

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 imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. 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).

\$135,740,000 SULLIVAN COUNTY, TENNESSEE GENERAL OBLIGATION SCHOOL BONDS, SERIES 2017

Dated: Date of Issuance (March 30, 2017)

Due: May 1, as shown below

Sullivan County, Tennessee (the "County") will issue its \$135,740,000 General Obligation School Bonds, Series 2017 (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 November 1, 2017, 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 prior to maturity as 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	Yield	Price	CUSIP Number*	Maturity (May 1)	Principal	Interest Rate	Yield	Price	CUSIP Number*
2019	\$2,455,000	5.000%	1.140%	107.934	865287ST4	2030	\$4,040,000	3.000%	3.080%	99.142	865287TE6
2020	2,580,000	5.000	1.330	111.059	865287SU1	2031	4,165,000	4.000	2.970c	108.147c	865287TF3
2021	2,705,000	5.000	1.540	113.650	865287SV9	2032	4,330,000	4.000	3.070c	107.323c	865287TG1
2022	2,845,000	5.000	1.790	115.537	865287SW7	2033	4,505,000	4.000	3.220c	106.100c	865287TH9
2023	2,985,000	5.000	2.000	117.108	865287SX5	2034	4,685,000	3.250	3.405	98.000	865287TJ5
2024	3,135,000	5.000	2.210	118.205	865287SY3	2035	4,835,000	3.250	3.399	98.000	865287TK2
2025	3,290,000	5.000	2.380	119.166	865287SZ0	2036	4,995,000	3.375	3.520	98.000	865287TL0
2026	3,455,000	5.000	2.500	120.205	865287TA4	2043	6,530,000	3.625	3.746	98.000	865287TP1
2027	3,630,000	3.000	2.600c	103.217c	865287TB2	2046	7,320,000	3.625	3.738	98.000	865287TS5
2028	3,735,000	4.000	2.650c	110.835c	865287TC0	2047	7,585,000	3.750	3.820	98.750	865287TR7
2029	3,885,000	4.000	2.770c	109.818c	865287TD8						

\$16,115,000 4.00% Term Bond due May 1, 2039, Yield 3.700%^c Price 102.294^c CUSIP No. 865287TM8

\$18,125,000 4.00% Term Bond due May 1, 2042, Yield 3.730%^c Price 102.062^c CUSIP No. 865287TN6

\$13,810,000 4.00% Term Bond due May 1, 2045, Yield 3.750%^c Price 101.907^c CUSIP No. 865287TQ9

c = yield/price to first optional redemption date of May 1, 2026

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 "The Bonds – 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 March 30, 2017.

March 7, 2017

**These CUSIP numbers 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.*

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.

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 School Bonds, Series 2017.

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

Officials

County Mayor

Richard S. Venable

Board of Commissioners

Mark Bowery
Darlene Calton
Michael Cole
John Crawford
John Gardner
Sherry Grubb
Andy Hare
Terry Harkleroad

Mack Harr
Joe Herron
Baxter Hood
Dennis Houser
Matthew Johnson
Bill Kilgore
Kit McGlothlin
Randy Morrell

Bob Neal
Patrick W. Shull
Bobby Russell
Cheryl Russell
Angie Stanley
Mark Vance
Robert White
Eddie Williams

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
Ron Hillman
Tommy Kerns
Katherine Priester
Jeanie Gammon
Evelyn Rafalowski
Sheena Tinsley
Wayne Anderson
Jim Belgeri
Frances Harrell

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

Wells Fargo Bank, N.A.
Charlotte, North Carolina

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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	\$135,740,000 General Obligation School Bonds, Series 2017 (the “Bonds”).
PURPOSE	(i) acquisition of land for, design and site development for County schools; (ii) constructing, improving, renovating and equipping of County schools and school facilities; (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing; (iv) the payment of funds required to be shared with the Cities of Bristol, City of Johnson City, and Kingsport, Tennessee, to the extent not waived, pursuant to Section 49-3-1003, Tennessee Code Annotated, as amended; and (v) payment of costs incident to the issuance and sale of the Bonds. See “The Bonds – Description” herein.
DATED DATE	March 30, 2017.
INTEREST DUE	Each May 1 and November 1, commencing November 1, 2017.
PRINCIPAL DUE	May 1, 2019 through May 1, 2036, inclusive, May 1, 2039, May 1, 2042, May 1, 2043, May 1, 2045, and May 1, 2046 through May 1, 2047.
OPTIONAL REDEMPTION	The Bonds are subject to optional redemption prior to maturity as described herein. See “The Bonds – Redemption – Optional Redemption” herein.
MANDATORY REDEMPTION	The Bonds maturing May 1, 2039, May 1, 2042, and May 1, 2045 are subject to mandatory redemption on the dates and in the amounts described under “The Bonds – Redemption – Mandatory 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 imposed on individuals and corporations; however, such interest is taken into account in determining the adjusted current earnings of certain corporations for purposes of the alternative minimum tax on corporations. 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..... Wells Fargo Bank, N.A., Charlotte, North Carolina.

Official Statement

\$135,740,000

Sullivan County, Tennessee

General Obligation School Bonds, Series 2017

(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 \$135,740,000 General Obligation School Bonds, Series 2017 (the “Bonds”).

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 49-3-1001, et seq., Tennessee Code Annotated, and pursuant to a detailed bond resolution adopted by the Board of County Commissioners on December 12, 2016, as amended on February 21, 2017 (collectively, 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) acquisition of land for, design and site development for County schools; (ii) constructing, improving, renovating and equipping of County schools and school facilities; (iii) payment of legal, fiscal, administrative, architectural and engineering costs incident to any or all of the foregoing (collectively, the “Projects”); (iv) the payment of funds required to be shared with the Cities of Bristol, City of Johnson City, and Kingsport, Tennessee (collectively, the “Cities”), to the extent not waived, pursuant to Section 49-3-1003, Tennessee Code Annotated, as amended; and (v) payment of costs incident 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 November 1, 2017.

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.

Redemption

Optional Redemption

The Bonds maturing on or before May 1, 2026 are not subject to redemption prior to maturity at the option of the County. The Bonds maturing on May 1, 2027 and thereafter shall be subject to redemption prior to maturity at the option of the County on or after May 1, 2026 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 Redemption

Subject to the credit hereinafter provided, the Issuer shall redeem the Bonds maturing May 1, 2039, May 1, 2042, and May 1, 2045, on the redemption dates set forth opposite the maturity dates, in aggregate principal amounts equal to the respective dollar amounts set forth below opposite the respective redemption dates at a price of par plus accrued interest thereon to the date of redemption. DTC, as securities depository for the Bonds, or such Person as shall then be serving as the securities depository for the Bonds, shall determine the interest of each Participant in the Bonds to be redeemed using its procedures generally in use at that time. If DTC, or another securities depository is no longer serving as securities depository for the Bonds, the Bonds to be redeemed within a maturity shall be selected by the Registration Agent by lot or such other random manner as the Registration Agent in its discretion shall select. The dates of redemption and principal amount of the Bonds to be redeemed on said dates are as follows:

<u>Final Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount of Bonds Redeemed</u>
May 1, 2039	May 1, 2037	\$5,160,000
	May 1, 2038	5,370,000
	May 1, 2039*	5,585,000
May 1, 2042	May 1, 2040	\$5,805,000
	May 1, 2041	6,040,000
	May 1, 2042*	6,280,000
May 1, 2045	May 1, 2044	\$6,770,000
	May 1, 2045*	7,040,000

*Final Maturity

At its option, to be exercised on or before the forty-fifth (45th) day next preceding any such redemption date, the County may (i) deliver to the Registration Agent for cancellation Bonds maturing May 1, 2039, May 1, 2042 and May 1, 2045 to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its redemption obligation under this mandatory redemption provision for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (otherwise than through the operation of this mandatory sinking fund redemption provision) and canceled by the Registration Agent and not theretofore applied as a credit against any redemption obligation under this mandatory sinking fund provision. Each Bond so delivered or previously purchased or redeemed shall be credited by the Registration Agent at 100% of the principal amount thereof on the obligation of

the County on such payment date and any excess shall be credited on future redemption obligations in chronological order, and the principal amount of Bonds to be redeemed by operation of this mandatory sinking fund provision shall be accordingly reduced. The County shall on or before the forty-fifth (45th) day next preceding each payment date furnish the Registration Agent with its certificate indicating whether or not and to what extent the provisions of clauses (i) and (ii) of this subsection are to be availed of with respect to such payment and confirm that funds for the balance of the next succeeding prescribed payment will be paid on or before the next succeeding payment date.

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, and (ii) 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.

As required by Tennessee law, a portion of the Bond proceeds are required to be shared with the Cities, to the extent not waived, pursuant to Section 49-3-1003, Tennessee Code Annotated, as amended, and these funds will be paid to the Cities on or about the date the Bonds are issued.

Sources and Uses of Funds

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

Sources of Funds

Par Amount	\$135,740,000.00
Net Reoffering Premium	<u>5,845,510.45</u>
Total Sources	<u>\$141,585,510.45</u>

Uses of Funds

Deposit to Project Fund	\$67,185,007.42
Payment to the Cities	72,816,766.01
Costs of Issuance (includes Underwriter's Discount and Expenses)	<u>1,583,737.02</u>
Total Uses	<u>\$141,585,510.45</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, 2017 (the “Annual Report”), and to provide notice of the occurrence of certain enumerated events and 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 [and the County]. Comprehensive annual financial reports of the Tri-Cities Airport Authority for Fiscal 2009 due 6/30/2010 were not filed until 7/1/2013, for Fiscal 2010 due 6/30/2011 were not filed until 6/28/2013, for Fiscal 2011 due 6/30/2012 were not filed until 6/28/2013, and for Fiscal 2013 due 6/30/2014 were not filed until 2/10/2015. [Although Annual Reports for the County were timely filed under base CUSIP number 865287 for the past five years, the Annual Report of the County was not timely filed to base CUSIP number 865289 for Fiscal Year 2011 (due 6/30/2012 and filed 6/28/2013).]¹

Additionally, the County failed to report a global ratings recalibration from Moody’s Investors Service in April 2010 that changed the underlying credit rating from Aa3 to Aa2 for its General Obligation Public Improvement Bonds, Series 2002; Airport Revenue and Tax Bonds (Taxable), Series 2003; County District School Refunding Bonds, Series 2004; School Refunding Bonds, Series 2005; General Obligation Bonds, Series 2005; and Industrial (Business) Park Bonds (Taxable), Series 2007.

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";

¹ The bracketed language was not included in the Preliminary Official Statement dated February 27, 2017.

11. "Fund Balances";
12. "Local Sales Tax Collections";
13. "County District Summary of Outstanding Debt";
14. "County District Debt Statement";
15. "County District Debt Record";
16. "County District Per Capita Debt Ratios";
17. "County District Debt Ratios";
18. "County District Debt Trend";
19. "County District Debt Service Requirements"; and
20. "County District Property Valuation and Property Tax".

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.

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 additional 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 a bondholder's federal gross income under the Internal Revenue Code of 1986 (the "Code"),
- is not a preference item for a bondholder or under the federal alternative minimum tax, and
- is included in the adjusted current earnings of a corporation under the federal corporate alternative minimum tax.

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

Wells Fargo Bank, N.A., Charlotte, North Carolina, 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 \$140,258,923.43, which is par, plus net original issue premium of \$5,845,510.45, less \$1,326,587.02 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 March 7, 2017 issued in connection with the sale of the County's \$135,740,000 General Obligation School Bonds, Series 2017 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 7th day of March, 2017.

/s/ Richard S. Venable
County Mayor

I, Jeannie Gammon, 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/ Jeannie Gammon
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

(Dated Closing Date)

We have acted as bond counsel to Sullivan County, Tennessee (the “Issuer”) in connection with the issuance of \$135,740,000 General Obligation School Bonds, Series 2017, dated March 30, 2017 (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 and corporations; however, such interest is taken into account in determining adjusted current earnings of certain corporations for purposes of alternative minimum tax on corporations. 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 2015 U.S Census data, the City of Kingsport has an estimated population of 53,014 and the City of Bristol has an estimated population of 26,666.

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 2015 estimated population of 507,768. 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.

DEMOGRAPHIC DATA

Population

According to U.S. Census estimate data, Sullivan County had a population of 156,791 in 2015 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	156,833	6,356,628
2011 U.S. Census Estimate	156,952	6,398,389
2012 U.S. Census Estimate	156,636	6,455,177
2013 U.S. Census Estimate	156,578	6,497,269
2014 U.S. Census Estimate	156,803	6,549,352
2015 U.S. Census Estimate	156,791	6,600,299

Source: U.S. Bureau of Census

Income

In 2014, Sullivan County had a per capita personal income of \$36,918 that was 91.3% of the State per capita personal income of \$40,457.

	County	Tennessee	% of State
2005 Per Capita Personal Income	\$28,690	\$31,695	90.5%
2006 Per Capita Personal Income	\$30,624	\$33,072	92.6%
2007 Per Capita Personal Income	\$32,297	\$34,227	94.4%
2008 Per Capita Personal Income	\$33,175	\$35,307	94.0%
2009 Per Capita Personal Income	\$33,037	\$34,468	95.8%
2010 Per Capita Personal Income	\$33,602	\$35,601	94.4%
2011 Per Capita Personal Income	\$35,476	\$37,323	95.1%
2012 Per Capita Personal Income	\$36,424	\$39,137	93.1%
2013 Per Capita Personal Income	\$36,087	\$39,312	91.8%
2014 Per Capita Personal Income	\$36,918	\$40,457	91.3%

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

Housing

In 2015, Sullivan County had a median housing value of \$132,000 that was 75.4% of the State median housing value of \$175,000.

Median Housing Values

	Sullivan County	Tennessee	% of State
2006 Median Housing Value	118,000	143,594	82.2%
2007 Median Housing Value	125,000	149,000	83.9%
2008 Median Housing Value	124,900	151,500	82.4%
2009 Median Housing Value	124,000	148,000	83.8%
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%

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

Major Employers in the Tri-Cities (Johnson City-Kingsport-Bristol, TN/VA)

Combined Statistical Area

Employer	Employees	Industry
Mountain States Health Alliance	8,610	Healthcare Services
Eastman Chemical Company	6,800	Specialty Chemicals
Wellmont Health System	6,225	Healthcare Services
Holston Medical Group	5,300	Healthcare Services
K-VA-T Food Stores	5,201	Retail and Distribution
East Tennessee State University	3,500	Higher Education
Johnson City Medical Center	2,700	Healthcare Services
James H. Quillen VA Medical Center	2,188	Healthcare Services
Veterans Health Administration	2,000	Healthcare Services
Citigroup	1,700	Call Center
Sullivan County Department of Education	1,620	Public Education
Advanced Call Center Technologies	1,400	Call Center
Washington County Department of Education	1,200	Public Education
Hawkins County Department of Education	1,100	Public Education
Mahle Engine Components USA	1,100	Engine Components
A.O. Smith Water Products Company	1,070	Water Heating Equipment
Frontier Health	1,016	Healthcare Services
DTR Tennessee	1,000	Automotive Rubber Products
Pal's Sudden Service	950	Quick Service Restaurants
Kingsport City School System	900	Public Education
Johnson City School System	832	Public Education

Sources: The Business Journal of Tri-Cities TN/VA; NETWORKS - Sullivan Partnership; First Tennessee Development District; Bristol, TN/VA Chamber of Commerce; Johnson City, TN Chamber of Commerce; Kingsport, TN Chamber of Commerce; Washington County, Tennessee Economic Development Council and County Officials.

Labor Force, Employment and Unemployment Data

Year	Employment	Unemployment	Total Labor Force	Unemployment Percent		
				County	State	U.S.
2007	71,072	2,961	74,033	4.0%	4.7%	4.6%
2008	70,677	3,955	74,632	5.3%	6.8%	5.8%
2009	68,390	6,599	74,989	8.8%	10.6%	9.3%
2010	66,936	6,701	73,637	9.1%	9.6%	9.6%
2011	68,451	6,196	74,647	8.3%	8.9%	8.9%
2012	67,525	5,475	73,000	7.5%	7.8%	8.1%
2013	66,287	5,452	71,739	7.6%	7.7%	7.4%
2014	65,455	4,625	70,080	6.6%	6.5%	6.2%
2015	64,990	4,148	69,138	6.0%	5.8%	5.3%
2016	66,930	3,597	70,527	5.1%	4.6%	4.9%
Dec-16	66,214	3,854	70,068	5.5%	4.9%	4.7%

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 Mountain States Health Alliance, Wellmont Health System, and Frontier Health.

Formed in 1998, Mountain States Health Alliance (MSHA) is the region's largest healthcare system that serves 29 counties in Tennessee, Virginia, Kentucky and North Carolina. Headquartered in Johnson City, TN, MSHA is comprised of 13 hospitals, 21 primary/preventative care centers, and numerous outpatient centers.

Founded in 1996, Wellmont Health System is comprised of the following acute care hospitals: Bristol Regional Medical Center (Bristol, TN), Hancock County Hospital (Sneedville, TN), Hawkins County Memorial Hospital (Rogersville, TN), Holston Valley Medical Center (Kingsport, TN), Lonesome Pine Hospital (Big Stone Gap, VA), and Mountain View Regional Medical Center (Norton, VA).

In addition to its acute care hospitals, Wellmont Health System offers highly specialized tertiary services at Ridgeview Pavilion, Southwest Virginia Cancer Center, Wellmont Hospice House, Wellmont Madison House, and Wellmont Urgent Care.

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 2,300 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 2014-2015 school year was 10,079. 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 74, Note G of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2016.

Accounting and Financial Reporting for Other Postemployment Benefits

See page 92, Note H of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2016.

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, 2016. 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, 2016, in APPENDIX C hereto.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 6/30/2016⁽¹⁾
Sullivan County Airport Revenue and Tax Refunding Bonds, Series 2014 (Taxable)					
(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%	\$2,375,000
Total Self-Supporting Airport Revenue and Tax Bonds					<u><u>\$2,375,000</u></u>
Sullivan County Summary of Outstanding General Debt					
Bonds ⁽¹⁾					
6,500,000	GO Industrial (Business) Park Bonds, Series 2007 (Taxable)	06/21/07	04/01/28	5.90% - 6.25%	100,000
24,870,000	GO Refunding Bonds, Series 2015A	03/30/15	04/01/26	1.99%	24,305,000
6,265,000	GO Refunding Bonds, Series 2015C	03/30/15	04/01/28	2.84%	6,155,000
135,740,000	GO School Bonds, Series 2017	03/30/17	05/01/47	3.00% - 5.00%	135,740,000
	Total Bonds				<u><u>\$166,300,000</u></u>
Notes					
\$1,995,000	Industrial Park Notes, Series 2005	06/01/05	04/01/17	4.50% - 5.05%	300,000
\$1,500,000	School Roof	10/12/15	10/16/23	2.65%	\$1,218,988
	Total Notes				<u><u>\$1,518,988</u></u>
Loans					
\$15,480,000	Qualified School Construction Bonds, Series 2009	12/17/09	07/01/26	1.515%	\$9,845,421
5,073,000	Qualified School Construction Bonds, Series 2010	10/07/10	08/01/27	0.00%	3,543,022
5,054,635	Energy Efficient Schools Initiative	05/16/11	04/16/20	0.00%	4,038,757
	Total Loans				<u><u>\$17,427,200</u></u>
Capital Leases					
\$88,602	Copy Machines 2012	05/30/12	05/30/17	8.95%	\$19,333
71,703	Circuit Computers	05/06/13	03/06/17	6.00%	14,639
295,080	Highway Dump Truck	09/20/13	09/20/17	2.55%	119,461
20,679	Clerk and Master Computers	01/15/14	11/15/17	6.00%	7,819
54,645	Circuit Computer Upgrades	04/01/15	03/01/19	6.00%	36,857
1,260,505	Patrol Cars	05/07/15	05/31/18	2.25%	630,097
459,900	Jail Camera System	12/29/15	01/20/19	3.25%	361,944
	Total Capital Leases				<u><u>\$1,190,150</u></u>
Total Sullivan County Outstanding General Debt					<u><u>\$186,436,338</u></u>

(1) As of June 30, 2016 and adjusted for GO School Bonds, Series 2017.

