school department funds. As a result, the General Purpose School Fund reported a negative (debit balance) of \$43,713 in the retirement contributions payroll liability account at June 30, 2019.
- B. The school department provides a self-insurance dental program for employees and retirees dental care. A portion of the premiums for current employees is deducted from their payroll checks, and a portion is paid by the county. These amounts are accumulated in a payroll liability account until payments are made to the provider. Retirees pay a fixed amount to the school department to participate in the dental plan, and the school department does not fund any of the retirees' premium. Payments received from retirees were also accumulated in the same payroll liability account as the current employees. The dental claims for retirees and current employees and all administrative costs were recorded as operating expenses for tracking purposes in-lieu-of reducing the payroll liability account. Prior to closing the books at year-end, the sum of the annual dental claims should be transferred from operating revenues and charged against accumulations in the payroll liability account. However, these adjustments were not made at June 30, 2019; therefore, auditors decreased the payroll liability account by \$447,525 to reclassify the administrative costs (\$81,208) and dental claims (\$366,317) to correctly present the accounts in the financial statements of this report. Additionally, these adjustments should be considered when reconciling the payroll liability account monthly. Auditors were unable to determine that accurate reconciliations were made.
- C. The retirees portion of the self-insured dental program appeared to be underfunded for current-year activity by \$49,929 as reflected in the table below.

Analysis of retiree dental operations:

Retirees insurance payments	\$ 355,776
Retirees dental claims expense	(366,317)
Retirees administrative expenses	(39,388)
Funded balance for retirees dental	<u>\$ (49,929)</u>

It appears that the retirees' payments to participate in the program are not enough to cover their costs; therefore, premiums paid by current employees and the county are being used to supplement the plan cost of retirees.

Sound business practices dictate that payroll liability accounts should be reconciled monthly with applicable reports and monthly billings. The failure to regularly reconcile payroll liability accounts increases the risks that errors will occur and not be detected and corrected in a timely manner. Premiums for the self-insurance dental program should be enough to fund the applicable employee and retiree portions of the program. Based on the school board's policies, current employees should not be subsidizing the dental program costs of retirees.

RECOMMENDATION

General ledger payroll liability accounts should be reconciled monthly with applicable records and monthly billings, and any errors discovered should be corrected promptly. Management should monitor the self-insurance dental program, accurately post any required adjusting entries, and ensure adequate funding for the employees and retirees dental program.

MANAGEMENT'S RESPONSE – CURRENT DIRECTOR OF SCHOOLS DAVID COX

We concur with this finding, and work has been done to remedy the situations. In reconciling the retirement contributions payroll liability account, it was determined that this issue dates back as far as the 2015-2016 fiscal year in which the accounting system was converted to Skyward. It is believed that a reporting error in the system has carried forward from that year. However, the actual error has not been verified, and a solution has not been reached. The business manager will continue to work until a solution is reached. This was not noticed until the 2018-2019 year because of timing of end-of-year payments. While we recognize that a variance will occur due to the magnitude of percentage of salary reporting, we realize that the ending balance should be reconcilable. Regarding the self-insured dental program, this was a situation that the department was aware of but was not able to immediately remedy. Retirees' premiums were adjusted slightly to help offset this deficit in 2019, but the impact was not fully levied to protect premium affordability to the retirees. As of January 1, 2020, all active employees and retirees will be enrolled in the state's dental plan dissolving the self-insured plan. This will allow affordable coverage for all who are enrolled.

OFFICE OF TRUSTEE

FINDING 2019-003

THE ACCOUNTING RECORDS HAD NOT BEEN PROPERLY MAINTAINED

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

Our examination revealed the following deficiencies related to the administration and maintenance of the accounting and reporting system of the Trustee's Office.

- A. General ledger account balances for cash on hand, cash in bank, and investments were not reconciled accurately with actual balances and supporting statements from July 2018 through June 2019. While personnel attempted to reconcile these accounts, significant differences had not been identified and corrected. Auditors identified the following differences in the accounts.

	General Ledger		Audit
	Balance	Identified	Balance
	6-30-19	Differences	6-30-19
Cash on Hand	\$ 6,492,871	\$ (6,429,679)	\$ 63,193
Cash in Bank	95,257,800	(1,306,346)	93,951,454
Short-term Accounts	5,609,701	60,175	5,669,876
Investments	2,695,092	10,564,579	13,259,671
Receivables	599	5,366	5,965

The audit balances were determined using available documentation. An unidentified reconciling difference of \$18,131 remained after these accounts were reconciled.