(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 as of June 30, 2016

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2016, information from various cities, and County Officials.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT
DEBT STATEMENT
(as of June 30, 2016)⁽¹⁾**

Outstanding Debt	
Total Current Outstanding Debt	<u>\$186,436,338</u>
Gross Direct Debt	\$186,436,338
Less: Debt Service Fund Balance	<u>(3,705,006)</u>
Net Direct Debt	<u>\$182,731,332</u>
Net Overlapping Debt as of June 30, 2016	
City of Bluff City (Unaudited)	\$559,000
City of Bristol (Unaudited)	45,281,805
City of Johnson City (that portion in Sullivan Co. 1.08%)	1,313,043
City of Kingsport (Unaudited) (that portion in Sullivan Co. 96.16%)	113,460,995
County District of Sullivan County ⁽²⁾	<u>5,305,000</u>
Total Net Overlapping Debt	<u>\$165,919,844</u>
Overall Net Debt	<u><u>\$348,651,176</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 June 30, 2016 and adjusted for GO School Bonds, Series 2017.

(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, 2016, 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	156,833	6,356,671
2011 U.S. Census Estimate	156,952	6,397,634
2012 U.S. Census Estimate	156,636	6,454,306
2013 U.S. Census Estimate	156,578	6,494,821
2014 U.S. Census Estimate	156,803	6,544,663
2015 U.S. Census Estimate	156,791	6,595,056

Source: U.S. Bureau of Census

PER CAPITA DEBT RATIOS

Outstanding Debt	\$1,189.08
Gross Direct Debt	\$1,189.08
Net Direct Debt	\$1,165.45
Total Net Overlapping Debt	\$1,058.22
Overall Net Debt	\$2,223.67

DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Total Current Outstanding Debt to	5.05%	1.48%
Gross Direct Debt to	5.05%	1.48%
Net Direct Debt to	4.95%	1.45%
Total Net Overlapping Debt to	4.49%	1.32%
Overall Net Debt to	9.44%	2.77%

DEBT TREND ⁽¹⁾

	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Outstanding Obligations					
County-Wide Bonds	\$30,560,000	\$31,335,000	\$24,915,000	\$26,500,000	\$27,960,000
Notes	1,518,988	575,000	850,000	1,100,000	1,670,000
Loans	17,427,200	19,118,311	20,806,374	21,734,825	21,412,124
Capitalized Leases	1,190,150	311,907	447,832	393,775	357,876
Total Debt	<u>\$50,696,338</u>	<u>\$51,340,218</u>	<u>\$47,019,206</u>	<u>\$49,728,600</u>	<u>\$51,400,000</u>

⁽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, 2016

Sources: Annual Financial Reports for the years ending June 30, 2012 to 2016 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, 2016)⁽¹⁾

Year No.	Year Ended June 30	Principal			Percent Principal Retired	Interest			Total Debt Service
		Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: GO School Bonds, Series 2017	Total Principal		Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: GO School Bonds, Series 2017	Total Interest	
1	2017	4,817,837		4,817,837		1,949,944		1,949,944	6,767,781
2	2018	5,131,624		5,131,624		1,805,725	5,880,077	7,685,802	12,817,426
3	2019	4,897,957	2,455,000	7,352,957		1,661,439	5,413,881	7,075,320	14,428,277
4	2020	5,070,233	2,580,000	7,650,233		1,515,579	5,291,131	6,806,710	14,456,943
5	2021	5,177,599	2,705,000	7,882,599	17.61%	1,367,787	5,162,131	6,529,918	14,412,517
6	2022	5,414,971	2,845,000	8,259,971		1,209,360	5,026,881	6,236,241	14,496,212
7	2023	5,622,479	2,985,000	8,607,479		1,038,507	4,884,631	5,923,138	14,530,617
8	2024	5,848,030	3,135,000	8,983,030		856,785	4,735,381	5,592,166	14,575,196
9	2025	3,819,635	3,290,000	7,109,635		665,071	4,578,631	5,243,702	12,353,337
10	2026	3,222,364	3,455,000	6,677,364	38.87%	569,148	4,414,131	4,983,279	11,660,643
11	2027	1,038,768	3,630,000	4,668,768		304,951	4,241,381	4,546,332	9,215,100
12	2028	634,841	3,735,000	4,369,841		44,488	4,132,481	4,176,969	8,546,810
13	2029		3,885,000	3,885,000			3,983,081	3,983,081	7,868,081
14	2030		4,040,000	4,040,000			3,827,681	3,827,681	7,867,681
15	2031		4,165,000	4,165,000	50.21%		3,706,481	3,706,481	7,871,481
16	2032		4,330,000	4,330,000			3,539,881	3,539,881	7,869,881
17	2033		4,505,000	4,505,000			3,366,681	3,366,681	7,871,681
18	2034		4,685,000	4,685,000			3,186,481	3,186,481	7,871,481
19	2035		4,835,000	4,835,000			3,034,219	3,034,219	7,869,219
20	2036		4,995,000	4,995,000	62.73%		2,877,081	2,877,081	7,872,081
21	2037		5,160,000	5,160,000			2,708,500	2,708,500	7,868,500
22	2038		5,370,000	5,370,000			2,502,100	2,502,100	7,872,100
23	2039		5,585,000	5,585,000			2,287,300	2,287,300	7,872,300
24	2040		5,805,000	5,805,000			2,063,900	2,063,900	7,868,900
25	2041		6,040,000	6,040,000	77.73%		1,831,700	1,831,700	7,871,700
26	2042		6,280,000	6,280,000			1,590,100	1,590,100	7,870,100
27	2043		6,530,000	6,530,000			1,338,900	1,338,900	7,868,900
28	2044		6,770,000	6,770,000			1,102,188	1,102,188	7,872,188
29	2045		7,040,000	7,040,000			831,388	831,388	7,871,388
30	2046		7,320,000	7,320,000	95.93%		549,788	549,788	7,869,788
31	2047		7,585,000	7,585,000	100.00%		284,438	284,438	7,869,438
		\$50,696,338	\$135,740,000	\$186,436,338		\$12,988,784	\$98,372,627	\$111,361,410	\$297,797,748

(1) As of June 30, 2016 and adjusted for GO School Bonds, Series 2017.

Source: Annual Financial Report as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2016 and County Officials.

TRI-CITIES REGIONAL AIRPORT DEBT SERVICE REQUIREMENTS

(as of June 30, 2016)

Year No.	Year Ended June 30	Total Principal	Percent Principal Retired	Total Interest	Total Debt Service
1	2017	\$310,000		\$59,868	\$369,868
2	2018	320,000		53,667	373,667
3	2019	330,000		47,268	377,268
4	2020	335,000		40,668	375,668
5	2021	350,000	69.26%	32,460	382,460
6	2022	360,000		23,010	383,010
7	2023	370,000	100.00%	12,210	382,210
		<u>\$2,375,000</u>		<u>\$269,151</u>	<u>\$2,644,151</u>

Source: Tri-Cities Airport Annual Financial Report as prepared by Blackburn, Childers & Steagall, PLC for the year ending June 30, 2016 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	2015-2016 2015	2014-2015 2014	2013-2014 2013	2012-2013 2012	2011-2012 2011
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$7,847,409,800	\$7,799,309,400	\$7,728,937,900	\$8,224,437,633	\$8,175,148,746
Commercial & Industrial	2,750,957,700	2,701,316,700	2,643,454,500	2,759,906,715	2,774,410,858
Personal Property	1,692,688,820	1,825,213,820	1,848,130,433	1,751,601,347	1,800,249,314
Public Utilities	282,452,634	285,850,089	286,264,698	296,992,780	297,187,836
Total Estimated Actual Values	\$12,573,508,954	\$12,611,690,009	\$12,506,787,531	\$13,032,938,475	\$13,046,996,755
Annual Percentage Change	-0.30%	0.84%	-4.04%	-0.11%	6.09%
Estimated Per Capita Amount	\$80,193	\$80,436	\$79,761	\$83,236	\$83,295
COUNTY-WIDE ASSESSED VALUES					
Residential & Farm (at 25%)	\$1,961,852,450	\$1,949,827,350	\$1,932,234,475	\$1,935,210,175	\$1,923,612,500
Commercial & Industrial (at 40%)	1,100,383,080	1,080,526,680	1,057,381,800	1,039,049,680	1,044,510,200
Personal Property (at 30%)	507,806,646	547,564,146	554,439,130	494,593,184	508,329,424
Public Utilities (at 30%-55%)	123,535,326	125,020,970	125,202,202	122,295,830	122,385,468
Total Assessed Values	\$3,693,577,502	\$3,702,939,146	\$3,669,257,607	\$3,591,148,869	\$3,598,837,592
Annual Percentage Change	-0.25%	0.92%	2.18%	-0.21%	-0.24%
Estimated Per Capita Amount	\$23,557	\$23,617	\$23,400	\$22,935	\$22,976
Appraisal Ratio	96.51%	100.00%	100.00%	94.12%	94.12%
Assessed Values to Actual Values	29.38%	29.36%	29.34%	27.55%	27.58%
Property Tax Rate					
General Fund	\$0.7715	\$0.6615	\$0.6615	\$0.6688	\$0.5788
School Capital Projects	\$0.0967	\$0.0667	\$0.0667	\$0.0674	\$0.0675
General Debt Service Fund	\$0.1377	\$0.1077	\$0.1077	\$0.1089	\$0.1089
General Purpose School Fund	\$1.4708	\$1.3708	\$1.3708	\$1.3858	\$1.2958
Highway/Public Works	\$0.0787	\$0.0787	\$0.0787	\$0.0796	\$0.0596
Solid Waste/Sanitation	\$0.0200	\$0.0200	\$0.0200	\$0.0202	\$0.0202
Total Property Tax Rates	\$2.5754	\$2.3054	\$2.3054	\$2.3307	\$2.1308
Taxes Levied	\$95,124,395	\$85,367,559	\$84,591,065	\$83,698,907	\$76,684,031
Collections					
Current Fiscal Year	\$91,452,742	\$82,183,628	\$81,831,195	\$79,839,940	\$73,035,814
Percent Collected Current FY	96.14%	96.27%	96.74%	95.39%	95.24%

Sources: State Board of Equalization, 2011 - 2015 Tax Aggregate Reports of Tennessee, the Annual Financial Reports for the years ending June 30, 2012 - 2016 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 2015</u>	<u>% of Tax Year 2015</u>
		<u>Assessed Value</u>	<u>Total Assessment</u>
Eastman Chemical Company	Manufacturer of Chemicals, Fibers, and Plastics	\$433,330,054	11.73%
Bristol Motor Speedway	Sports	45,252,434	1.23%
Domtar	Paper	39,995,735	1.08%
Kingsport Power	Public Utility	29,606,711	0.80%
United Telephone SE	Public Utility	21,095,317	0.57%
Pinnacle North II LLC	N/A	21,087,760	0.57%
Groseclose Thelma Q ETAL	Real Estate	14,833,240	0.40%
Rhone Poulac (Primestar)	Pharmaceutical Company	14,827,219	0.40%
Eastman Credit Union	Banking	13,386,281	0.36%
Godsey Leasing Co.	Real Estate	11,449,775	0.31%

Source: County Property Assessor

FUND BALANCES

	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$8,809,416	\$7,310,544	\$7,999,284	\$7,535,354	\$5,192,701
Highway/Public Works Fund	4,868,122	3,591,006	3,079,495	2,291,942	1,763,301
General Debt Service Fund	3,705,006	1,413,252	1,361,764	1,553,282	1,523,755
Special Revenue Funds	1,985,833	1,641,826	2,320,515	2,130,007	2,235,000
Education Debt Service Fund	100,911	92,929	83,058	75,305	0
Capital Projects Funds	245,354	308,294	330,485	331,414	2,746,781
	<u>\$19,812,553</u>	<u>\$14,357,851</u>	<u>\$15,174,601</u>	<u>\$13,917,304</u>	<u>\$13,461,538</u>
DISCRETELY PRESENTED					
SCHOOL DEPARTMENT					
General Purpose School Funds	\$10,388,367	\$7,792,199	\$7,042,765	\$6,006,780	\$8,192,908
Special Revenue Funds	2,174,546	1,343,965	926,009	1,194,147	1,095,427
Capital Projects Funds	0	0	20,076	86,116	(326,671)
Education Debt Service Funds	0	0	0	0	67,556
	<u>\$12,562,913</u>	<u>\$9,136,164</u>	<u>\$7,988,850</u>	<u>\$7,287,043</u>	<u>\$9,029,220</u>
TOTAL ALL FUNDS	<u>\$32,375,466</u>	<u>\$23,494,015</u>	<u>\$23,163,451</u>	<u>\$21,204,347</u>	<u>\$22,490,758</u>

Sources: Annual Financial Reports for the years ending June 30, 2012 to 2016 prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

LOCAL SALES TAX

	<u>FY2015-2016</u>	<u>FY2014-2015</u>	<u>FY2013-2014</u>	<u>FY2012-2013</u>	<u>FY2011-2012</u>
Rate (Percent of retail sales)	2.25%	2.25%	2.25%	2.25%	2.25%
Distribution					
General Fund	\$723,815	\$510,973	\$427,986	\$359,453	\$801,701
General Purpose School	13,008,902	12,276,965	11,699,823	11,922,154	12,126,740
Cities Portion	23,787,190	21,958,023	20,501,067	20,535,284	20,142,898
Cities School Portion	13,988,556	12,845,926	11,851,815	11,550,009	11,430,206
Highway/Public Works	2,500,000	2,600,000	2,600,000	2,600,000	2,600,000
Total Amount Collected	<u>\$54,008,463</u>	<u>\$50,191,887</u>	<u>\$47,080,691</u>	<u>\$46,966,900</u>	<u>\$47,101,545</u>
% of Increase	7.60%	6.61%	0.24%	-0.29%	5.99%

Sources: Annual Financial Reports for the years ending June 30, 2012 to 2016 prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
COUNTY DISTRICT SUMMARY OF OUTSTANDING DEBT**

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding 06/30/16
Bonds					
\$6,965,000	County District School Ref. Bonds, Series 2015B	03/30/15	05/01/19	3.00% - 4.00%	<u>\$5,305,000</u>
	Total Bonds				<u>\$5,305,000</u>
	Total Current Outstanding Debt				<u><u>\$5,305,000</u></u>

COUNTY DISTRICT DEBT STATEMENT
(as of June 30, 2016)

Outstanding Debt	
Total Current Outstanding Debt	<u>\$5,305,000</u>
Gross Direct Debt	\$5,305,000
Net Direct Debt	<u>\$5,305,000</u>
Net Overlapping Debt (as of June 30, 2016)	
County-Wide Debt (36.67% of \$182,731,332)(Adjusted for Series 2017)	<u>\$67,014,314</u>
Total Net Overlapping Debt	<u>\$67,014,314</u>
Overall Net Debt	<u><u>\$72,319,314</u></u>

COUNTY DISTRICT DEBT RECORD

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

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2016 and County Officials.

COUNTY DISTRICT POPULATION

	<u>County District</u>	<u>County</u>	<u>Tennessee</u>
2000 U.S. Census	27,853	152,977	5,703,719
2010 U.S. Census	13,668	156,833	6,356,628
2011 U.S. Census Estimate	13,100	156,952	6,398,389
2012 U.S. Census Estimate	12,472	156,636	6,455,177
2013 U.S. Census Estimate	11,937	156,578	6,497,269
2014 U.S. Census Estimate	11,614	156,803	6,549,352
2015 U.S. Census Estimate	11,084	156,791	6,600,299

Source: U.S. Bureau of Census

COUNTY DISTRICT PER CAPITA DEBT RATIOS

Outstanding Debt	\$478.62
Gross Direct Debt	\$478.62
Net Direct Debt	\$478.62
Total Net Overlapping Debt	\$6,046.04
Overall Net Debt	\$6,524.66

COUNTY DISTRICT DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Outstanding Debt to	0.39%	0.11%
Gross Direct Debt to	0.39%	0.11%
Net Direct Debt to	0.39%	0.11%
Total Net Overlapping Debt to	4.95%	1.33%
Overall Net Debt to	5.34%	1.44%

COUNTY DISTRICT DEBT TREND

	<u>06/30/16</u>	<u>06/30/15</u>	<u>06/30/14</u>	<u>06/30/13</u>	<u>06/30/12</u>
Bonds Outstanding	\$5,305,000	\$6,965,000	\$8,835,000	\$10,365,000	\$11,825,000
Total Debt	<u>\$5,305,000</u>	<u>\$6,965,000</u>	<u>\$8,835,000</u>	<u>\$10,365,000</u>	<u>\$11,825,000</u>

Sources: Annual Financial Reports for the years ending June 30, 2012 to 2016 prepared by the Comptroller of the Treasury Department of the Audit, Division of County Audit and County Officials.

COUNTY DISTRICT DEBT SERVICE REQUIREMENTS
(as of June 30, 2016)

Year No.	Year Ended June 30	<u>Principal</u>		<u>Interest</u>	
		Total Principal	Percent Principal Retired	Total Interest	Total Debt Service Requirements
1	2017	\$1,700,000	32%	\$195,200	\$1,895,200
2	2018	1,765,000	65%	144,200	1,909,200
3	2019	1,840,000	100%	73,600	1,913,600
4	2020				
5	2021				
		<u>\$5,305,000</u>		<u>\$413,000</u>	<u>\$5,718,000</u>

Source: Annual Financial Reports for the years ending June 30, 2016
prepared by the Comptroller of the Trasury, Department of the Audit,
Division of County Audit and County Officials.

**COUNTY DISTRICT PROPERTY VALUATION AND
PROPERTY TAX**

Fiscal Year Tax Year	2015-2016 2015	2014-2015 2014	2013-2014 2013	2012-2013 2012	2011-2012 2011
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$4,115,357,400	\$4,087,641,300	\$4,053,487,400	\$4,412,935,082	\$4,558,602,315
Commercial & Industrial	339,069,000	340,009,100	329,153,300	342,483,213	347,326,710
Personal Property	442,712,103	317,909,380	326,094,883	313,747,678	294,520,801
Public Utilities	<u>130,690,478</u>	<u>130,823,521</u>	<u>130,608,609</u>	<u>145,643,449</u>	<u>136,447,181</u>
Total Estimated Actual Values	<u><u>\$5,027,828,981</u></u>	<u><u>\$4,876,383,301</u></u>	<u><u>\$4,839,344,192</u></u>	<u><u>\$5,214,809,422</u></u>	<u><u>\$5,336,897,007</u></u>
Annual Percentage Change	3.11%	0.77%	-7.20%	-2.29%	6.18%
COUNTY-DISTRICT ASSESSED VALUES					
Residential & Farm (at 25%)	\$1,028,839,350	\$1,021,910,325	\$1,013,371,850	\$1,038,363,625	\$1,072,639,125
Commercial & Industrial (at 40%)	135,627,600	115,771,200	131,661,320	128,938,080	130,761,560
Personal Property (at 30%)	132,813,631	95,372,814	97,828,465	88,600,822	83,171,921
Public Utilities (at 30%-55%)	<u>57,290,414</u>	<u>58,295,993</u>	<u>57,012,571</u>	<u>59,862,966</u>	<u>58,571,942</u>
Total Assessed Values	<u><u>\$1,354,570,995</u></u>	<u><u>\$1,291,350,332</u></u>	<u><u>\$1,299,874,206</u></u>	<u><u>\$1,315,765,493</u></u>	<u><u>\$1,345,144,548</u></u>
Annual Percentage Change	4.90%	-0.66%	-1.21%	-2.18%	-0.02%
Appraisal Ratio	96.51%	100.00%	100.00%	94.12%	94.12%
Assessed Values to Actual Values	26.94%	26.48%	26.86%	25.23%	25.20%

Source: State Board of Equalization, 2012 - 2016 Tax Aggregate Reports of Tennessee

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APPENDIX C

Comprehensive Annual Financial Report
of the County for the Fiscal Year Ended June 30, 2016

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ANNUAL FINANCIAL REPORT

SULLIVAN COUNTY, TENNESSEE

FOR THE YEAR ENDED JUNE 30, 2016



DIVISION OF LOCAL GOVERNMENT AUDIT



ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2016

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
Auditor 4

ROBERT ANDERSON
PAULA KNIGHT
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, 2016

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2016.

Results

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

Our audit resulted in two 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

- ◆ The School Department operated with several contracts for student transportation services that had expired.
- ◆ Amounts withheld from contractor payments were not deposited into an escrow account.

INTRODUCTORY SECTION

Sullivan County Officials

June 30, 2016

Officials

Richard Venable, County Mayor
Jim Belgeri, Highway Commissioner
Evelyn Rafalowski, Director of Schools
Frances Harrell, Trustee
Kristinia Davis, Purchasing Agent
Larry Bailey, Director of Accounts and Budgets
Jeanie Gammon, County Clerk
Tommy Kerns, Circuit, General Sessions, and Law Courts Clerk
Katherine Priester, Clerk and Master
Sheena Tinsley, Register of Deeds
Ronald Hillman, Assessor of Property
Wayne Anderson, Sheriff

Board of County Commissioners

Richard Venable, County Mayor, Chairman	Matthew Johnson
Mark Bowery	Bill Kilgore
Darlene Calton	Kit McGlothlin
Michael Cole	Randy Morrell
John Crawford	Bob Neal
John Gardner	Cheryl Russell
Sherry Grubb	Bobbie Russell, Jr.
Andy Hare	Patrick Shull
Mack Harr	Angie Stanley
Joe Herron	Mark Vance
Terry Harkleroad	Robert White
Baxter Hood	Eddie Williams
Dennis Houser	

Board of Education

Dan Wells, Chairman	Jack Bales
Todd Broughton	Jane Thomas
Jerry Greene	Michael Hughes
Randall Jones	

Audit Committee

Eddie Williams, Chairman
John Crawford
Terry Harkleroad

FINANCIAL SECTION



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

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, 2016, 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, 2016, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Sullivan County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; GASB Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; GASB Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68 and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; and GASB Statement No. 79, *Certain External Investment Pools and Pool Participants*. Our opinion is not modified with respect to these matters.

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, schedule of county contributions, schedule of school's proportionate share of the net pension liability, and schedule of funding progress - other postemployment benefits plans on pages 99-106 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

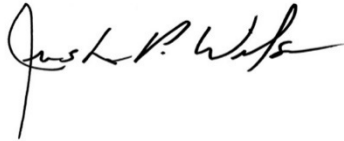
The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous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

The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated December 16, 2016, on our consideration of Sullivan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control over financial reporting and compliance.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long, sweeping underline that extends to the left.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 16, 2016

JPW/sb

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2016

	Primary Government Governmental Activities	Component Unit Sullivan County School Department
<u>ASSETS</u>		
Cash	\$ 843,038	\$ 13,794
Equity in Pooled Cash and Investments	19,868,965	11,776,028
Inventories	51,255	413,572
Accounts Receivable	2,388,507	49,437
Allowance for Uncollectibles	(101,224)	0
Due from Other Governments	3,083,878	2,949,639
Due from Component Units	48,838	0
Due from Joint Venture	181,871	0
Property Taxes Receivable	38,569,336	28,924,074
Allowance for Uncollectible Property Taxes	(1,087,879)	(815,826)
Prepaid Items	190,600	4,090
Net Pension Asset - Agent Plan	227,183	71,978
Net Pension Asset - Teacher Retirement Plan	0	41,468
Capital Assets:		
Assets Not Depreciated:		
Land	2,458,142	1,109,248
Construction in Progress	400,554	30,000
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	20,110,964	65,501,251
Infrastructure	10,156,175	0
Other Capital Assets	11,802,933	2,003,445
Total Assets	<u>\$ 109,193,136</u>	<u>\$ 112,072,198</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 770,394	\$ 0
Pension Changes in Experience	0	320,169
Pension Contributions After Measurement Date	4,142,593	4,850,568
Total Deferred Outflows of Resources	<u>\$ 4,912,987</u>	<u>\$ 5,170,737</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 791,864	\$ 341,373
Accrued Payroll	915,480	1,167
Accrued Interest Payable	384,189	0
Payroll Deductions Payable	394,643	1,178,751
Claims and Judgments Payable	217,360	0
Due to Primary Government	0	48,838
Other Current Liabilities	776,951	60,622

(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	\$ 7,245,167	\$ 556,577
Due in More Than One Year	56,072,975	43,024,643
Total Liabilities	<u>\$ 66,798,629</u>	<u>\$ 45,211,971</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 36,687,892	\$ 27,513,134
Deferred Credit on Refunding	171,294	0
Pension Changes in Experience	3,250,045	7,252,814
Pension Changes in Investment Earnings	1,496,630	3,046,525
Pension Other Deferrals	0	888,724
Total Deferred Inflows of Resources	<u>\$ 41,605,861</u>	<u>\$ 38,701,197</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 31,799,891	\$ 68,643,944
Restricted for:		
General Government	868,793	0
Finance	120,406	0
Administration of Justice	227,930	0
Public Safety	246,277	0
Public Health and Welfare	61,415	0
Agriculture and Natural Resources	13,795	0
Education	0	1,861,994
Capital Projects	245,354	0
Other Purposes	227,183	0
Debt Service	3,515,224	0
Unrestricted	<u>(31,624,635)</u>	<u>(37,176,171)</u>
Total Net Position	<u>\$ 5,701,633</u>	<u>\$ 33,329,767</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, 2016

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	\$ 4,985,762	\$ 1,532,533	\$ 132,176	\$ 146,156	\$ (3,174,897)	\$ 0
Finance	5,734,556	4,309,735	0	0	(1,424,821)	0
Administration of Justice	5,154,190	2,289,282	140,021	0	(2,724,887)	0
Public Safety	22,921,383	2,849,821	514,353	168,882	(19,388,327)	0
Public Health and Welfare	12,364,183	5,982,657	3,601,886	0	(2,779,640)	0
Social, Cultural, and Recreational Services	1,460,396	342,332	0	4,800	(1,113,264)	0
Agriculture and Natural Resources	193,384	0	0	613,950	420,566	0
Highways	8,811,939	65,919	2,884,628	315,741	(5,545,651)	0
Education	2,364,186	260,053	0	0	(2,104,133)	0
Debt Service:						
Interest	1,746,145	0	2,679,586	0	933,441	0
Total Primary Government	\$ 65,736,124	\$ 17,632,332	\$ 9,952,650	\$ 1,249,529	\$ (36,901,613)	\$ 0
Component Unit:						
Sullivan County School Department	\$ 96,096,512	\$ 1,573,838	\$ 9,643,435	\$ 1,500,000	\$ 0	\$ (83,379,239)
Total Component Unit	\$ 96,096,512	\$ 1,573,838	\$ 9,643,435	\$ 1,500,000	\$ 0	\$ (83,379,239)

(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					\$ 32,319,569	\$ 28,112,097
Property Taxes Levied for Debt Service					5,099,177	0
Local Option Sales Taxes					3,226,270	13,069,861
Litigation Tax - General					259,794	0
Litigation Tax - Special Purpose					1,425	0
Litigation Tax - Office of Public Defender					139,874	0
Litigation Tax - Jail, Workhouse, or Courthouse					128,567	0
Litigation Tax - Courtroom Security					359,077	0
Business Tax					2,468,755	0
Mixed Drink Tax					17,286	0
Mineral Severance Tax					147,975	0
Wholesale Beer Tax					363,865	0
Interstate Telecommunications Tax					9,923	0
Other Local Taxes					0	4,777
Grants and Contributions Not Restricted to Specific Programs					2,804,879	43,565,372
Unrestricted Investment Income					277,112	49
Miscellaneous					94,040	720,073
Total General Revenues					<u>\$ 47,717,588</u>	<u>\$ 85,472,229</u>
Change in Net Position					\$ 10,815,975	\$ 2,092,990
Net Position, July 1, 2015					<u>(5,114,342)</u>	<u>31,236,777</u>
Net Position, June 30, 2016					<u>\$ 5,701,633</u>	<u>\$ 33,329,767</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, 2016

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>					
Cash	\$ 45,996	\$ 0	\$ 0	\$ 180,156	\$ 226,152
Equity in Pooled Cash and Investments	8,668,978	4,628,206	3,475,491	2,277,815	19,050,490
Inventories	51,255	0	0	0	51,255
Accounts Receivable	230,060	73,823	0	2,076,824	2,380,707
Allowance for Uncollectibles	0	0	0	(101,224)	(101,224)
Due from Other Governments	2,222,233	855,220	0	6,425	3,083,878
Due from Other Funds	651,758	0	228,614	2,448	882,820
Due from Component Units	2,414	4,480	0	647	7,541
Due from Joint Ventures	0	0	181,871	0	181,871
Property Taxes Receivable	29,523,011	3,011,615	5,269,369	765,341	38,569,336
Allowance for Uncollectible Property Taxes	(832,720)	(84,945)	(148,627)	(21,587)	(1,087,879)
Prepaid Items	3,481	0	187,119	0	190,600
Total Assets	<u>\$ 40,566,466</u>	<u>\$ 8,488,399</u>	<u>\$ 9,193,837</u>	<u>\$ 5,186,845</u>	<u>\$ 63,435,547</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 677,658	\$ 94,584	\$ 0	\$ 14,660	\$ 786,902
Accrued Payroll	667,344	126,850	0	121,286	915,480
Payroll Deductions Payable	298,835	42,514	0	53,294	394,643
Due to Other Funds	636,378	178,536	0	355,465	1,170,379
Other Current Liabilities	0	0	383,010	0	383,010
Total Liabilities	<u>\$ 2,280,215</u>	<u>\$ 442,484</u>	<u>\$ 383,010</u>	<u>\$ 544,705</u>	<u>\$ 3,650,414</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	\$ 28,082,854	\$ 2,864,706	\$ 5,012,325	\$ 728,007	\$ 36,687,892
Deferred Delinquent Property Taxes	523,841	53,436	93,496	13,580	684,353
Other Deferred/Unavailable Revenue	870,140	259,651	0	1,568,455	2,698,246
Total Deferred Inflows of Resources	<u>\$ 29,476,835</u>	<u>\$ 3,177,793</u>	<u>\$ 5,105,821</u>	<u>\$ 2,310,042</u>	<u>\$ 40,070,491</u>
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 51,255	\$ 0	\$ 0	\$ 0	\$ 51,255
Prepaid Items	3,481	0	187,119	0	190,600
Restricted:					
Restricted for General Government	868,793	0	0	0	868,793
Restricted for Finance	120,406	0	0	0	120,406
Restricted for Administration of Justice	227,930	0	0	0	227,930
Restricted for Public Safety	102,236	0	0	144,041	246,277
Restricted for Public Health and Welfare	61,415	0	0	0	61,415
Restricted for Agriculture and Natural Resources	13,795	0	0	0	13,795
Restricted for Debt Service	0	0	3,517,887	100,911	3,618,798
Restricted for Capital Projects	0	0	0	245,354	245,354
Committed:					
Committed for Finance	832,332	0	0	0	832,332
Committed for Public Health and Welfare	0	0	0	1,581,803	1,581,803
Committed for Social, Cultural, and Recreational Services	0	0	0	259,989	259,989
Committed for Other Operations	532,754	0	0	0	532,754
Committed for Highways/Public Works	0	4,868,122	0	0	4,868,122
Assigned:					
Assigned for General Government	2,082,287	0	0	0	2,082,287

(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	\$ 209,301	\$ 0	\$ 0	\$ 0	\$ 209,301
Assigned for Administration of Justice	64,061	0	0	0	64,061
Assigned for Public Safety	114,585	0	0	0	114,585
Assigned for Public Health and Welfare	313,789	0	0	0	313,789
Assigned for Social, Cultural, and Recreational Services	39,601	0	0	0	39,601
Unassigned	3,171,395	0	0	0	3,171,395
Total Fund Balances	<u>\$ 8,809,416</u>	<u>\$ 4,868,122</u>	<u>\$ 3,705,006</u>	<u>\$ 2,332,098</u>	<u>\$ 19,714,642</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 40,566,466</u>	<u>\$ 8,488,399</u>	<u>\$ 9,193,837</u>	<u>\$ 5,186,845</u>	<u>\$ 63,435,547</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, 2016

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)		\$ 19,714,642
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,458,142	
Add: construction in progress	400,554	
Add: infrastructure net of accumulated depreciation	10,156,175	
Add: buildings and improvements net of accumulated depreciation	20,110,964	
Add: other capital assets net of accumulated depreciation	<u>11,802,933</u>	44,928,768
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		3,382,599
(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.		1,136,421
(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	\$ (1,518,988)	
Less: other loans payable	(17,427,200)	
Less: capital leases payable	(1,190,150)	
Less: bonds payable	(35,865,000)	
Add: debt to be contributed by the School Department for capital leases	19,333	
Add: deferred charge on refunding	770,394	
Less: compensated absences payable	(1,232,762)	
Less: other postemployment benefits liability	(2,013,960)	
Less: accrued interest on notes and bonds	(384,189)	
Less: deferred credit on refunding	(171,294)	
Less: other deferred revenue - premium on debt	<u>(4,070,082)</u>	(63,083,898)
(5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:		
Add: deferred outflows of resources related to pensions	\$ 4,142,593	
Less: deferred inflows of resources related to pensions	<u>(4,746,675)</u>	(604,082)
(6) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		<u>227,183</u>
Net position of governmental activities (Exhibit A)		<u>\$ 5,701,633</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, 2016

	Major Funds			Nonmajor Funds	
	General	Highway / Public Works	General Debt Service	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>					
Local Taxes	\$ 33,318,999	\$ 5,962,746	\$ 5,216,058	\$ 747,410	\$ 45,245,213
Licenses and Permits	458,645	250,000	0	0	708,645
Fines, Forfeitures, and Penalties	485,076	0	0	56,971	542,047
Charges for Current Services	1,308,839	0	0	5,077,814	6,386,653
Other Local Revenues	352,359	90,652	1,196,687	196,949	1,836,647
Fees Received From County Officials	6,652,253	0	0	0	6,652,253
State of Tennessee	5,116,702	3,396,576	0	185,732	8,699,010
Federal Government	2,611,621	10,400	0	184,977	2,806,998
Other Governments and Citizens Groups	473,047	61,428	763,523	2,042,070	3,340,068
Total Revenues	\$ 50,777,541	\$ 9,771,802	\$ 7,176,268	\$ 8,491,923	\$ 76,217,534
<u>Expenditures</u>					
Current:					
General Government	\$ 4,376,396	\$ 0	\$ 0	\$ 5,351	\$ 4,381,747
Finance	5,741,031	0	102,869	19,076	5,862,976
Administration of Justice	5,147,031	0	0	0	5,147,031
Public Safety	23,649,952	0	0	52,029	23,701,981
Public Health and Welfare	6,495,671	0	0	6,235,771	12,731,442
Social, Cultural, and Recreational Services	1,120,972	0	0	308,925	1,429,897
Agriculture and Natural Resources	814,535	0	0	0	814,535
Other Operations	934,023	0	0	182,695	1,116,718
Highways	0	8,176,948	0	0	8,176,948
Instruction	155,914	0	0	0	155,914
Debt Service:					
Principal on Debt	765,287	57,512	3,041,486	1,660,000	5,524,285
Interest on Debt	46,844	4,513	1,948,085	248,068	2,247,510

(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	\$ 250	\$ 0	\$ 20,688	\$ 300	\$ 21,238
Capital Projects	0	257,895	0	0	257,895
Capital Projects - Donated	116,812	0	0	1,526,401	1,643,213
Total Expenditures	\$ 49,364,718	\$ 8,496,868	\$ 5,113,128	\$ 10,238,616	\$ 73,213,330
 Excess (Deficiency) of Revenues Over Expenditures	 \$ 1,412,823	 \$ 1,274,934	 \$ 2,063,140	 \$ (1,746,693)	 \$ 3,004,204
<u>Other Financing Sources (Uses)</u>					
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 1,500,000	\$ 1,500,000
Capital Leases Issued	1,720,405	0	0	0	1,720,405
Insurance Recovery	0	2,182	0	130,000	132,182
Transfers In	0	0	228,614	405,742	634,356
Transfers Out	(1,634,356)	0	0	0	(1,634,356)
Total Other Financing Sources (Uses)	\$ 86,049	\$ 2,182	\$ 228,614	\$ 2,035,742	\$ 2,352,587
 Net Change in Fund Balances	 \$ 1,498,872	 \$ 1,277,116	 \$ 2,291,754	 \$ 289,049	 \$ 5,356,791
Fund Balance, July 1, 2015	7,310,544	3,591,006	1,413,252	2,043,049	14,357,851
 Fund Balance, June 30, 2016	 \$ 8,809,416	 \$ 4,868,122	 \$ 3,705,006	 \$ 2,332,098	 \$ 19,714,642

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, 2016

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)		\$	5,356,791
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	3,480,133	
Less: current-year depreciation expense		(2,980,233)	499,900
(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			(385,252)
(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, 2015	\$	(3,300,668)	
Add: deferred delinquent property taxes and other deferred June 30, 2016		3,382,599	81,931
(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	\$	(1,720,405)	
Less: note proceeds		(1,500,000)	
Add: change in premium on debt issuances		499,970	
Add: principal payments on bonds		2,435,000	
Add: principal payments on notes		556,012	
Add: principal payments on other loans		1,691,111	
Add: principal payments on capital leases		842,162	
Less: contributions from the School Department for capital leases debt		(19,363)	
Less: change in deferred charge on refunding		(120,608)	
Add: change in deferred credit on refunding		94,592	2,758,471
(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	\$	27,411	
Change in compensated absences payable		(30,792)	
Change in other postemployment benefits liability		(317,724)	
Change in net pension liability/asset		(444,618)	
Change in deferred outflows related to pensions		129,576	
Change in deferred inflows related to pensions		3,401,859	2,765,712

(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.