Of the identified differences, the following significant items were noted. In the cash in bank account, deposits totaling \$516,062 were not receipted and posted to the general ledger, deposits totaling \$1,208,733 were not receipted and posted to the general ledger until after June 30, and interest earned of \$694,931 was not receipted and posted to the general ledger. In the short-term accounts, interest earned totaling \$60,175 was not receipted and posted. In the investment accounts, interest earned of \$333,622 was not receipted and posted, and transfers from cash in bank totaling \$10,230,956 were not posted.

After being informed by auditors, the trustee posted adjustments in October 2019 to recognize the interest and unreceipted deposit amounts noted above.

- B. Receivable warrants were not properly reconciled and recorded. Sullivan County uses receivable warrants for all collections excluding property taxes. These receivable warrants are prepared by the Office of Accounts and Budgets and by the School Department Finance Office to provide revenue account codes and dollar amounts for the trustee to post to the cash on hand and revenue accounts. Subsequently, the trustee would deposit the sum of the receivable warrants by posting entries to the cash on hand and bank accounts. However, the trustee failed to accurately post the transactions to the noted accounts, and auditors observed the cash on hand account reported an erroneous balance in excess of \$24 million. Therefore, significant adjustments were required to correctly present the cash on hand balance at June 30, 2019. The failure to properly reconcile and post receivable warrants, cash on hand, cash in bank, and revenue accounts increases the risk that collections will not be accounted for properly.
- C. Property tax refunds totaling \$402,995 were erroneously posted to the accounts payable account instead of reducing the property tax revenues account. This error resulted in a negative balance in the accounts payable account at June 30, 2019; however, we have corrected these posting errors in the financial statements of this report. The trustee made an adjustment in October 2019 to correct these errors in the county's records after being informed by auditors.

- D. Neither a listing of checks returned for insufficient funds indicating the check number, payee, amount of check, date of return, and any subsequent attempts to collect was not maintained nor was the total of the returned checks reflected on the general ledger. Returned checks totaling \$5,965 were identified during the audit; however, due to issues in reconciling cash in bank accounts noted in Item A. above, the actual amount could potentially be more than what has been identified. It is the responsibility of management to ensure that all monies due are collected. The failure to properly identify, document, and attempt to collect returned checks increases the risk that a cash shortage may occur.

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, results in a loss of 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 and the failure of management to take proper responsibility for the accounting records.

RECOMMENDATION

General ledger accounts should be accurately reconciled monthly, and any errors discovered should be identified and corrected promptly. The trustee should review accounts to determine that all entries necessary have been made. Procedures should be developed to properly reconcile and post receivable warrants, cash on hand, revenue accounts, and deposits. Property tax refunds should be correctly posted as a reduction of tax revenue. Management should develop and implement policies and procedures for handling returned checks. A listing of returned checks indicating check number, payee, amount of check, date of return, and subsequent action to collect should be maintained and the total amount reflected on the general ledger.

MANAGEMENT'S RESPONSE – TRUSTEE

I concur with the finding. The previous official had been in office over 40 years and her knowledge and experience left the office with her. As a result, issues surfaced very shortly after taking office that have necessitated the need for staff with governmental accounting knowledge and experience to assist with accounting functions. I now have someone in place to assist and provide guidance with the day-to-day accounting operations of the office.

FINDING 2019-004

THE MONTHLY TRUSTEE'S REPORT WAS NOT COMPLETED AND FILED IN COMPLIANCE WITH STATE STATUTE

(Noncompliance Under *Government Auditing Standards*)

The Trustee's Office did not file the monthly trustee's report with the director of accounts and budgets and the director of schools in compliance with state statute. Section 67-5-1902, *Tennessee Code Annotated*, states that on or before the tenth day in each month the trustee shall report and make settlement for all taxes collected during the preceding month. We noted only one instance between July 2018 and June 2019 where the monthly trustee's report was filed with the director of accounts and budgets by the tenth day. We noted no instances for the same time period where the monthly trustee's report was filed with the director of schools by the tenth day. The monthly trustee's reports were provided as many as 28 days after the close of the month. It was also noted that numerous months' reports that were filed were inaccurate. This required multiple revisions and re-submissions after errors and identified problems were corrected. The failure to file accurate and timely monthly trustee's reports diminishes the usefulness of and delays the posting of financial information by the director of accounts and budgets and the director of schools, which delays the dissemination of financial information to the county commission and the school board. This deficiency was the result of a lack of management oversight.