\$ (261,578)

Change in net position of governmental activities (Exhibit B)

\$ 10,815,975

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 33,318,999	\$ 0	\$ 0	\$ 33,318,999	\$ 32,997,903	\$ 33,016,403	\$ 302,596
Licenses and Permits	458,645	0	0	458,645	436,686	436,686	21,959
Fines, Forfeitures, and Penalties	485,076	0	0	485,076	461,177	477,177	7,899
Charges for Current Services	1,308,839	0	0	1,308,839	974,355	974,355	334,484
Other Local Revenues	352,359	0	0	352,359	142,522	251,840	100,519
Fees Received From County Officials	6,652,253	0	0	6,652,253	6,830,000	6,895,000	(242,747)
State of Tennessee	5,116,702	0	0	5,116,702	4,725,202	7,161,527	(2,044,825)
Federal Government	2,611,621	0	0	2,611,621	2,738,195	2,938,230	(326,609)
Other Governments and Citizens Groups	473,047	0	0	473,047	529,590	529,590	(56,543)
Total Revenues	\$ 50,777,541	\$ 0	\$ 0	\$ 50,777,541	\$ 49,835,630	\$ 52,680,808	\$ (1,903,267)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 308,897	\$ 0	\$ 257	\$ 309,154	\$ 328,155	\$ 328,155	\$ 19,001
County Mayor/Executive	208,967	(60)	1,619	210,526	220,633	220,633	10,107
County Attorney	223,215	(85)	29	223,159	247,952	247,952	24,793
Election Commission	483,150	(10,273)	17,645	490,522	531,524	531,524	41,002
Register of Deeds	405,798	(46,477)	7,120	366,441	561,833	561,833	195,392
Planning	363,444	(489)	0	362,955	384,985	384,985	22,030
Geographical Information Systems	29,254	(5,617)	0	23,637	31,015	31,015	7,378
County Buildings	1,430,484	(32,288)	136,523	1,534,719	1,682,726	1,682,726	148,007
Other Facilities	173,391	0	0	173,391	211,746	211,746	38,355
Preservation of Records	85,242	(127)	330	85,445	78,646	88,047	2,602
Risk Management	664,554	(1,000)	1,000	664,554	1,812,099	812,099	147,545
<u>Finance</u>							
Accounting and Budgeting	629,474	(4,226)	17,708	642,956	728,760	728,760	85,804
Purchasing	513,454	(18,173)	22,833	518,114	572,218	572,218	54,104
Property Assessor's Office	1,630,704	(27,354)	3,106	1,606,456	1,753,364	1,753,364	146,908
County Trustee's Office	647,103	(78,822)	21,166	589,447	662,793	662,793	73,346
County Clerk's Office	1,342,953	(260)	0	1,342,693	1,603,879	1,603,879	261,186

(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 7/1/2015	Add: Encumbrances 6/30/2016	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	\$ 324,956	\$ (299,705)	\$ 144,487	\$ 169,738	\$ 170,000	\$ 170,000	\$ 262
Other Finance	652,387	0	0	652,387	650,000	715,000	62,613
<u>Administration of Justice</u>							
Circuit Court Judge	10,196	0	0	10,196	13,000	13,000	2,804
Circuit Court Clerk	1,556,937	(10,403)	6,947	1,553,481	1,674,043	1,659,875	106,394
General Sessions Court	548,356	(1,040)	0	547,316	556,052	556,052	8,736
General Sessions Judge	595,420	(2,000)	0	593,420	614,764	614,764	21,344
Drug Court	27,000	0	0	27,000	27,000	27,000	0
Chancery Court	618,909	(35,423)	1,612	585,098	615,134	609,363	24,265
Juvenile Court	718,103	(2,403)	1,072	716,772	789,821	789,821	73,049
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	298,720	0	0	298,720	312,551	312,551	13,831
Office of Public Defender	211,633	0	0	211,633	218,019	218,019	6,386
Judicial Commissioners	54,236	0	0	54,236	65,910	65,910	11,674
Other Administration of Justice	97,777	0	0	97,777	153,487	153,487	55,710
Courtroom Security	364,568	(922)	956	364,602	359,069	496,394	131,792
Victim Assistance Programs	42,176	0	0	42,176	20,500	42,176	0
<u>Public Safety</u>							
Sheriff's Department	10,603,809	(33,679)	54,494	10,624,624	9,831,237	10,974,338	349,714
Administration of the Sexual Offender Registry	5,796	0	200	5,996	10,500	10,500	4,504
Jail	8,786,822	(62,453)	68,681	8,793,050	8,687,296	9,023,675	230,625
Workhouse	100,739	(325)	19	100,433	102,092	102,092	1,659
Juvenile Services	549,600	0	0	549,600	638,552	638,552	88,952
Fire Prevention and Control	1,836,471	(168,817)	0	1,667,654	1,836,471	1,836,471	168,817
Civil Defense	577,981	(2,126)	423	576,278	625,815	625,815	49,537
Rescue Squad	505,893	0	0	505,893	644,823	644,823	138,930
Disaster Relief	5,719	0	0	5,719	7,955	17,163	11,444
County Coroner/Medical Examiner	416,476	(3,319)	0	413,157	427,908	427,908	14,751
Other Public Safety	260,646	(2,641)	45,268	303,273	310,191	310,191	6,918

(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 7/1/2015	Add: Encumbrances 6/30/2016	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	\$ 5,865,994	\$ (82,406)	\$ 84,521	\$ 5,868,109	\$ 6,506,007	\$ 6,552,507	\$ 684,398
Rabies and Animal Control	364,431	0	0	364,431	364,517	364,517	86
Ambulance/Emergency Medical Services	58,123	0	0	58,123	349,000	293,258	235,135
Other Local Health Services	24,000	0	0	24,000	24,000	24,000	0
Regional Mental Health Center	81,909	0	0	81,909	84,359	84,359	2,450
Aid to Dependent Children	28,850	0	0	28,850	28,850	28,850	0
Other Local Welfare Services	15,000	0	0	15,000	10,000	15,000	0
Other Waste Disposal	47,364	0	290,683	338,047	349,000	549,000	210,953
Other Public Health and Welfare	10,000	0	0	10,000	10,000	10,000	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	788,472	(6,300)	6,010	788,182	872,452	876,052	87,870
Parks and Fair Boards	332,500	0	0	332,500	332,500	332,500	0
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	754,219	0	13,795	768,014	144,252	2,344,252	1,576,238
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	59,316	0	0	59,316	84,753	84,753	25,437
<u>Other Operations</u>							
Industrial Development	360,180	0	0	360,180	363,940	363,940	3,760
Other Economic and Community Development	163,736	(73,055)	0	90,681	166,336	166,336	75,655
Veterans' Services	11,900	0	0	11,900	11,900	11,900	0
Other Charges	4,725	0	0	4,725	0	4,725	0
Employee Benefits	322,045	0	0	322,045	487,549	487,549	165,504
Miscellaneous	71,437	0	3,351	74,788	82,870	82,870	8,082
<u>Instruction</u>							
Vocational Education Program	10,239	0	0	10,239	10,239	10,239	0
Other	145,675	0	0	145,675	200,000	200,000	54,325
<u>Principal on Debt</u>							
General Government	765,287	(327,244)	0	438,043	0	439,567	1,524

(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 7/1/2015	Add: Encumbrances 6/30/2016	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	\$ 46,844	\$ 0	\$ 0	\$ 46,844	\$ 0	\$ 46,844	\$ 0
<u>Other Debt Service</u>							
General Government	250	0	0	250	12,000	253	3
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	116,812	0	0	116,812	0	116,812	0
Total Expenditures	\$ 49,364,718	\$ (1,339,512)	\$ 951,855	\$ 48,977,061	\$ 51,273,042	\$ 54,970,752	\$ 5,993,691
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,412,823	\$ 1,339,512	\$ (951,855)	\$ 1,800,480	\$ (1,437,412)	\$ (2,289,944)	\$ 4,090,424
<u>Other Financing Sources (Uses)</u>							
Capital Leases Issued	\$ 1,720,405	\$ 0	\$ 0	\$ 1,720,405	\$ 0	\$ 1,726,303	\$ (5,898)
Transfers Out	(1,634,356)	0	0	(1,634,356)	(245,939)	(1,651,681)	17,325
Total Other Financing Sources	\$ 86,049	\$ 0	\$ 0	\$ 86,049	\$ (245,939)	\$ 74,622	\$ 11,427
Net Change in Fund Balance	\$ 1,498,872	\$ 1,339,512	\$ (951,855)	\$ 1,886,529	\$ (1,683,351)	\$ (2,215,322)	\$ 4,101,851
Fund Balance, July 1, 2015	7,310,544	(1,339,512)	0	5,971,032	5,367,081	5,367,081	603,951
Fund Balance, June 30, 2016	\$ 8,809,416	\$ 0	\$ (951,855)	\$ 7,857,561	\$ 3,683,730	\$ 3,151,759	\$ 4,705,802

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,962,746	\$ 0	\$ 0	\$ 5,962,746	\$ 5,971,081	\$ 5,971,081	\$ (8,335)
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	90,652	0	0	90,652	71,693	71,693	18,959
State of Tennessee	3,396,576	0	0	3,396,576	3,772,583	3,772,583	(376,007)
Federal Government	10,400	0	0	10,400	10,400	10,400	0
Other Governments and Citizens Groups	61,428	0	0	61,428	6,817	6,817	54,611
Total Revenues	\$ 9,771,802	\$ 0	\$ 0	\$ 9,771,802	\$ 10,082,574	\$ 10,082,574	\$ (310,772)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 345,385	\$ (712)	\$ 4,375	\$ 349,048	\$ 375,090	\$ 375,090	\$ 26,042
Highway and Bridge Maintenance	5,885,123	(24,274)	2,369	5,863,218	6,033,661	6,193,661	330,443
Operation and Maintenance of Equipment	421,323	(5,193)	51,959	468,089	785,000	725,000	256,911
Asphalt Plant Operations	926,756	(3,521)	341	923,576	1,306,730	1,206,730	283,154
Traffic Control	22,804	0	0	22,804	40,000	40,000	17,196
Other Charges	200,453	0	0	200,453	295,000	295,000	94,547
Capital Outlay	375,104	(82,422)	120,995	413,677	500,000	437,975	24,298
<u>Principal on Debt</u>							
Highways and Streets	57,512	0	0	57,512	0	57,512	0
<u>Interest on Debt</u>							
Highways and Streets	4,513	0	0	4,513	0	4,513	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	257,895	(9,567)	55,933	304,261	1,050,000	1,050,000	745,739
Total Expenditures	\$ 8,496,868	\$ (125,689)	\$ 235,972	\$ 8,607,151	\$ 10,385,481	\$ 10,385,481	\$ 1,778,330
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 1,274,934	\$ 125,689	\$ (235,972)	\$ 1,164,651	\$ (302,907)	\$ (302,907)	\$ 1,467,558
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 2,182	\$ 0	\$ 0	\$ 2,182	\$ 0	\$ 0	\$ 2,182
Total Other Financing Sources	\$ 2,182	\$ 0	\$ 0	\$ 2,182	\$ 0	\$ 0	\$ 2,182

(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 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Net Change in Fund Balance	\$ 1,277,116	\$ 125,689	\$ (235,972)	\$ 1,166,833	\$ (302,907)	\$ (302,907)	\$ 1,469,740
Fund Balance, July 1, 2015	3,591,006	(125,689)	0	3,465,317	3,469,578	3,469,578	(4,261)
Fund Balance, June 30, 2016	<u>\$ 4,868,122</u>	<u>\$ 0</u>	<u>\$ (235,972)</u>	<u>\$ 4,632,150</u>	<u>\$ 3,166,671</u>	<u>\$ 3,166,671</u>	<u>\$ 1,465,479</u>

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, 2016

	Governmental Activities Internal Service Funds
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 616,886
Equity in Pooled Cash and Investments	818,475
Accounts Receivable	7,800
Due from Other Funds	423,608
Due from Component Units	21,964
Total Assets	<u>\$ 1,888,733</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 4,962
Claims and Judgments Payable	217,360
Due to Other Funds	136,049
Other Current Liabilities	393,941
Total Liabilities	<u>\$ 752,312</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,136,421</u>
Total Net Position	<u><u>\$ 1,136,421</u></u>

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

Exhibit D-2

Sullivan County, Tennessee
Statement of Revenues, Expenses, and Changes
in Net Position
Proprietary Funds
For the Year Ended June 30, 2016

	Governmental Activities Internal Service Funds
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 4,922,933
Cobra Insurance Payments	11,173
Total Operating Revenues	<u>\$ 4,934,106</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 657,098
Dental Insurance	270,277
Audit Services	3,350
Liability Insurance	136,473
Medical Claims	4,344,076
Bank Charges	500
Trustee's Commission	8
Vehicle and Equipment Insurance	9,047
Workers' Compensation Insurance	775,559
Licenses	67
Total Operating Expenses	<u>\$ 6,196,455</u>
Operating Income (Loss)	<u>\$ (1,262,349)</u>
<u>Nonoperating Revenues (Expenses)</u>	
Investment Income	\$ 771
Total Nonoperating Revenues (Expenses)	<u>\$ 771</u>
Income (Loss) before Transfers	\$ (1,261,578)
Transfers In	<u>1,000,000</u>
Change in Net Position	\$ (261,578)
Net Position, July 1, 2015	<u>1,397,999</u>
Net Position, June 30, 2016	<u><u>\$ 1,136,421</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, 2016

	<u>Governmental Activities Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 5,507,846
Payments to Insurers and Claims Payments	(6,162,748)
Payments for Administrative Costs	(659,103)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (1,314,005)</u>
<u>Cash Flows from Investing Activities</u>	
Interest on Investments	\$ 771
Net Cash Provided By (Used In) Investing Activities	<u>\$ 771</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Receipts for State Insurance Clearing Account	\$ 393,730
Transfers In	800,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,193,730</u>
Increase (Decrease) in Cash	\$ (119,504)
Cash, July 1, 2015	<u>1,554,865</u>
Cash, June 30, 2016	<u><u>\$ 1,435,361</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (1,262,349)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Operating Receivables	437,691
(Increase) Decrease in Prepaid Expenses	7,300
Increase (Decrease) in Other Current Liabilities, Excluding Liability for State Insurance Clearing Account	<u>(496,647)</u>
Net Cash Provided By (Used In) Operating Activities	<u><u>\$ (1,314,005)</u></u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 616,886
Equity in Pooled Cash and Investments Per Net Position	<u>818,475</u>
Cash, June 30, 2016	<u><u>\$ 1,435,361</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, 2016

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 7,880,437
Equity in Pooled Cash and Investments	1,477,634
Accounts Receivable	687
Due from Other Governments	6,259,651
Taxes Receivable	31,059,489
Allowance for Uncollectible Taxes	<u>(876,057)</u>
Total Assets	<u>\$ 45,801,841</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 37,752,843
Due to Litigants, Heirs, and Others	7,915,571
Due to Joint Ventures	<u>133,427</u>
Total Liabilities	<u>\$ 45,801,841</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, 2016

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. Although required by GAAP, 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.

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. Net debt issues totaling \$1,500,000 were contributed by the county to the School Department during the year ended June 30, 2016.

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

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

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

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

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

Governmental fund financial statements are reported using the current financial resources measurement focus and the modified accrual basis of accounting. Revenues are recognized as soon as they become both measurable and available. Revenues are considered to be available when they are collectible within the current period or soon enough thereafter to pay liabilities of the current period. For this purpose, the county considers revenues other than grants to be available if they are collected within 30 days after year-end. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met and the revenues are available. Sullivan County considers grants and similar revenues to be available if they are collected within 60 days after year-end. Expenditures are generally recognized under the modified accrual basis of

accounting when the related fund liability is incurred. Principal and interest on long-term debt are recognized as fund liabilities when due or when amounts have been accumulated in the debt service funds for payments to be made early in the following year.

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

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

Sullivan County reports the following major governmental funds:

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

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

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

Additionally, Sullivan County reports the following fund types:

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

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

government's self-insured health programs. Premiums charged to the various county funds and employee payroll deductions are placed in this fund to pay the claims of county employees.

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

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

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

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

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

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

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

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

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

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sullivan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. Sullivan County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable Net Asset Value. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.45 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 \$776,951 on the Statement of Net Position for the primary government consists of a liability totaling \$383,010 for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.D. for contingent liabilities and a liability totaling \$393,941 for undrafted deposits for health insurance premiums. Claims and judgments payable is discussed in Note V.A. Risk Management.

3. Inventories and Prepaid Items

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

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

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the 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 estimated fair market value at the date of donation.

The costs of normal maintenance and repairs that do not add to the value of the asset or materially extend assets' lives are not capitalized.

Major outlays for capital assets and improvements are capitalized as projects are constructed.

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

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

5. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. 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, employer contributions made to the pension plan after the measurement date, 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. Deferred inflows of resources, represent 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, the deferred credit on refunding, and various receivables for revenues, which do not meet the availability criteria for governmental funds.

6. Compensated Absences

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

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

7. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities Statement of Net Position. Debt premiums and discounts are deferred and amortized over the life of the new debt using the straight-line method. Debt issuance costs are expensed in the period incurred. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is reported as a deferred outflow of resources or a deferred inflow of resources and recognized as a component of interest expense in a systematic and rational manner over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including compensated absences and other postemployment benefits, are recognized to the extent that the liabilities have matured (come due for payment) each period.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any

bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.

- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

Restricted for Other Purposes in the governmental activities of the primary government (\$227,183) and a portion of the Restricted for Education in the discretely presented School Department (\$113,446) are attributable to net pension assets of the agent and cost-sharing pension plans.

As of June 30, 2016, Sullivan County had \$36,317,461 in outstanding debt for capital purposes of the discretely presented Sullivan County School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Bristol School System and City of Kingsport School System) based on average daily attendance prorations. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the School Department, the City of Bristol School System, and the City of Kingsport School System. In addition, Sullivan County had outstanding debt totaling \$6,555,000 on June 30, 2016, for capital purposes of a joint venture, the Sullivan County Economic Development Partnership (NETWORKS). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Therefore, Sullivan County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

In the fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based primarily on

the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission makes assignment for the general government and the Board of Education makes assignments for the School Department. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances of \$753,921 and fund balance appropriated for use in the 2016-17 year budget totaling \$1,979,227. Assigned fund balance in the School Department's General Purpose School Fund consists primarily of amounts assigned for building construction projects of \$221,715 and \$2,248,838 assigned for use in the 2016-17 year budget.

Unassigned Fund Balance – the residual classification of the General and General Purpose School funds. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General and General Purpose School funds.

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.

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Sullivan County School Department

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

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

Primary Government

Exhibit C-4 includes explanations of the nature of individual elements of items required to reconcile the net change in fund balances – total

governmental funds with the change in net position of governmental activities reported in the government-wide Statement of Activities.

Discretely Presented Sullivan County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

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

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

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

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

At June 30, 2016, Sullivan County reported the following significant encumbrance:

Fund	Description	Amount
Primary Government:		
Major Fund:		
General	Solid Waste Equipment	\$ 219,091

B. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Interest on Debt - Education major appropriations category (the legal level of control) of the Central Cafeteria Fund by \$3,901 and the Support Services – Board of Education major appropriations category of the Special Purpose Fund by \$420. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the Central Cafeteria and Special Purpose 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. 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, 2016, Sullivan County had the following investments carried at amortized. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented Sullivan County School Department since both pool their deposits and investments through the county trustee.

POOLED INVESTMENTS

<u>Investment</u>	<u>Weighted Average Maturity (days)</u>	<u>Amortized Cost</u>
State Treasurer's Investment Pool	4 to 117	\$ 7,236,661

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, 2016, Sullivan County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2016, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,947,221	\$ 513,421	\$ (2,500)	\$ 2,458,142
Construction in Progress	110,954	289,600	0	400,554
Total Capital Assets Not Depreciated	<u>\$ 2,058,175</u>	<u>\$ 803,021</u>	<u>\$ (2,500)</u>	<u>\$ 2,858,696</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 33,065,494	\$ 678,420	\$ (259,430)	\$ 33,484,484
Infrastructure	20,482,577	0	0	20,482,577
Other Capital Assets	28,625,339	1,998,692	(572,555)	30,051,476
Total Capital Assets Depreciated	<u>\$ 82,173,410</u>	<u>\$ 2,677,112</u>	<u>\$ (831,985)</u>	<u>\$ 84,018,537</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 12,689,215	\$ 689,494	\$ (5,189)	\$ 13,373,520
Infrastructure	9,814,626	511,776	0	10,326,402
Other Capital Assets	16,913,624	1,778,963	(444,044)	18,248,543
Total Accumulated Depreciation	<u>\$ 39,417,465</u>	<u>\$ 2,980,233</u>	<u>\$ (449,233)</u>	<u>\$ 41,948,465</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,755,945</u>	<u>\$ (303,121)</u>	<u>\$ (382,752)</u>	<u>\$ 42,070,072</u>
Governmental Activities Capital Assets, Net	<u>\$ 44,814,120</u>	<u>\$ 499,900</u>	<u>\$ (385,252)</u>	<u>\$ 44,928,768</u>

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

Governmental Activities:

General Government	\$ 95,858
Administration of Justice	158,188
Public Safety	1,504,237
Public Health and Welfare	346,709
Social, Cultural, and Recreational	36,376
Highways	<u>838,865</u>
Total Depreciation Expense - Governmental Activities	<u><u>\$ 2,980,233</u></u>

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

	Balance 7-1-15	Increases	Decreases	Balance 6-30-16
Capital Assets Not Depreciated:				
Land	\$ 1,111,748	\$ 0	\$ (2,500)	\$ 1,109,248
Construction in Progress	30,000	0	0	30,000
Total Capital Assets Not Depreciated	<u>\$ 1,141,748</u>	<u>\$ 0</u>	<u>\$ (2,500)</u>	<u>\$ 1,139,248</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 122,449,767	\$ 1,666,636	\$ (778,877)	\$ 123,337,526
Other Capital Assets	9,063,933	257,295	(252,476)	9,068,752
Total Capital Assets Depreciated	<u>\$ 131,513,700</u>	<u>\$ 1,923,931</u>	<u>\$ (1,031,353)</u>	<u>\$ 132,406,278</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 55,527,694	\$ 2,781,721	\$ (473,140)	\$ 57,836,275
Other Capital Assets	6,739,825	573,458	(247,976)	7,065,307
Total Accumulated Depreciation	<u>\$ 62,267,519</u>	<u>\$ 3,355,179</u>	<u>\$ (721,116)</u>	<u>\$ 64,901,582</u>
Total Capital Assets Depreciated, Net	<u>\$ 69,246,181</u>	<u>\$ (1,431,248)</u>	<u>\$ (310,237)</u>	<u>\$ 67,504,696</u>
Governmental Activities Capital Assets, Net	<u><u>\$ 70,387,929</u></u>	<u><u>\$ (1,431,248)</u></u>	<u><u>\$ (312,737)</u></u>	<u><u>\$ 68,643,944</u></u>

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

Governmental Activities:

Instruction	\$ 2,994,022
Support Services	222,515
Operation of Non-instructional Services	<u>138,642</u>
Total Depreciation Expense – Governmental Activities	<u><u>\$ 3,355,179</u></u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2016, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Highway/Public Works	\$ 162,340
"	Nonmajor governmental	353,369
"	Internal Service	136,049
General Debt Service	General	228,614
Nonmajor governmental	"	1,405
"	Highway/Public Works	191
"	Nonmajor governmental	852
Internal Service	General	406,359
"	Highway/Public Works	16,005
"	Nonmajor governmental	1,244
Discretely Presented School		
Department:		
General Purpose School	Nonmajor governmental	153,203
Nonmajor governmental	General Purpose School	960

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:		
General	Component Unit:	
Highway/Public Works	General Purpose School	\$ 2,414
Nonmajor governmental	Nonmajor governmental	4,480
Internal Service	General Purpose School	647
	"	21,964

The amounts reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position also includes \$19,333 for debt issued by the primary government, which is being retired by the School Department.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2016, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	General Debt Service Fund	Internal Service Funds	Nonmajor Governmental Funds
General Fund	\$ 228,614	\$ 0	\$ 0
"	0	1,000,000	0
"	0	0	405,742
Total	<u>\$ 228,614</u>	<u>\$ 1,000,000</u>	<u>\$ 405,742</u>

Discretely Presented Sullivan County School Department

Transfer Out	Transfer In General Purpose School Fund
Nonmajor governmental funds	<u>\$ 619,455</u>
Total	<u><u>\$ 619,455</u></u>

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.

D. Capital Leases

On May 6, 2013, Sullivan County entered into a four-year lease-purchase agreement for Circuit, General Sessions, and Law Courts Office computers. The terms of the agreement require total lease payments of \$71,703 plus interest of six percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the General

Fund. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

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

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

On April 1, 2015, Sullivan County entered into a four-year lease-purchase agreement for Circuit, General Sessions, and Law Courts Office computer upgrades. The terms of the agreement require total lease payments of \$54,645 plus interest of six percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the General Fund. In the government-wide financial statements, the equipment was expensed in the year of acquisition because those items did not meet criteria of the county's capitalization policy.

On May 7, 2015, Sullivan County entered into a three-year lease-purchase agreement for Sheriff's Department patrol cars. The terms of the agreement require total lease payments of \$1,260,505 plus interest of 2.25 percent. Title to the vehicles transfers to Sullivan County at the end of the lease period. The lease payments are made from the General Fund.

On December 29, 2015, Sullivan County entered into a five-year lease-purchase agreement for a jail camera system. The terms of the agreement require total lease payments of \$459,900 plus interest of 3.25 percent. Title to the equipment transfers to Sullivan County at the end of the lease period. The lease payments are made from the General Fund.

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

The assets acquired through capital leases outstanding at June 30, 2016, are as follows:

	<u>Governmental Activities</u>	
	<u>Primary Government</u>	<u>School Department</u>
Machinery and Equipment	\$ 2,015,485	\$ 88,602
Less: Accumulated Depreciation	(215,367)	(73,714)
Total Book Value	<u>\$ 1,800,118</u>	<u>\$ 14,888</u>

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2016, were as follows:

<u>Year Ending June 30</u>	<u>Governmental Funds</u>
2017	\$ 542,678
2018	504,100
2019	105,952
2020	94,873
Total Minimum Lease Payments	<u>\$ 1,247,603</u>
Less: Amount Representing Interest	<u>(57,453)</u>
Present Value of Minimum Lease Payments	<u>\$ 1,190,150</u>

E. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Sullivan County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other debt obligations. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 13 years for bonds, up to 12 years for notes, and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements

decrease over the term of the debt. All bonds, notes, and other loans included in the long-term debt as of June 30, 2016, will be retired from the General Debt Service and Education Debt Service funds.

General obligation bonds, capital outlay notes, other loans, and capital leases outstanding as of June 30, 2016, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-16
General Obligation Bonds	5.9 to 6.25 %	4-1-17	\$ 6,500,000	\$ 100,000
General Obligation Bonds - Refunding	1.12 to 2.84	4-1-28	38,100,000	35,765,000
Capital Outlay Notes	2.65 to 5.05	10-16-23	3,495,000	1,518,988
Other Loans - Qualified School Construction Bonds	0 to 1.515	8-1-27	20,553,000	13,388,443
Other Loans - Energy Efficient Schools Initiative	0	4-16-20	5,054,635	4,038,757
Capital Leases	2.25 to 8.95	1-20-20	2,251,114	1,190,150

In 2009-10, Sullivan County entered into a loan agreement totaling \$15,480,000 with the Tennessee State School Bond Authority. Qualified School Construction Bonds were issued through the authority, and the proceeds were loaned to Sullivan County and other local governments across Tennessee. The county pays interest of 1.515 percent on its share of the bonds and also pays a monthly administrative fee of \$1,290 to the authority. The county and the other borrowers of the bond proceeds are required to comply with federal regulations established for the Qualified School Construction Bond program. Failure to comply with those requirements may result in the loss of the tax credit status on the bonds. This would result in further charges to the borrowers including the requirement to pay the tax-credit rate (5.86 percent) in addition to the 1.515 percent for a total rate of 7.375 percent.

During 2010-11, Sullivan County entered into a loan agreement with the Tennessee State School Bond Authority. Under this loan agreement, the authority loaned Sullivan County \$5,073,000 for Emmett Elementary and Holston Complex renovations. This loan is interest free after a rebate. The county pays an annual administrative fee of \$4,058.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2016, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 3,875,000	\$ 1,555,863	\$ 5,430,863
2018	4,570,000	1,398,163	5,968,163
2019	4,790,000	1,202,762	5,992,762
2020	3,120,000	996,662	4,116,662
2021	3,315,000	856,113	4,171,113
2022-2026	14,990,000	1,588,907	16,578,907
2027-2028	1,205,000	59,735	1,264,735
Total	<u>\$ 35,865,000</u>	<u>\$ 7,658,205</u>	<u>\$ 43,523,205</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2017	\$ 438,423	\$ 47,489	\$ 485,912
2018	143,980	26,778	170,758
2019	147,841	22,913	170,754
2020	151,805	18,944	170,749
2021	155,876	14,869	170,745
2022-2024	481,063	19,147	500,210
Total	<u>\$ 1,518,988</u>	<u>\$ 150,140</u>	<u>\$ 1,669,128</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 1,694,195	\$ 509,333	\$ 19,539	\$ 2,223,067
2018	1,697,291	506,237	19,538	2,223,066
2019	1,700,411	503,117	19,539	2,223,067
2020	1,703,555	499,973	19,538	2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022-2026	8,456,416	2,435,991	97,692	10,990,099
2027-2028	468,609	289,704	8,942	767,255
Total	<u>\$ 17,427,200</u>	<u>\$ 5,241,160</u>	<u>\$ 204,327</u>	<u>\$ 22,872,687</u>

In previous years, the county issued Industrial Park bonds totaling \$6,500,000 and an additional \$1,995,000 in capital outlay notes for the benefit of the Sullivan County Economic Development Partnership (NETWORKS), a joint venture. During the prior year the county issued refunding bonds totaling \$6,265,000 to refund all but \$200,000 of the outstanding Industrial Park bonds. The bonds and notes are general

obligation debt of the county. The interlocal agreement, which established the partnership, requires NETWORKS to pay the county an amount equal to the annual principal and interest requirements on the debt issues. In the event revenues of NETWORKS are not sufficient to meet those requirements, the other participating governments in NETWORKS have agreed to pay 49 percent of any such deficiency. The amount of the industrial park bonds and notes outstanding at June 30, 2016, were \$6,255,000 and \$300,000, respectively.

There is \$3,805,917 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, other loans, and capital leases totaled \$388, for residents living outside the Bristol and Kingsport districts and \$323, for residents living inside these school districts based on the 2010 federal census.

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

Description of Indebtedness	Outstanding 6-30-16
<u>Capital Leases</u>	
<u>Contributions from the General Purpose School Fund</u>	
Copy Machines 2012	\$ 19,333

During the year, the School Department contributed \$2,698,949 to the county debt service funds to be applied toward the retirement of other school related debt. As described in Note IV.F., the School Department has pledged a portion of its local option sales tax revenues toward the retirement of the refunding bonds issued in 2015, which are paid through the Education Debt Service Fund. At June 30, 2016, the total amount outstanding on these bonds totaled \$5,305,000.

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2016, was as follows:

	Bonds	Notes	Other Loans
Balance, July 1, 2015	\$ 38,300,000	\$ 575,000	\$ 19,118,311
Additions	0	1,500,000	0
Reductions	(2,435,000)	(556,012)	(1,691,111)
Balance, June 30, 2016	<u>\$ 35,865,000</u>	<u>\$ 1,518,988</u>	<u>\$ 17,427,200</u>
Balance Due Within One Year	<u>\$ 3,875,000</u>	<u>\$ 438,423</u>	<u>\$ 1,694,195</u>

	Capital Leases	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2015	\$ 311,907	\$ 1,696,236	\$ 1,201,970
Additions	1,720,405	1,117,878	1,492,051
Reductions	(842,162)	(800,154)	(1,461,259)
Balance, June 30, 2016	<u>\$ 1,190,150</u>	<u>\$ 2,013,960</u>	<u>\$ 1,232,762</u>
Balance Due Within One Year	<u>\$ 510,219</u>	<u>\$ 0</u>	<u>\$ 727,330</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 59,248,060
Less: Balance Due Within One Year	(7,245,167)
Add: Unamortized Premium on Debt	<u>4,070,082</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 56,072,975</u>

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

Defeasance of Prior Debt

In prior years, Sullivan County defeased certain outstanding general obligation bonds by placing the proceeds of new bonds into an irrevocable trust to provide for all future debt service payments on the old bonds. The trustee is empowered and required to pay all principal and interest on the defeased bonds as originally scheduled. Accordingly the trust accounts and the defeased bonds are not included in the county's financial statements. At June 30, 2016, \$5,600,000 of the General Obligation Industrial Park Bonds, Series 2007, are considered defeased. Those defeased bonds are callable on April 1, 2017.

Discretely Presented Sullivan County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented School Department for the year ended June 30, 2016, was as follows:

	Other Postemployment Benefits	Compensated Absences
Balance, July 1, 2015	\$ 34,879,679	\$ 2,422,126
Additions	8,291,131	640,637
Reductions	(2,518,428)	(532,868)
Balance June 30, 2016	\$ 40,652,382	\$ 2,529,895
Balance Due Within One Year	\$ 0	\$ 556,577

	Net Pension Liability (Asset) Teacher Legacy Plan
Balance, July 1, 2015	\$ (163,095)
Additions	13,511,129
Reductions	(12,949,091)
Balance June 30, 2016	\$ 398,943
Balance Due Within One Year	\$ 0

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2016	\$ 43,581,220
Less: Balance Due Within One Year	(556,577)
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 43,024,643

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

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

The Sullivan County School Department has pledged a portion of its share of local option sales tax revenues toward the retirement of refunding bonds issued by Sullivan County in 2015. Total principal and interest remaining on the debt is \$5,718,000 with annual requirements ranging from \$1,895,200 in the next fiscal year to \$1,913,600 in the final year of 2019.

G. On-Behalf Payments

Primary Government

The State of Tennessee pays health insurance premiums for retired employees on-behalf of Sullivan County. These payments are made by the state to the Medicare Supplement Plan. This plan is administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments made by the state to the Medicare Supplement Plan for the year ended June 30, 2016, were \$4,725. The county has recognized these on-behalf payments as revenues and expenditures in the General Fund.

Discretely Presented Sullivan County School Department

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and are reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2016, were \$957,417 and \$133,587, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

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

The Sullivan County School Department accounts for an endowment totaling \$126,462 in the Endowment Fund. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students of Sullivan North High School. During the year ended June 30, 2016, expenditures totaled \$6,290.

I. 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, 2016, was as follows:

	Balance 7-1-15	Issued	Paid	Balance 6-30-16
Tax Anticipation Notes -				
General Fund	\$ 0	\$ 5,217,330	\$ (5,217,330)	\$ 0

Discretely Presented Sullivan County School Department

Sullivan County issued tax anticipation notes in advance of property tax collections and other revenues and deposited the proceeds in the General Purpose School and Central Cafeteria funds. 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, 2016, was as follows:

	Balance 7-1-15	Issued	Paid	Balance 6-30-16
Tax Anticipation Notes -				
General Purpose School Fund	\$ 0	\$ 5,745,785	\$ (5,745,785)	\$ 0
Central Cafeteria Fund	0	557,759	(557,759)	0

V. OTHER INFORMATION

A. Risk Management

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

The county established the Employee Insurance – Health Fund for risks associated with the employees’ health insurance. As explained below, the county changed its employee health coverage effective January 1, 2016. The Employee Insurance - Health Fund is accounted for as an Internal Service Fund where assets were set aside for claim settlements. The county obtained

excess risk insurance coverage with an aggregate individual stop loss limit of \$100,000 and a minimum attachment point of \$6,654,020. All full-time employees of the primary government were eligible to participate. A premium charge was allocated to each fund that accounts for full-time employees.

Effective January 1, 2016, Sullivan County changed its employee health insurance coverage from the self-insured plan to a plan through the Local Government Group Insurance Fund (LGGIF). LGGIF is 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.

Upon changing health insurance coverage to LGGIF, Sullivan County also began providing supplemental self-insured coverage through the General Fund to limit out-of-pocket maximums to \$3,500 per individual and \$7,000 per family. Subsequently, the county was notified by LGGIF that the supplemental coverage being provided by the county through the General Fund was not permissible based on pool regulations. Effective January 1, 2017, the county plans to cease providing any supplemental coverage to limit out-of-pocket maximums.

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.

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
2014-2015	\$ 337,855	\$ 744,925	\$ (837,245)	\$ 245,535
2015-2016	245,535	921,079	(946,212)	220,402

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end (prepaid)
2014-2015	\$ 0	\$ 603,288	\$ (610,588)	\$ (7,300)
2015-2016	(7,300)	555,248	(547,948)	0

Employee Insurance - Health Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2014-2015	\$ 664,458	\$ 6,777,797	\$ (6,832,772)	\$ 609,483
2015-2016	609,483	4,059,105	(4,668,588)	0

Supplemental Employee Insurance Provided Through the General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2015-2016	\$ 0	\$ 4,404	\$ (4,404)	\$ 0

B. Accounting Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 72, *Fair Value Measurement and Application*; Statement No. 73, *Accounting and Financial Reporting for Pensions and Related Assets that are not within the Scope of GASB Statement No. 68, and Amendments to Certain Provisions of GASB Statements No. 67 and No. 68*; Statement No. 76, *The Hierarchy of Generally Accepted Accounting Principles for State and Local Governments*; and Statement No. 79, *Certain External Investment Pools and Pool Participants* became effective for the year ended June 30, 2016.

GASB Statement No. 72, establishes general principles for measuring fair value and standards of accounting and financial reporting for assets and liabilities measured at fair value. This standard supersedes previous statements as they relate to measuring fair value of certain assets and liabilities.

GASB Statement No. 73, established accounting and reporting requirements for pensions that are not administered through a trust account and also addresses changes made to Statements No. 67 and No. 68. The changes to Statements No. 67 and No. 68 require new RSI disclosures concerning plan investments and address specific payables to defined benefit plans.

GASB Statement No. 76, addresses changes made to the hierarchy of generally accepted accounting principles. This standard supersedes Statement No. 55 and reduces the hierarchy from four to two categories.

GASB Statement No. 79, addresses issues related to certain external investment pools and pool participants because of changes in Security and Exchange rules relative to money market funds. This standard establishes criteria for an external investment pool to qualify for making the election to measure all of its investments at amortized cost rather than fair value for financial reporting purposes standards.

C. Subsequent Events

On September 12, 2016, Sullivan County issued a \$2,000,000 tax anticipation note for the General Fund and a \$2,000,000 tax anticipation note for the General Purpose School Fund.

On October 12, 2016, Sullivan County issued a \$2,387,323 tax anticipation note for the General Fund.

On November 14, 2016, Sullivan County issued a \$208,036 capital lease through the General Fund for Sheriff Department vehicles and equipment.

On December 12, 2016, the Sullivan County Commission adopted a resolution declaring the intent of Sullivan County to move forward with funding for a schools facilities plan, including the expected issuance of approximately \$140,000,000 in general obligation bonds.

D. 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.

There are several pending lawsuits in which the county is involved. Management has provided for potential claims and judgments in the financial statements of the self-insurance funds in this report. Based on letters from attorneys, management believes that potential claims not already recorded in the self-insurance funds would not materially affect the financial statements of the county.

E. 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, 2016, 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

The Sullivan County, Bluff City, Kingsport Animal Control Center is a joint venture formed by an interlocal agreement between Sullivan County and the cities of Bluff City and Kingsport. The purpose of the Animal Control Center is to provide animal control, prevent cruelty to animals, and operate one or more animal shelters with Sullivan County, Bluff City, and Kingsport. The Animal Control Center is governed by a nine-member board comprising two members appointed by Sullivan County, two members appointed by the City of Kingsport, one member by the City of Bluff City, one member by the Sullivan County Humane Society, and one member by the Animal Rescue Coalition, with the county mayor of Sullivan County and the city manager of the City of Kingsport as voting ex officio members. Funding for the Animal Control Center is provided by revenues generated from adoption fees and contributions from Sullivan County and the member cities. Sullivan County contributed \$364,431 to the Animal Control Center for the year ended June 30, 2016. Complete financial statements for the Animal Control Center can be obtained from its administrative office at the following address:

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

Discretely Presented School Department

The discretely presented School Department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Sullivan County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*, and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

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

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

F. Jointly Governed Organization

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated*, 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. 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.

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 75.94 percent and the non-certified employees of the discretely present School Department comprise 24.06 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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, 2015, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently	
Receiving Benefits	1,082
Inactive Employees Entitled to But Not Yet Receiving	
Benefits	849
Active Employees	1,053
Total	<u><u>2,984</u></u>

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. As of April 1, 2012, Sullivan County elected to discontinue the noncontributory provision for all future hires. This will require new hires to contribute five percent of their earnable compensation to the plan. Employees who were employed prior to April 1, 2012, will continue to be eligible for the non-contributory provision.