RECOMMENDATION

The trustee should ensure that accurate monthly trustee's reports are filed with the director of accounts and budgets and the director of schools timely in compliance with state statute.

MANAGEMENT'S RESPONSE – TRUSTEE

I concur with the finding. The clearing of checks and other duties have been updated to provide a faster and more accurate way of preparing monthly records that affect the trustee's report. The office is striving to ensure that the report is accurate, printed, and delivered by the 10th of the month.

FINDING 2019-005

THE OFFICE HAD DEFICIENCIES IN MONTHLY TRUSTEE COMMISSIONS

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

The following deficiencies were noted in monthly trustee commissions.

- A. The trustee did not pay some commissions to the county monthly. The trustee did not pay any commissions to the county from July 2018 to November 2018. Section 8-22-104, *Tennessee Code Annotated*, requires fees, including commissions, be paid to the county monthly.

- B. Commissions paid to the county's General Fund appeared to exceed amounts earned by the trustee on revenues received in the office during the year. For the fiscal year ended June 30, 2019, total commissions paid to the General Fund exceeded commissions earned plus the beginning balance by \$12,912. We have corrected these posting errors in the financial statements of this report.

These deficiencies are the result of a lack of management oversight. As a result, the county received the trustee's commissions late and may result in improperly reported revenue.

RECOMMENDATION

Commissions should be paid to the county monthly. Only the amount of commissions earned should be paid to the county's General Fund.

MANAGEMENT'S RESPONSE – TRUSTEE

I concur with the finding. Procedures have been implemented to ensure commissions earned and taken are accurate. The software vendor was contacted, and a journal entry is now prepared at the end of each month to transfer commissions to the General Fund.

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, 2019.

Sullivan County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2019

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.

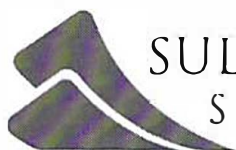
Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF DIRECTOR OF SCHOOLS - CURRENT DIRECTOR OF SCHOOLS DAVID COX

2019-001	Accounting Records for the Year Ended June 30, 2019, were not Closed and Available for Audit by August 31, 2019	269
2019-002	The Office had Deficiencies in the Maintenance of Payroll Deduction Accounts and Records	270

OFFICE OF TRUSTEE

2019-003	The Accounting Records had not been Properly Maintained	271
2019-004	The Monthly Trustee's Report was not Completed and Filed in Compliance with State Statute	272
2019-005	The Office had Deficiencies in Monthly Trustee	272



December 13, 2019

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

Management's Corrective Action Plan

FINDING 2019-001 ACCOUNTING RECORDS FOR THE YEAR ENDED JUNE 30, 2019, WERE NOT CLOSED AND AVAILABLE FOR AUDIT BY AUGUST 31, 2019

Person Preparing Corrective Action Plan: Ingrid Deloach

Person Responsible for Implementing the Corrective Action Plan: Ingrid Deloach

Anticipated Completion Date of Corrective Action: December 13, 2019

Repeat Finding: No

Planned Corrective Action:

The Business Manager will work to ensure that all records are closed and available for audit by August 31st. If reports are delayed in coming to the School Department, the Business Manager will do everything within her power to expedite their submittal.

Dr. David Cox
Director of Schools

Ingrid Deloach
Business Manager

December 13, 2019

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

Management's Corrective Action Plan

**FINDING 2019-002 THE OFFICE HAD DEFICIENCIES IN THE MAINTENANCE OF
PAYROLL DEDUCTION ACCOUNTS AND RECORDS**

Person Preparing Corrective Action Plan: Ingrid Deloach

Person Responsible for Implementing the Corrective Action Plan: Ingrid Deloach; Accounting,
Payroll, and HR Staff

Anticipated Completion Date of Corrective Action: January 1, 2020

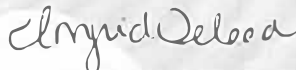
Repeat Finding: No

Planned Corrective Action:

The Business Manager will continue to reconcile the retirement contributions payroll liability account to determine why the negative balance has occurred as far back as the conversion to Skyward. Payroll and Accounting Staff will begin monthly reconciliations of those accounts to ensure accuracy. For the self-insurance dental program, all active employees and retirees will be moved to the State Dental Plan as of January 1, 2020. This will discontinue the self-insurance program and allow for proper funding of said benefit.