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, 2015, the Actuarial Determined Contribution (ADC) for Sullivan County was \$5,272,228 based on a rate of 15.54 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 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, 2015, 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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates were based on actual experience from the June 30, 2012, actuarial experience study, adjusted for some of the expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset

allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimate of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	6.46	33
International Equity Emerging Market	6.26	17
Private Equity and Strategic Lending	6.40	5
U.S. Fixed Income	4.61	8
Real Estate	0.98	29
Short-term Securities	4.73	7
	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 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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	Plan	Net
	Pension	Fiduciary	Pension
	Liability	Net Position	Liability
	(a)	(b)	(a)-(b)
Balance, July 1, 2014	\$ 162,443,485	\$ 163,437,714	\$ (994,229)
Changes for the Year:			
Service Cost	\$ 2,806,297	\$ 0	\$ 2,806,297
Interest	12,081,223	0	12,081,223
Differences Between Expected and Actual Experience	(3,669,701)	0	(3,669,701)
Contributions-Employer	0	5,272,228	(5,272,228)
Contributions-Employees	0	314,187	(314,187)
Net Investment Income	0	4,990,588	(4,990,588)
Benefit Payments, Including Refunds of Employee Contributions	(8,333,619)	(8,333,619)	0
Administrative Expense	0	(54,252)	54,252
Other Changes	0	0	0
Net Changes	\$ 2,884,200	\$ 2,189,132	\$ 695,068
Balance, June 30, 2015	\$ 165,327,685	\$ 165,626,846	\$ (299,161)

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

		Total	Plan	Net
		Pension	Fiduciary	Pension
		Liability	Net	Liability
			Position	(Asset)
Primary Government	75.94%	\$ 125,549,844	\$ 125,777,027	\$ (227,183)
School Department	24.06%	39,777,841	39,849,819	(71,978)
Total		\$ 165,327,685	\$ 165,626,846	\$ (299,161)

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 7.5 percent, as well as what the net pension liability (asset) would be if it was

calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

	1% Decrease	Current Discount Rate	1% Increase
Sullivan County	6.5%	7.5%	8.5%

Net Pension Liability \$ 19,972,656 \$ (299,161) \$ (17,303,821)

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

Pension Expense. For the year ended June 30, 2016, Sullivan County recognized pension expense of \$158,460.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, 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	\$ 0	\$ 4,279,754
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	5,729,749	7,700,554
Contributions Subsequent to the Measurement Date of June 30, 2015 (1)	5,540,140	N/A
Total	<u>\$ 11,269,889</u>	<u>\$ 11,980,308</u>

- (1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2015,” 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	\$ 8,493,764	\$ 9,097,846
School Department	<u>2,776,125</u>	<u>2,882,462</u>
Total	<u>\$ 11,269,889</u>	<u>\$ 11,980,308</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
2017	\$ (2,316,351)
2018	(2,316,351)
2019	(2,316,351)
2020	698,497
2021	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, 2016, Sullivan County reported a payable of \$340,646 and Sullivan County Schools reported a payable \$106,800 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

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 75.94 percent and the non-certified employees of the discretely present School Department comprise 24.06 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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

Benefits Provided. TCA, Title 8, Chapters 34-37 establishes the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire 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. Members of the Teachers Retirement Plan are entitled to receive unreduced service retirement benefits, which are determined by a formula using the member's highest five consecutive year average compensation and the member's 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 automatic cost of living adjustments (COLAs) 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. 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. 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, 2016, to the Teacher Retirement Plan were \$111,569, which is four 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 Liabilities (Assets). At June 30, 2016, the Sullivan County School Department reported an asset of \$41,468 for its proportionate share of the net pension asset. The net pension asset was measured as of June 30, 2015, and the total pension liability used to calculate the net pension asset was determined by an actuarial valuation as of that date. The Sullivan County School Department's proportion of the net pension asset was based on the Sullivan County 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, 2015, the Sullivan County School Department's proportion was 1.030791 percent.

Pension Expense. For the year ended June 30, 2016, the Sullivan County School Department recognized pension expense of \$54,345.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Sullivan County School Department reported deferred outflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 13,497
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	3,352	0
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	111,569	N/A
Total	<u>\$ 114,921</u>	<u>\$ 13,497</u>

The Sullivan County School Department's employer contributions of \$111,569, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) of net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (287)
2018	(287)
2019	(287)
2020	(287)
2021	(1,125)
Thereafter	(7,873)

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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustment for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	6.46	%	33	%
International Equity Emerging Market	6.26		17	
International Equity Private Equity and Strategic Lending	6.40		5	
U.S. Fixed Income	4.61		8	
Real Estate	0.98		29	
Short-term Securities	4.73		7	
	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 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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 Sullivan County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Sullivan County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 7,353	\$ (41,468)	\$ (77,275)

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

Payable to the Pension Plan

At June 30, 2016, the Sullivan County School Department reported a payable of \$8,817 for the outstanding amount of contributions to the pension plan required for the year ended June 30, 2016.

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 publically available financial report that can be obtained at www.treasury.tn.gov/tcrs.

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, 2016, to the Teacher Legacy Pension Plan were \$3,341,452, which is 9.04 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, 2016, the Sullivan County School Department reported a liability of \$398,943 for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2015, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The Sullivan County School Department's proportion of the net pension

liability (asset) was based on the Sullivan County 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, 2015, the Sullivan County School Department's proportion was .973901 percent. The proportion measured at June 30, 2014, was 1.003689 percent.

Negative Pension Expense. For the year ended June 30, 2016, the Sullivan County School Department recognized negative pension expense of \$514,553.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2016, the Sullivan County 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	\$ 320,169	\$ 6,209,608
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	7,203,663	9,779,365
Changes in Proportion of Net Pension Liability (Asset)	0	888,724
LEA's Contributions Subsequent to the Measurement Date of June 30, 2015	3,341,452	N/A
Total	<u>\$ 10,865,284</u>	<u>\$ 16,877,697</u>

The Sullivan County School Department's employer contributions of \$3,341,452 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a decrease (increase) in net pension liability (asset) in the year ending June 30, 2017. 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
2017	\$ (2,814,505)
2018	(2,814,505)
2019	(2,814,505)
2020	445,283
2021	(1,355,633)
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, 2015, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation, Averaging 4.25%
Investment Rate of Return	7.5%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.5%

Mortality rates are customized based on the June 30, 2012, actuarial experience study and some included adjustments for expected future improvement in life expectancy.

The actuarial assumptions used in the June 30, 2015, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2008, through June 30, 2012. 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, 2012, actuarial experience study by considering the following three techniques: (1) the 25-year historical return of the TCRS at June 30, 2012, (2) the historical market returns of asset classes from 1926 to 2012 using the TCRS investment policy asset allocation, and (3) capital market projections that were utilized as a building-block method in which best-estimate ranges of expected future real rate of return (expected returns, net of pension plan investment expense and inflation) are developed for each major asset

class. Four sources of capital market projections were blended and utilized in the third technique. The blended capital market projection established the long-term expected rate of return by weighting the expected future real rate of return by the target asset allocation percentage and by adding inflation of three percent. The target allocation and best estimates of arithmetic real rates of return for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity	6.46 %	33 %
Developed Market		
International Equity	6.26	17
Emerging Market		
International Equity	6.40	5
Private Equity and		
Strategic Lending	4.61	8
U.S. Fixed Income	0.98	29
Real Estate	4.73	7
Short-term Securities	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 7.5 percent based on a blending of the three factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 7.5 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 Sullivan County School Department's proportionate share of the net pension liability (asset) calculated using the discount rate of 7.5 percent, as well as what the Sullivan County School Department's proportionate share of the net pension liability (asset) would be if it was calculated using a discount rate that is one percentage point lower (6.5%) or one percentage point higher (8.5%) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 6.5%	Current Discount Rate 7.5%	1% Increase 8.5%
Net Pension Liability	\$ 27,198,595	\$ 398,943	\$ (21,788,009)

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

Payable to the Pension Plan

At June 30, 2016, the Sullivan County School Department reported a payable of \$250,083 for the outstanding amount of contributions to the pension plan required at the year ended June 30, 2016.

2. Deferred Compensation

Teachers hired after July 1, 2014, by the discretely presented Sullivan County School Department are required to participate in a hybrid pension plan administered by the Tennessee Consolidated Retirement System. This hybrid pension plan requires that these teachers contribute five percent of their salaries into a deferred compensation plan managed by the hybrid plan pursuant to IRC Section 401(k). As part of their employment package, the Sullivan County School Department has assumed all costs of funding this program on-behalf of the plan participants. The Section 401(k) plan assets remain the property of the participating teachers and are not presented in the accompanying financial statements. IRC Section 401(k), establishes participation, contribution, and withdrawal provisions for the plans. During the year, the Sullivan County School Department contributed \$131,301 to the 401(k) portion of the hybrid pension plan on-behalf of the plan participants.

H. Other Postemployment Benefits (OPEB)

Primary Government

Plan Description

Prior to January 1, 2016, Sullivan County provided its pre-65 retirees postemployment health benefits through a self-insured plan administered by Cigna Health and Life Insurance Company. This plan also provided self-insured Medicare supplement benefits for post-65 retirees. For accounting purposes, the plan is a single-employer defined benefit OPEB plan. Benefits are established and amended by recommendation of an insurance committee and approved by the County Commission.

Sullivan County changed its health insurance coverage effective January 1, 2016, from a self-insured plan to a plan through a public entity risk pool. With the change to the public entity risk pool, Sullivan County began providing separate supplemental coverage to lower the out-of-pocket maximums for active employees and eligible retirees. This coverage is further discussed in Note V.A, Risk Management.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The county develops its own contribution policy in terms of subsidizing active employees or retired employees' premiums.

The following policy exists for postemployment health care benefits for all employees hired before October 1, 2008. Sullivan County employees who meet retirement criteria of the Tennessee Consolidated Retirement System are also eligible for county provided postemployment health benefits until age 65. Spouses are eligible to continue medical coverage until the retiree is eligible for Medicare. Pre-65 retirees with 25 years of service and 55 years of age are not required to make a contribution, while those with less than 25 years of service must contribute 100 percent. Medicare supplement benefits are provided for post-65 retirees who meet requirements set by the insurance committee for years of service and age at retirement. The county contributes to the Medicare supplement cost for eligible retirees based on years of service and date of retirement.

Annual OPEB Cost and Net OPEB Obligation

	Sullivan County Plan
ARC	\$ 1,105,276
Interest on the NOPEBO	76,331
Adjustment to the ARC	(63,729)
Annual OPEB cost	\$ 1,117,878
Amount of contribution	(800,154)
Increase/decrease in NOPEBO	\$ 317,724
Net OPEB obligation, 7-1-15	1,696,236
Net OPEB obligation, 6-30-16	\$ 2,013,960

Fiscal Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Self-insured	\$ 1,037,651	114 %	\$ 1,761,644
6-30-15	"	1,115,437	106	1,696,236
6-30-16	"	1,117,878	72	2,013,960

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2015, was as follows:

Actuarial valuation date	7-1-15
Actuarial accrued liability (AAL)	\$ 19,138,689
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 19,138,689
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 23,586,639
UAAL as a % of covered payroll	81.1%

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions include a 4.5 percent discount rate and an annual health care cost trend rate of nine percent initially reduced by decrements to an ultimate rate of five percent by 2020. The unfunded actuarial accrued liability is being amortized on a closed basis over a 30-year period beginning June 30, 2009, increasing at five percent per year (the payroll growth rate).

Discretely Presented Sullivan County School Department

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan and the Medicare Supplement Plan for health care benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for local education employees, and Section 8-27-701, *TCA*, for the Medicare Supplement. Prior to reaching the age of 65, all members have the option of choosing between the standard or partnership preferred provider organization plan for health care benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare Supplement Plan that does not include pharmacy. Alternatively, the School Department offers a commercial Medicare Supplement Plan to retirees. The state plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://www.tn.gov/finance/article/fa-accfin-cafr>.

Funding Policy

The premium requirements of the state plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state provides a partial subsidy to Local

Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare Supplement Plan. For pre-65 teachers, the School Department pays the full premium for single coverage, with retirees being responsible for the extra cost of family coverage. For post-65 teachers participating in the state sponsored plan, the School Department pays the difference between the full premium (\$121) and the subsidy provided by the state (\$50 maximum). Support personnel may participate in the state sponsored Medicare Plan; however, the state does not provide a subsidy; the School Department pays the entire premium for these support personnel. For post-65 teachers and support personnel participating in the commercial plan, beginning on January 1, 2011, the School Department no longer pays the full premium (\$85). The commercial plan is a Medicare Advantage Plan. During the year ended June 30, 2016, the discretely presented School Department contributed \$2,518,428 for postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
ARC	\$ 3,295,000	\$ 4,946,000	\$ 0
Interest on the NOPEBO	390,940	919,125	0
Adjustment to the ARC	(392,510)	(922,816)	55,392
Annual OPEB cost	\$ 3,293,430	\$ 4,942,309	\$ 55,392
Amount of contribution	(1,947,194)	(571,234)	0
Increase/decrease in NOPEBO	\$ 1,346,236	\$ 4,371,075	\$ 55,392
Net OPEB obligation, 7-1-15	10,425,065	24,510,006	(55,392)
Net OPEB obligation, 6-30-16	\$ 11,771,301	\$ 28,881,081	\$ 0

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-14	Local Education Group	\$ 3,252,471	65 %	\$ 9,073,905
6-30-15	"	3,366,350	60	10,425,065
6-30-16	"	3,293,430	59	11,771,301
6-30-14	State Medicare Supplement	4,090,619	12	20,716,979
6-30-15	"	4,239,346	11	24,510,006
6-30-16	"	4,942,309	12	28,881,081
6-30-14	Commercial Medicare Supplement	36,136	0	(94,198)
6-30-15	"	38,806	0	(55,392)
6-30-16	"	55,392	0	-

Funded Status and Funding Progress

The funded status of the plans as of July 1, 2015, was as follows:

	Local Education Group Plan	State Medicare Supplement Plan	Commercial Medicare Supplement Plan
Actuarial valuation date	7-1-15	7-1-15	7-1-13
Actuarial accrued liability (AAL)	\$ 31,824,000	\$ 56,684,000	\$ 0
Actuarial value of plan assets	\$ 0	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 31,824,000	\$ 56,684,000	\$ 0
Actuarial value of assets as a % of the AAL	0%	0%	0%
Covered payroll (active plan members)	\$ 48,622,779	\$ N/A	\$ N/A
UAAL as a % of covered payroll	66%	N/A	N/A

The commercial plan is for retirees only. The School Department no longer pays any costs of the program; therefore, the negative (prepaid) balance of the net OPEB obligation in the plan as of July 1, 2015, has been expensed as an adjustment to the actuarial required contribution.

Actuarial valuations involve estimates of the value of reported amounts and assumptions about the probability of events far into the future, and actuarially determined amounts are subject to continual revision as actual results are compared to past expectations and new estimates are made about the future. The Schedule of Funding Progress, presented as required supplementary information following the notes to the financial statements, presents multi-year trend information about whether the actuarial value of plan assets is increasing or decreasing over time relative to the actuarial accrued liability for benefits.

Actuarial Methods and Assumptions

Calculations are based on the types of benefits provided under the terms of the substantive plan at the time of each valuation and on the pattern of sharing of costs between the employer and plan members to that point. Actuarial calculations reflect a long-term perspective. Consistent with that perspective, actuarial methods and assumptions used include techniques that are designed to reduce short-term volatility in actuarial accrued liabilities and the actuarial value of assets.

In the July 1, 2015, actuarial valuation for the Local Education Plan, the projected unit credit actuarial cost method was used, and the actuarial assumptions included a 3.75 percent investment rate of return (net of administrative expenses) and an annual health care cost trend rate of 6.5 percent initially. The trend rate decreased to six percent in the fiscal year 2016, and then will be reduced by decrements to an ultimate rate of

4.7 percent by fiscal year 2050. The annual health care cost trend rate for the state Medicare Supplement Plan was six percent for fiscal year 2016 and then will be reduced by decrements to an ultimate rate of 4.2 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with July 1, 2007. Payroll is assumed to grow at a rate of three percent.

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. This act also requires purchases exceeding \$15,000 to be made on a competitive bid basis. Section 54-7-113, *Tennessee Code Annotated* (Uniform Road Law) requires competitive bids on the Highway Department purchases exceeding \$15,000.

REQUIRED SUPPLEMENTARY INFORMATION

Exhibit F-1

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

	2014	2015
Total Pension Liability (Asset)		
Service Cost	\$ 2,831,605	\$ 2,806,297
Interest	11,770,957	12,081,223
Changes in Benefit Terms	0	0
Differences Between Actual and Expected Experience	(2,239,987)	(3,669,701)
Changes in Assumptions	0	0
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)
Net Change in Total Pension Liability (Asset)	\$ 4,295,414	\$ 2,884,200
Total Pension Liability (Asset), Beginning	158,148,071	162,443,485
Total Pension Liability (Asset), Ending (a)	\$ 162,443,485	\$ 165,327,685
Plan Fiduciary Net Position		
Contributions - Employer	\$ 5,101,066	\$ 5,272,228
Contributions - Employee	181,889	314,187
Net Investment Income	23,440,229	4,990,588
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)
Administrative Expense	(46,764)	(54,252)
Net Change in Plan Fiduciary Net Position	\$ 20,609,259	\$ 2,189,132
Plan Fiduciary Net Position, Beginning	142,828,455	163,437,714
Plan Fiduciary Net Position, Ending (b)	\$ 163,437,714	\$ 165,626,846
Net Pension Liability (Asset), Ending (a - b)	\$ (994,229)	\$ (299,161)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.61%	100.18%
Covered Payroll	\$ 33,976,288	\$ 33,926,820
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.93%)	(0.88%)

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

Note: data presented includes 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
Actuarially Determined Contribution	\$ 5,101,066	\$ 5,272,228	\$ 5,540,140
Less Contributions in Relation to the Actuarially Determined Contribution	(5,101,066)	(5,272,228)	(5,540,140)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,639,617
Contributions as a Percentage of Covered Payroll	15.01%	15.54%	15.54%

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

Note: data presented includes 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
Contractually Required Contribution	\$ 53,543	\$ 69,731
Less Contributions in Relation to the Contractually Required Contribution	(85,668)	(111,569)
Contribution Deficiency (Excess)	<u>\$ (32,125)</u>	<u>\$ (41,838)</u>
Covered Payroll	\$ 2,141,724	\$ 2,789,219
Contributions as a Percentage of Covered Payroll	4.00%	4.00%

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
Contractually Required Contribution	\$ 3,498,250	\$ 3,295,803	\$ 3,341,452
Less Contributions in Relation to the Contractually Required Contribution	(3,498,250)	(3,295,803)	(3,341,452)
Contribution Deficiency (Excess)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,908,235
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.05%

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

Exhibit F-5

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

	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	1.030791%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (41,468)
Covered Payroll	\$ 2,141,724
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	127.46%

* The amounts presented were determined as of June 30 of the prior fiscal year.

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

Exhibit F-6

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

	<u>2015</u>	<u>2016</u>
School Department's Proportion of the Net Pension Liability (Asset)	1.003689%	0.973901%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (163,095)	\$ 398,943
Covered Payroll	\$ 39,394,704	\$ 36,458,004
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability	100.08%	99.81%

* The amounts presented were determined as of June 30 of the prior fiscal year.

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

Exhibit F-7

Sullivan County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Sullivan County School Department
June 30, 2016

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Sullivan County - Commercial	7-1-12	\$ 0	\$ 16,722	\$ 16,722	0 %	\$ 26,723	63 %
Self-Insured	7-1-13	0	17,569	17,569	0	16,320	108
"	7-1-15	0	19,139	19,139	0	23,587	81
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-11	0	41,251	41,251	0	52,064	79
"	7-1-13	0	32,795	32,795	0	49,614	66
"	7-1-15	0	31,824	31,824	0	48,623	66
Medicare Supplement - State	7-1-11	0	33,682	33,682	0	N/A	N/A
"	7-1-13	0	44,523	44,523	0	N/A	N/A
"	7-1-15	0	56,684	56,684	0	N/A	N/A
Medicare Supplement - Commercial	7-1-10	0	8,589	8,589	0	N/A	N/A
"	7-1-11	0	0	0	0	N/A	N/A
" *	7-1-13	0	0	0	0	N/A	N/A

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

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2016

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for 2016 were calculated based on the July 1, 2013, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Frozen Initial Liability
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Five Years
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	3%
Salary Increases	Graded Salary Ranges from 8.97% to 3.71% Based on Age, Including Inflation
Investment Rate of Return	7.5%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustments	2.5%

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

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

Debt Service Funds

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

Education Debt Service Fund – The Education Debt Service Fund is used to account for the accumulation of resources for, and the payment of, education related long-term debt principal, interest, and related costs.

Capital Projects Funds

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

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

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

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

Exhibit G-1

Sullivan County, Tennessee
Combining Balance Sheet
Nonmajor Governmental Funds
June 30, 2016

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total
<u>ASSETS</u>						
Cash	\$ 250	\$ 0	\$ 0	\$ 200	\$ 179,706	\$ 180,156
Equity in Pooled Cash and Investments	916,316	592,200	144,041	278,993	0	1,931,550
Accounts Receivable	22,121	2,000,005	0	66	54,632	2,076,824
Allowance for Uncollectibles	0	(101,224)	0	0	0	(101,224)
Due from Other Governments	6,425	0	0	0	0	6,425
Due from Other Funds	2,448	0	0	0	0	2,448
Due from Component Units	647	0	0	0	0	647
Property Taxes Receivable	765,341	0	0	0	0	765,341
Allowance for Uncollectible Property Taxes	(21,587)	0	0	0	0	(21,587)
Total Assets	<u>\$ 1,691,961</u>	<u>\$ 2,490,981</u>	<u>\$ 144,041</u>	<u>\$ 279,259</u>	<u>\$ 234,338</u>	<u>\$ 4,840,580</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 2,447	\$ 3,312	\$ 0	\$ 8,901	\$ 0	\$ 14,660
Accrued Payroll	20,994	94,918	0	5,374	0	121,286
Payroll Deductions Payable	6,381	46,086	0	827	0	53,294
Due to Other Funds	17,869	99,090	0	4,168	234,338	355,465
Total Liabilities	<u>\$ 47,691</u>	<u>\$ 243,406</u>	<u>\$ 0</u>	<u>\$ 19,270</u>	<u>\$ 234,338</u>	<u>\$ 544,705</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 728,007	\$ 0	\$ 0	\$ 0	\$ 0	\$ 728,007
Deferred Delinquent Property Taxes	13,580	0	0	0	0	13,580

(Continued)

Exhibit G-1

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

	Special Revenue Funds					Constituti- tional Officers - Fees	Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation			
<u>DEFERRED INFLOWS OF RESOURCES (CONT.)</u>							
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,568,455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,568,455
Total Deferred Inflows of Resources	\$ 741,587	\$ 1,568,455	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,310,042
<u>FUND BALANCES</u>							
Restricted:							
Restricted for Public Safety	\$ 0	\$ 0	\$ 144,041	\$ 0	\$ 0	\$ 0	\$ 144,041
Restricted for Debt Service	0	0	0	0	0	0	0
Restricted for Capital Projects	0	0	0	0	0	0	0
Committed:							
Committed for Public Health and Welfare	902,683	679,120	0	0	0	0	1,581,803
Committed for Social, Cultural, and Recreational Services	0	0	0	259,989	0	0	259,989
Total Fund Balances	\$ 902,683	\$ 679,120	\$ 144,041	\$ 259,989	\$ 0	\$ 0	\$ 1,985,833
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 1,691,961	\$ 2,490,981	\$ 144,041	\$ 279,259	\$ 234,338	\$ 0	\$ 4,840,580

(Continued)

Exhibit G-1

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

	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Other Capital Projects	
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 180,156
Equity in Pooled Cash and Investments	100,911	245,354	2,277,815
Accounts Receivable	0	0	2,076,824
Allowance for Uncollectibles	0	0	(101,224)
Due from Other Governments	0	0	6,425
Due from Other Funds	0	0	2,448
Due from Component Units	0	0	647
Property Taxes Receivable	0	0	765,341
Allowance for Uncollectible Property Taxes	0	0	(21,587)
Total Assets	<u>\$ 100,911</u>	<u>\$ 245,354</u>	<u>\$ 5,186,845</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 0	\$ 0	\$ 14,660
Accrued Payroll	0	0	121,286
Payroll Deductions Payable	0	0	53,294
Due to Other Funds	0	0	355,465
Total Liabilities	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 544,705</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 728,007
Deferred Delinquent Property Taxes	0	0	13,580

(Continued)

Exhibit G-1

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

	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Education Debt Service	Other Capital Projects	
<u>DEFERRED INFLOWS OF RESOURCES (CONT.)</u>			
Other Deferred/Unavailable Revenue	\$ 0	\$ 0	\$ 1,568,455
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 2,310,042</u>
<u>FUND BALANCES</u>			
Restricted:			
Restricted for Public Safety	\$ 0	\$ 0	\$ 144,041
Restricted for Debt Service	100,911	0	100,911
Restricted for Capital Projects	0	245,354	245,354
Committed:			
Committed for Public Health and Welfare	0	0	1,581,803
Committed for Social, Cultural, and Recreational Services	0	0	259,989
Total Fund Balances	<u>\$ 100,911</u>	<u>\$ 245,354</u>	<u>\$ 2,332,098</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u><u>\$ 100,911</u></u>	<u><u>\$ 245,354</u></u>	<u><u>\$ 5,186,845</u></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, 2016

	Special Revenue Funds					Constitu- tional Officers - Fees	Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation			
<u>Revenues</u>							
Local Taxes	\$ 747,410	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 747,410
Fines, Forfeitures, and Penalties	0	0	56,971	0	0	0	56,971
Charges for Current Services	261,477	4,486,107	0	324,879	5,351		5,077,814
Other Local Revenues	154,468	41,408	1,073	0	0		196,949
State of Tennessee	185,732	0	0	0	0		185,732
Federal Government	0	0	38,821	0	0		38,821
Other Governments and Citizens Groups	88,277	18,367	0	0	0		106,644
Total Revenues	\$ 1,437,364	\$ 4,545,882	\$ 96,865	\$ 324,879	\$ 5,351	\$	\$ 6,410,341
<u>Expenditures</u>							
Current:							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,351	\$	\$ 5,351
Finance	0	0	0	0	0		0
Public Safety	0	0	52,029	0	0		52,029
Public Health and Welfare	1,506,420	4,729,351	0	0	0		6,235,771
Social, Cultural, and Recreational Services	0	0	0	308,925	0		308,925
Other Operations	0	0	0	0	0		0
Debt Service:							
Principal on Debt	0	0	0	0	0		0
Interest on Debt	0	0	0	0	0		0
Other Debt Service	0	0	0	0	0		0
Capital Projects - Donated	0	0	0	0	0		0
Total Expenditures	\$ 1,506,420	\$ 4,729,351	\$ 52,029	\$ 308,925	\$ 5,351	\$	\$ 6,602,076

(Continued)

Exhibit G-2

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

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	Constitu - tional Officers - Fees	Total
Excess (Deficiency) of Revenues Over Expenditures	\$ (69,056)	\$ (183,469)	\$ 44,836	\$ 15,954	\$ 0	\$ (191,735)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Insurance Recovery	0	130,000	0	0	0	130,000
Transfers In	0	405,742	0	0	0	405,742
Total Other Financing Sources (Uses)	\$ 0	\$ 535,742	\$ 0	\$ 0	\$ 0	\$ 535,742
Net Change in Fund Balances	\$ (69,056)	\$ 352,273	\$ 44,836	\$ 15,954	\$ 0	\$ 344,007
Fund Balance, July 1, 2015	971,739	326,847	99,205	244,035	0	1,641,826
Fund Balance, June 30, 2016	\$ 902,683	\$ 679,120	\$ 144,041	\$ 259,989	\$ 0	\$ 1,985,833

(Continued)

Exhibit G-2

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

	Debt Service Fund		Capital Projects Funds				Total Nonmajor Governmental Funds	
	Education Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total			
<u>Revenues</u>								
Local Taxes	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	747,410	
Fines, Forfeitures, and Penalties	0	0	0	0	0		56,971	
Charges for Current Services	0	0	0	0	0		5,077,814	
Other Local Revenues	0	0	0	0	0		196,949	
State of Tennessee	0	0	0	0	0		185,732	
Federal Government	0	0	0	146,156	146,156		184,977	
Other Governments and Citizens Groups	1,935,426	0	0	0	0		2,042,070	
Total Revenues	\$ 1,935,426	\$ 0	\$ 0	\$ 146,156	\$ 146,156	\$	8,491,923	
<u>Expenditures</u>								
Current:								
General Government	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$	5,351	
Finance	19,076	0	0	0	0		19,076	
Public Safety	0	0	0	0	0		52,029	
Public Health and Welfare	0	0	0	0	0		6,235,771	
Social, Cultural, and Recreational Services	0	0	0	0	0		308,925	
Other Operations	0	0	0	182,695	182,695		182,695	
Debt Service:								
Principal on Debt	1,660,000	0	0	0	0		1,660,000	
Interest on Debt	248,068	0	0	0	0		248,068	
Other Debt Service	300	0	0	0	0		300	
Capital Projects - Donated	0	1,500,000	26,401	0	1,526,401		1,526,401	
Total Expenditures	\$ 1,927,444	\$ 1,500,000	\$ 26,401	\$ 182,695	\$ 1,709,096	\$	10,238,616	

(Continued)

Exhibit G-2

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

	Debt Service Fund		Capital Projects Funds				Total Nonmajor Governmental Funds
	Education Debt Service	General Capital Projects	Community Development/ Industrial Park	Other Capital Projects	Total		
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,982	\$ (1,500,000)	\$ (26,401)	\$ (36,539)	\$ (1,562,940)	\$	(1,746,693)
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 1,500,000	\$ 0	\$ 0	\$ 1,500,000	\$	1,500,000
Insurance Recovery	0	0	0	0	0		130,000
Transfers In	0	0	0	0	0		405,742
Total Other Financing Sources (Uses)	\$ 0	\$ 1,500,000	\$ 0	\$ 0	\$ 1,500,000	\$	2,035,742
Net Change in Fund Balances	\$ 7,982	\$ 0	\$ (26,401)	\$ (36,539)	\$ (62,940)	\$	289,049
Fund Balance, July 1, 2015	92,929	0	26,401	281,893	308,294		2,043,049
Fund Balance, June 30, 2016	\$ 100,911	\$ 0	\$ 0	\$ 245,354	\$ 245,354	\$	2,332,098

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 747,410	\$ 0	\$ 0	\$ 747,410	\$ 753,627	\$ 753,627	\$ (6,217)
Charges for Current Services	261,477	0	0	261,477	200,000	200,000	61,477
Other Local Revenues	154,468	0	0	154,468	140,038	140,038	14,430
State of Tennessee	185,732	0	0	185,732	128,156	128,156	57,576
Other Governments and Citizens Groups	88,277	0	0	88,277	91,402	91,402	(3,125)
Total Revenues	\$ 1,437,364	\$ 0	\$ 0	\$ 1,437,364	\$ 1,313,223	\$ 1,313,223	\$ 124,141
<u>Expenditures</u>							
Public Health and Welfare							
Sanitation Education/Information	\$ 12,193	\$ (5,394)	\$ 1,225	\$ 8,024	\$ 26,000	\$ 26,000	\$ 17,976
Transfer Stations	1,494,227	(78,455)	61,590	1,477,362	1,772,706	1,852,706	375,344
Total Expenditures	\$ 1,506,420	\$ (83,849)	\$ 62,815	\$ 1,485,386	\$ 1,798,706	\$ 1,878,706	\$ 393,320
Excess (Deficiency) of Revenues Over Expenditures	\$ (69,056)	\$ 83,849	\$ (62,815)	\$ (48,022)	\$ (485,483)	\$ (565,483)	\$ 517,461
Net Change in Fund Balance	\$ (69,056)	\$ 83,849	\$ (62,815)	\$ (48,022)	\$ (485,483)	\$ (565,483)	\$ 517,461
Fund Balance, July 1, 2015	971,739	(83,849)	0	887,890	787,778	787,778	100,112
Fund Balance, June 30, 2016	\$ 902,683	\$ 0	\$ (62,815)	\$ 839,868	\$ 302,295	\$ 222,295	\$ 617,573

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 4,486,107	\$ 0	\$ 0	\$ 4,486,107	\$ 6,899,943	\$ 6,899,943	\$ (2,413,836)
Other Local Revenues	41,408	0	0	41,408	13,607	13,607	27,801
Other Governments and Citizens Groups	18,367	0	0	18,367	34,135	34,135	(15,768)
Total Revenues	\$ 4,545,882	\$ 0	\$ 0	\$ 4,545,882	\$ 6,947,685	\$ 6,947,685	\$ (2,401,803)
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 4,729,351	\$ (89,116)	\$ 32,265	\$ 4,672,500	\$ 6,430,672	\$ 6,430,672	\$ 1,758,172
Total Expenditures	\$ 4,729,351	\$ (89,116)	\$ 32,265	\$ 4,672,500	\$ 6,430,672	\$ 6,430,672	\$ 1,758,172
Excess (Deficiency) of Revenues Over Expenditures	\$ (183,469)	\$ 89,116	\$ (32,265)	\$ (126,618)	\$ 517,013	\$ 517,013	\$ (643,631)
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 130,000	\$ 0	\$ 0	\$ 130,000	\$ 0	\$ 0	\$ 130,000
Transfers In	405,742	0	0	405,742	0	350,000	55,742
Total Other Financing Sources	\$ 535,742	\$ 0	\$ 0	\$ 535,742	\$ 0	\$ 350,000	\$ 185,742
Net Change in Fund Balance	\$ 352,273	\$ 89,116	\$ (32,265)	\$ 409,124	\$ 517,013	\$ 867,013	\$ (457,889)
Fund Balance, July 1, 2015	326,847	(89,116)	0	237,731	220,966	220,966	16,765
Fund Balance, June 30, 2016	\$ 679,120	\$ 0	\$ (32,265)	\$ 646,855	\$ 737,979	\$ 1,087,979	\$ (441,124)

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 56,971	\$ 0	\$ 0	\$ 56,971	\$ 60,000	\$ 60,000	\$ (3,029)
Other Local Revenues	1,073	0	0	1,073	0	0	1,073
Federal Government	38,821	0	0	38,821	0	0	38,821
Total Revenues	<u>\$ 96,865</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 96,865</u>	<u>\$ 60,000</u>	<u>\$ 60,000</u>	<u>\$ 36,865</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 52,029	\$ (3,587)	\$ 546	\$ 48,988	\$ 62,500	\$ 62,500	\$ 13,512
Total Expenditures	<u>\$ 52,029</u>	<u>\$ (3,587)</u>	<u>\$ 546</u>	<u>\$ 48,988</u>	<u>\$ 62,500</u>	<u>\$ 62,500</u>	<u>\$ 13,512</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 44,836</u>	<u>\$ 3,587</u>	<u>\$ (546)</u>	<u>\$ 47,877</u>	<u>\$ (2,500)</u>	<u>\$ (2,500)</u>	<u>\$ 50,377</u>
Net Change in Fund Balance	\$ 44,836	\$ 3,587	\$ (546)	\$ 47,877	\$ (2,500)	\$ (2,500)	\$ 50,377
Fund Balance, July 1, 2015	99,205	(3,587)	0	95,618	95,616	95,616	2
Fund Balance, June 30, 2016	<u><u>\$ 144,041</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (546)</u></u>	<u><u>\$ 143,495</u></u>	<u><u>\$ 93,116</u></u>	<u><u>\$ 93,116</u></u>	<u><u>\$ 50,379</u></u>

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 324,879	\$ 0	\$ 0	\$ 324,879	\$ 331,000	\$ 331,000	\$ (6,121)
Other Local Revenues	0	0	0	0	118	118	(118)
Total Revenues	<u>\$ 324,879</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 324,879</u>	<u>\$ 331,118</u>	<u>\$ 331,118</u>	<u>\$ (6,239)</u>
<u>Expenditures</u>							
<u>Social, Cultural, and Recreational Services</u>							
Parks and Fair Boards	\$ 308,925	\$ (5,580)	\$ 2,092	\$ 305,437	\$ 311,919	\$ 311,919	\$ 6,482
Total Expenditures	<u>\$ 308,925</u>	<u>\$ (5,580)</u>	<u>\$ 2,092</u>	<u>\$ 305,437</u>	<u>\$ 311,919</u>	<u>\$ 311,919</u>	<u>\$ 6,482</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 15,954</u>	<u>\$ 5,580</u>	<u>\$ (2,092)</u>	<u>\$ 19,442</u>	<u>\$ 19,199</u>	<u>\$ 19,199</u>	<u>\$ 243</u>
Net Change in Fund Balance	\$ 15,954	\$ 5,580	\$ (2,092)	\$ 19,442	\$ 19,199	\$ 19,199	\$ 243
Fund Balance, July 1, 2015	<u>244,035</u>	<u>(5,580)</u>	<u>0</u>	<u>238,455</u>	<u>237,314</u>	<u>237,314</u>	<u>1,141</u>
Fund Balance, June 30, 2016	<u><u>\$ 259,989</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ (2,092)</u></u>	<u><u>\$ 257,897</u></u>	<u><u>\$ 256,513</u></u>	<u><u>\$ 256,513</u></u>	<u><u>\$ 1,384</u></u>

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Education Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 0	\$ 1,936,068	\$ 0	\$ 0
Other Governments and Citizens Groups	1,935,426	0	1,936,068	(642)
Total Revenues	<u>\$ 1,935,426</u>	<u>\$ 1,936,068</u>	<u>\$ 1,936,068</u>	<u>\$ (642)</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 19,076	\$ 20,000	\$ 20,000	\$ 924
<u>Principal on Debt</u>				
Education	1,660,000	1,660,000	1,660,000	0
<u>Interest on Debt</u>				
Education	248,068	248,068	248,068	0
<u>Other Debt Service</u>				
Education	300	8,000	8,000	7,700
Total Expenditures	<u>\$ 1,927,444</u>	<u>\$ 1,936,068</u>	<u>\$ 1,936,068</u>	<u>\$ 8,624</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 7,982</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 7,982</u>
Net Change in Fund Balance	\$ 7,982	\$ 0	\$ 0	\$ 7,982
Fund Balance, July 1, 2015	92,929	81,543	81,543	11,386
Fund Balance, June 30, 2016	<u>\$ 100,911</u>	<u>\$ 81,543</u>	<u>\$ 81,543</u>	<u>\$ 19,368</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit H

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 5,216,058	\$ 5,178,286	\$ 5,178,286	\$ 37,772
Other Local Revenues	1,196,687	522,518	522,518	674,169
Other Governments and Citizens Groups	763,523	816,960	763,523	0
Total Revenues	<u>\$ 7,176,268</u>	<u>\$ 6,517,764</u>	<u>\$ 6,464,327</u>	<u>\$ 711,941</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 102,869	\$ 82,000	\$ 103,750	\$ 881
<u>Principal on Debt</u>				
General Government	1,050,000	1,360,000	1,050,000	0
Education	1,991,486	1,832,295	2,132,670	141,184
<u>Interest on Debt</u>				
General Government	1,413,112	2,167,088	2,101,020	687,908
Education	534,973	556,726	579,282	44,309
<u>Other Debt Service</u>				
General Government	1,150	4,000	3,700	2,550
Education	19,538	21,168	21,168	1,630
Total Expenditures	<u>\$ 5,113,128</u>	<u>\$ 6,023,277</u>	<u>\$ 5,991,590</u>	<u>\$ 878,462</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 2,063,140</u>	<u>\$ 494,487</u>	<u>\$ 472,737</u>	<u>\$ 1,590,403</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 228,614	\$ 245,939	\$ 245,939	\$ (17,325)
Total Other Financing Sources	<u>\$ 228,614</u>	<u>\$ 245,939</u>	<u>\$ 245,939</u>	<u>\$ (17,325)</u>
Net Change in Fund Balance	\$ 2,291,754	\$ 740,426	\$ 718,676	\$ 1,573,078
Fund Balance, July 1, 2015	1,413,252	1,391,764	1,391,764	21,488
Fund Balance, June 30, 2016	<u><u>\$ 3,705,006</u></u>	<u><u>\$ 2,132,190</u></u>	<u><u>\$ 2,110,440</u></u>	<u><u>\$ 1,594,566</u></u>