Dr. David Cox
Director of Schools



Ingrid Deloach
Business Manager



Susan A. Ramsey
Sullivan County Trustee
3411 Hwy 126
Suite 104
Blountville, TN 37617

CORRECTIVE ACTION PLAN

FINDING **THE ACCOUNTING RECORDS HAD NOT BEEN PROPERLY MAINTAINED**

Response and Corrective Action Plan Prepared by:
Susan A. Ramsey, Trustee

Person Responsible for Implementing the Corrective Action:
Susan A. Ramsey, Trustee

Anticipated Completion Date of Corrective Action:
December 31, 2019

Repeat Finding:
No

Reason Corrective Action was not Taken in the Prior Year:
N/A

Planned Corrective Action:

Spreadsheets have been added as a tool to help in the reconciliation process and to recognize every deposit that is made to the bank, whether direct deposit or deposits made by county departments. A journal entry will be made daily to recognize Cash in Bank, and as the Receivable Warrants are generated by Accounts and Budgets, an entry will be made to post the cash to the revenue accounts. The spreadsheet will also be reconciled to the Receivable Warrants to ensure that all daily deposits have been accounted for.

Interest from Bank and Investments will be accounted for monthly and either turned over to Accounts and Budgets for a Receivable Warrant or a journal entry prepared and posted to the General Ledger Account.

A file will be prepared to account for all returned checks. Either the original check or a check copy will be kept in the file with dates of all transactions occurring for each check.

All refund transactions will be reviewed to ensure accurate posting to general ledger accounts.

The Trustee's Office will have someone in place with professional governmental accounting experience to assist with the above practices and to guide the department in having a structured plan for all daily accounting duties.

FINDING **THE MONTHLY TRUSTEE'S REPORT WAS NOT COMPLETED AND FILED IN COMPLIANCE WITH STATE STATUTE**

Response and Corrective Action Plan Prepared by:
Susan A. Ramsey, Trustee

Person Responsible for Implementing the Corrective Action:
Susan A. Ramsey, Trustee

Anticipated Completion Date of Corrective Action:
December 17, 2019

Repeat Finding:
No

Reason Corrective Action was not Taken in the Prior Year:
N/A

Planned Corrective Action:

The clearing of checks and other duties have been updated to provide a faster and more efficient way of preparing monthly records that affect the Monthly Trustee's report. The office is striving to ensure that the report is accurate, printed and delivered by the 10th of the Month.

FINDING **DEFICIENCIES WERE NOTED IN MONTHLY TRUSTEE COMMISSIONS**

Response and Corrective Action Plan Prepared by:
Susan A. Ramsey, Trustee

Person Responsible for Implementing the Corrective Action:
Susan A. Ramsey, Trustee

Anticipated Completion Date of Corrective Action:
December 17, 2019

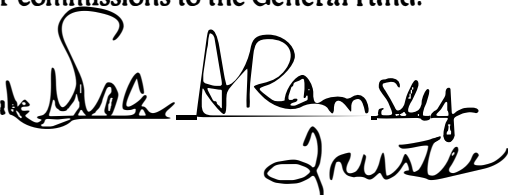
Repeat Finding:
No

Reason Corrective Action was not Taken in the Prior Year:
N/A

Planned Corrective Action:

Procedures have been implemented to ensure that commissions earned and taken are accurate. Software vendor was contacted, and a journal entry is now prepared at the end of each month to transfer commissions to the General Fund.

Signature


Trustee

BEST PRACTICE

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

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

SULLIVAN COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING AND BUDGETING COVERING ALL DEPARTMENTS

Sullivan County operates a central purchasing department that makes purchases and enters into contracts for all departments pursuant to Chapter 261, Private Acts of 1947, as amended. For its accounting and budgeting, Sullivan County operates under provisions of Section 5-12-101, et seq., *Tennessee Code Annotated (TCA)*, and Section 5-13-101, et seq., *TCA*. These acts include provisions for centralized accounting and budgeting under the administration of the director of accounts and budgets for funds maintained by the mayor and road superintendent. However, accounting records for the school department are maintained by school department personnel. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting and budgeting processes. The absence of a central system of accounting and budgeting has been a management decision by the county commission resulting in decentralization and some duplication of effort. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting and budgeting is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Sullivan County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting and budgeting covering all county departments.