Proprietary Funds

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

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

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

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

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2016

	<u>Internal Service Funds</u>			
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Employee Insurance - Health</u>	<u>Total Proprietary Funds</u>
<u>ASSETS</u>				
Current Assets:				
Cash	\$ 7,615	\$ 0	\$ 609,271	\$ 616,886
Equity in Pooled Cash and Investments	439,515	282,384	96,576	818,475
Accounts Receivable	7,589	0	211	7,800
Due from Other Funds	414,533	9,075	0	423,608
Due from Component Units	21,964	0	0	21,964
Total Assets	<u>\$ 891,216</u>	<u>\$ 291,459</u>	<u>\$ 706,058</u>	<u>\$ 1,888,733</u>
<u>LIABILITIES</u>				
Current Liabilities:				
Accounts Payable	\$ 3,042	\$ 1,920	\$ 0	\$ 4,962
Claims and Judgments Payable	217,360	0	0	217,360
Due to Other Funds	0	0	136,049	136,049
Other Current Liabilities	0	0	393,941	393,941
Total Liabilities	<u>\$ 220,402</u>	<u>\$ 1,920</u>	<u>\$ 529,990</u>	<u>\$ 752,312</u>
<u>NET POSITION</u>				
Unrestricted	<u>\$ 670,814</u>	<u>\$ 289,539</u>	<u>\$ 176,068</u>	<u>\$ 1,136,421</u>
Total Net Position	<u>\$ 670,814</u>	<u>\$ 289,539</u>	<u>\$ 176,068</u>	<u>\$ 1,136,421</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, 2016

	Internal Service Funds			
	Self- Insurance	Employee Insurance - General	Employee Insurance - Health	Total
<u>Operating Revenues</u>				
Self-Insurance Premiums	\$ 383,411	\$ 317,290	\$ 4,222,232	\$ 4,922,933
Cobra Insurance Payments	0	4,072	7,101	11,173
Total Operating Revenues	<u>\$ 383,411</u>	<u>\$ 321,362</u>	<u>\$ 4,229,333</u>	<u>\$ 4,934,106</u>
<u>Operating Expenses</u>				
Handling Charges and Administrative Costs	\$ 0	\$ 22,023	\$ 635,075	\$ 657,098
Dental Insurance	0	270,277	0	270,277
Audit Services	3,350	0	0	3,350
Liability Insurance	136,473	0	0	136,473
Medical Claims	0	284,971	4,059,105	4,344,076
Bank Charges	134	0	366	500
Trustee's Commission	8	0	0	8
Vehicle and Equipment Insurance	9,047	0	0	9,047
Workers' Compensation Insurance	775,559	0	0	775,559
Licenses	67	0	0	67
Total Operating Expenses	<u>\$ 924,638</u>	<u>\$ 577,271</u>	<u>\$ 4,694,546</u>	<u>\$ 6,196,455</u>
Operating Income (Loss)	<u>\$ (541,227)</u>	<u>\$ (255,909)</u>	<u>\$ (465,213)</u>	<u>\$ (1,262,349)</u>
<u>Nonoperating Revenues (Expenses)</u>				
Investment Income	\$ 771	\$ 0	\$ 0	\$ 771
Total Nonoperating Revenues (Expenses)	<u>\$ 771</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 771</u>
Income (Loss) before Transfers	\$ (540,456)	\$ (255,909)	\$ (465,213)	\$ (1,261,578)
Transfers In	<u>1,000,000</u>	<u>0</u>	<u>0</u>	<u>1,000,000</u>
Change in Net Position	\$ 459,544	\$ (255,909)	\$ (465,213)	\$ (261,578)
Net Position, July 1, 2015	<u>211,270</u>	<u>545,448</u>	<u>641,281</u>	<u>1,397,999</u>
Net Position, June 30, 2016	<u><u>\$ 670,814</u></u>	<u><u>\$ 289,539</u></u>	<u><u>\$ 176,068</u></u>	<u><u>\$ 1,136,421</u></u>

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2016

	Internal Service Funds			
	Self- Insurance	Employee Insurance - General	Employee Insurance - Health	Total
<u>Cash Flows from Operating Activities</u>				
Receipts for Self-Insurance Premiums	\$ 359,373	\$ 731,126	\$ 4,417,347	\$ 5,507,846
Payments to Insurers and Claims Payments	(946,212)	(547,948)	(4,668,588)	(6,162,748)
Payments for Administrative Costs	(3,559)	(20,103)	(635,441)	(659,103)
Net Cash Provided By (Used In) Operating Activities	\$ (590,398)	\$ 163,075	\$ (886,682)	\$ (1,314,005)
<u>Cash Flows from Investing Activities</u>				
Interest on Investments	\$ 771	\$ 0	\$ 0	\$ 771
Net Cash Provided By (Used In) Investing Activities	\$ 771	\$ 0	\$ 0	\$ 771
<u>Cash Flows from Noncapital Financing Activities</u>				
Receipts for State Insurance Clearing Account	\$ 0	\$ 0	\$ 393,730	\$ 393,730
Transfers In	800,000	0	0	800,000
Net Cash Provided By (Used In) Noncapital Financing Activities	\$ 800,000	\$ 0	\$ 393,730	\$ 1,193,730
Increase (Decrease) in Cash	\$ 210,373	\$ 163,075	\$ (492,952)	\$ (119,504)
Cash, July 1, 2015	236,757	119,309	1,198,799	1,554,865
Cash, June 30, 2016	\$ 447,130	\$ 282,384	\$ 705,847	\$ 1,435,361
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>				
Operating Income (Loss)	\$ (541,227)	\$ (255,909)	\$ (465,213)	\$ (1,262,349)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:				
Changes in Assets and Liabilities:				
(Increase) Decrease in Operating Receivables	(24,038)	409,764	51,965	437,691
(Increase) Decrease in Prepaid Expenses	0	7,300	0	7,300
Increase (Decrease) in Other Current Liabilities, Excluding Liability for State Insurance Clearing Account	(25,133)	1,920	(473,434)	(496,647)
Net Cash Provided By (Used In) Operating Activities	\$ (590,398)	\$ 163,075	\$ (886,682)	\$ (1,314,005)
<u>Reconciliation of Cash With the Statement of Net Position</u>				
Cash Per Net Position	\$ 7,615	\$ 0	\$ 609,271	\$ 616,886
Equity in Pooled Cash and Investments Per Net Position	439,515	282,384	96,576	818,475
Cash, June 30, 2016	\$ 447,130	\$ 282,384	\$ 705,847	\$ 1,435,361

Fiduciary Funds

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

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

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

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

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

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

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2016

	Agency Funds			
	Cities - Sales Tax	City School ADA -	City School ADA -	Constitu- tional Officers - Agency
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 0	\$ 7,880,437
Equity in Pooled Cash and Investments	0	507,829	818,188	0
Accounts Receivable	0	263	424	0
Due from Other Governments	3,928,696	888,277	1,425,734	0
Property Taxes Receivable	0	11,894,740	19,164,749	0
Allowance for Uncollectible Property Taxes	0	(335,500)	(540,557)	0
Total Assets	<u>\$ 3,928,696</u>	<u>\$ 12,955,609</u>	<u>\$ 20,868,538</u>	<u>\$ 7,880,437</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 3,928,696	\$ 12,955,609	\$ 20,868,538	\$ 0
Due to Litigants, Heirs, and Others	0	0	0	7,880,437
Total Liabilities	<u>\$ 3,928,696</u>	<u>\$ 12,955,609</u>	<u>\$ 20,868,538</u>	<u>\$ 7,880,437</u>

(Continued)

Exhibit J-1

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

ASSETS

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

Total Assets

LIABILITIES

Due to Other Taxing Units
Due to Litigants, Heirs, and Others
Due to Joint Ventures

Total Liabilities

<u>Agency Funds (Cont.)</u>		
Judicial District Drug	District Attorney General	Total
\$ 0	\$ 0	\$ 7,880,437
116,483	35,134	1,477,634
0	0	687
16,944	0	6,259,651
0	0	31,059,489
0	0	(876,057)
<hr/>		
\$ 133,427	\$ 35,134	\$ 45,801,841
<hr/>		
<hr/>		
\$ 0	\$ 0	\$ 37,752,843
0	35,134	7,915,571
133,427	0	133,427
<hr/>		
\$ 133,427	\$ 35,134	\$ 45,801,841
<hr/>		
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Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Assets and
Liabilities - All Agency Funds
For the Year Ended June 30, 2016

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 23,787,190	\$ 23,787,190	\$ 0
Due from Other Governments	3,715,780	3,928,696	3,715,780	3,928,696
Total Assets	\$ 3,715,780	\$ 27,715,886	\$ 27,502,970	\$ 3,928,696
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 3,715,780	\$ 27,715,886	\$ 27,502,970	\$ 3,928,696
Total Liabilities	\$ 3,715,780	\$ 27,715,886	\$ 27,502,970	\$ 3,928,696
<u>City School ADA - Bristol Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 482,253	\$ 16,926,797	\$ 16,901,221	\$ 507,829
Accounts Receivable	242	263	242	263
Due from Other Governments	830,389	888,277	830,389	888,277
Taxes Receivable	10,889,894	11,894,740	10,889,894	11,894,740
Allowance for Uncollectible Taxes	(301,539)	(335,500)	(301,539)	(335,500)
Total Assets	\$ 11,901,239	\$ 29,374,577	\$ 28,320,207	\$ 12,955,609
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 11,901,239	\$ 29,374,577	\$ 28,320,207	\$ 12,955,609
Total Liabilities	\$ 11,901,239	\$ 29,374,577	\$ 28,320,207	\$ 12,955,609
<u>City School ADA - Kingsport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 771,311	\$ 27,272,376	\$ 27,225,499	\$ 818,188
Accounts Receivable	387	424	387	424
Due from Other Governments	1,346,086	1,425,734	1,346,086	1,425,734
Taxes Receivable	17,397,337	19,164,749	17,397,337	19,164,749
Allowance for Uncollectible Taxes	(481,731)	(540,557)	(481,731)	(540,557)
Total Assets	\$ 19,033,390	\$ 47,322,726	\$ 45,487,578	\$ 20,868,538
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 19,033,390	\$ 47,322,726	\$ 45,487,578	\$ 20,868,538
Total Liabilities	\$ 19,033,390	\$ 47,322,726	\$ 45,487,578	\$ 20,868,538

(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>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 7,716,473	\$ 25,979,712	\$ 25,815,748	\$ 7,880,437
Accounts Receivable	7,658	0	7,658	0
Total Assets	<u>\$ 7,724,131</u>	<u>\$ 25,979,712</u>	<u>\$ 25,823,406</u>	<u>\$ 7,880,437</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 7,724,131	\$ 25,979,712	\$ 25,823,406	\$ 7,880,437
Total Liabilities	<u>\$ 7,724,131</u>	<u>\$ 25,979,712</u>	<u>\$ 25,823,406</u>	<u>\$ 7,880,437</u>
<u>Judicial District Drug Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 120,134	\$ 155,325	\$ 158,976	\$ 116,483
Accounts Receivable	55	0	55	0
Due from Other Governments	3,641	16,944	3,641	16,944
Total Assets	<u>\$ 123,830</u>	<u>\$ 172,269</u>	<u>\$ 162,672</u>	<u>\$ 133,427</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 123,830	\$ 172,269	\$ 162,672	\$ 133,427
Total Liabilities	<u>\$ 123,830</u>	<u>\$ 172,269</u>	<u>\$ 162,672</u>	<u>\$ 133,427</u>
<u>District Attorney General Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 31,343	\$ 15,867	\$ 12,076	\$ 35,134
Accounts Receivable	65	0	65	0
Total Assets	<u>\$ 31,408</u>	<u>\$ 15,867</u>	<u>\$ 12,141</u>	<u>\$ 35,134</u>
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 31,408	\$ 15,867	\$ 12,141	\$ 35,134
Total Liabilities	<u>\$ 31,408</u>	<u>\$ 15,867</u>	<u>\$ 12,141</u>	<u>\$ 35,134</u>

(Continued)

Exhibit J-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 7,716,473	\$ 25,979,712	\$ 25,815,748	\$ 7,880,437
Equity in Pooled Cash and Investments	1,405,041	68,157,555	68,084,962	1,477,634
Accounts Receivable	8,407	687	8,407	687
Due from Other Governments	5,895,896	6,259,651	5,895,896	6,259,651
Taxes Receivable	28,287,231	31,059,489	28,287,231	31,059,489
Allowance for Uncollectible Taxes	(783,270)	(876,057)	(783,270)	(876,057)
Total Assets	<u>\$ 42,529,778</u>	<u>\$ 130,581,037</u>	<u>\$ 127,308,974</u>	<u>\$ 45,801,841</u>
<u>Liabilities</u>				
Due to Joint Ventures	\$ 123,830	\$ 172,269	\$ 162,672	\$ 133,427
Due to Other Taxing Units	34,650,409	104,413,189	101,310,755	37,752,843
Due to Litigants, Heirs, and Others	7,755,539	25,995,579	25,835,547	7,915,571
Total Liabilities	<u>\$ 42,529,778</u>	<u>\$ 130,581,037</u>	<u>\$ 127,308,974</u>	<u>\$ 45,801,841</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.

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

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

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.

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, 2016

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	\$ 61,635,231	\$ 90,177	\$ 4,786,522	\$ 1,500,000	\$ (55,258,532)
Support Services	29,575,420	343,687	1,365,680	0	(27,866,053)
Operation of Non-instructional Services	4,844,560	1,139,974	3,491,233	0	(213,353)
Interest on Long-term Debt	41,301	0	0	0	(41,301)
Total Governmental Activities	\$ 96,096,512	\$ 1,573,838	\$ 9,643,435	\$ 1,500,000	\$ (83,379,239)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 28,112,097
Local Option Sales Tax					13,069,861
Other Local Taxes					4,777
Grants and Contributions Not Restricted for Specific Programs					43,565,372
Unrestricted Investment Income					49
Miscellaneous					720,073
Total General Revenues					\$ 85,472,229
Change in Net Position					\$ 2,092,990
Net Position, July 1, 2015					31,236,777
Net Position, June 30, 2016					\$ 33,329,767

Exhibit K-2

Sullivan County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Sullivan County School Department
 June 30, 2016

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>ASSETS</u>			
Cash	\$ 4,662	\$ 9,132	\$ 13,794
Equity in Pooled Cash and Investments	9,899,536	1,876,492	11,776,028
Inventories	172,170	241,402	413,572
Accounts Receivable	48,460	977	49,437
Due from Other Governments	2,397,444	552,195	2,949,639
Due from Other Funds	153,203	960	154,163
Property Taxes Receivable	27,139,731	1,784,343	28,924,074
Allowance for Uncollectible Property Taxes	(765,497)	(50,329)	(815,826)
Prepaid Items	4,090	0	4,090
Total Assets	<u>\$ 39,053,799</u>	<u>\$ 4,415,172</u>	<u>\$ 43,468,971</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 113,006	\$ 228,367	\$ 341,373
Accrued Payroll	1,167	0	1,167
Payroll Deductions Payable	1,097,099	81,652	1,178,751
Due to Other Funds	960	153,203	154,163
Due to Primary Government	25,025	4,480	29,505
Other Current Liabilities	16,660	43,962	60,622
Total Liabilities	<u>\$ 1,253,917</u>	<u>\$ 511,664</u>	<u>\$ 1,765,581</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 25,815,833	\$ 1,697,301	\$ 27,513,134
Deferred Delinquent Property Taxes	481,553	31,661	513,214
Other Deferred/Unavailable Revenue	1,114,129	0	1,114,129
Total Deferred Inflows of Resources	<u>\$ 27,411,515</u>	<u>\$ 1,728,962</u>	<u>\$ 29,140,477</u>
<u>FUND BALANCES</u>			
Nonspendable:			
Inventory	\$ 172,170	\$ 241,402	\$ 413,572
Prepaid Items	4,090	0	4,090
Restricted:			
Restricted for Education	233,242	1,483,645	1,716,887
Committed:			
Committed for Education	0	449,499	449,499
Assigned:			
Assigned for Education	2,488,340	0	2,488,340
Unassigned	7,490,525	0	7,490,525
Total Fund Balances	<u>\$ 10,388,367</u>	<u>\$ 2,174,546</u>	<u>\$ 12,562,913</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 39,053,799</u>	<u>\$ 4,415,172</u>	<u>\$ 43,468,971</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, 2016

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)		\$	12,562,913
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	1,109,248	
Add: construction in progress		30,000	
Add: buildings and improvements net of accumulated depreciation		65,501,251	
Add: other capital assets net of accumulated depreciation		<u>2,003,445</u>	68,643,944
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			1,627,343
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: principal on capital leases to be contributed to the primary government debt	\$	(19,333)	
Less: compensated absences payable		(2,529,895)	
Less: other postemployment benefits liability		(40,652,382)	
Less: cost-sharing plan net pension liability - teacher legacy plan		<u>(398,943)</u>	(43,600,553)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions will be amortized and recognized as components of pension expense in future years:			
Add: deferred outflows of resources related to pensions	\$	5,170,737	
Less: deferred inflows of resources related to pensions		<u>(11,188,063)</u>	(6,017,326)
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: agent plan net pension assets	\$	71,978	
Add: teacher retirement plan net pension assets		<u>41,468</u>	<u>113,446</u>
Net position of governmental activities (Exhibit A)		\$	<u>33,329,767</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, 2016

	Major Fund	Nonmajor Funds	
	General Purpose School	Other Govern- mental Funds	Total Governmental Funds
<u>Revenues</u>			
Local Taxes	\$ 39,418,787	\$ 1,721,196	\$ 41,139,983
Licenses and Permits	5,621	0	5,621
Charges for Current Services	314,381	1,239,710	1,554,091
Other Local Revenues	738,630	1,239	739,869
State of Tennessee	43,030,461	75,152	43,105,613
Federal Government	273,597	9,754,532	10,028,129
Other Governments and Citizens Groups	40,302	1,500,774	1,541,076
Total Revenues	<u>\$ 83,821,779</u>	<u>\$ 14,292,603</u>	<u>\$ 98,114,382</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 48,793,785	\$ 4,975,876	\$ 53,769,661
Support Services	29,986,164	1,282,495	31,268,659
Operation of Non-instructional Services	609,780	4,405,561	5,015,341
Capital Outlay	0	674,734	674,734
Debt Service:			
Interest on Debt	37,400	3,901	41,301
Other Debt Service	2,417,937	281,012	2,698,949
Capital Projects	0	1,218,988	1,218,988
Total Expenditures	<u>\$ 81,845,066</u>	<u>\$ 12,842,567</u>	<u>\$ 94,687,633</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 1,976,713</u>	<u>\$ 1,450,036</u>	<u>\$ 3,426,749</u>
<u>Other Financing Sources (Uses)</u>			
Transfers In	\$ 619,455	\$ 0	\$ 619,455
Transfers Out	0	(619,455)	(619,455)
Total Other Financing Sources (Uses)	<u>\$ 619,455</u>	<u>\$ (619,455)</u>	<u>\$ 0</u>
Net Change in Fund Balances	\$ 2,596,168	\$ 830,581	\$ 3,426,749
Fund Balance, July 1, 2015	<u>7,792,199</u>	<u>1,343,965</u>	<u>9,136,164</u>
Fund Balance, June 30, 2016	<u>\$ 10,388,367</u>	<u>\$ 2,174,546</u>	<u>\$ 12,562,913</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, 2016

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)		\$	3,426,749
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:			
Add: capital assets purchased in the current period	\$	1,923,931	
Less: current-year depreciation expense		(3,355,179)	(1,431,248)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: book value of assets disposed			(312,737)
(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, 2015	\$	(1,552,223)	
Add: deferred delinquent property taxes/other deferred June 30, 2016		1,627,343	75,120
(4) The contribution of long-term debt (e.g., bonds, capital leases) by the primary government provides current financial resources to governmental funds, while the contribution by the School Department of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position.			
Add: principal contributions on capital leases for primary government			19,363
(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 compensated absences payable	\$	(107,769)	
Change in other postemployment benefits liability		(5,772,703)	
Change in pension asset - agent plan		(562,038)	
Change in pension asset - teacher retirement plan		41,468	
Change in pension liability - teacher legacy plan		(250,450)	
Change in deferred outflows related to pensions		122,224	
Change in deferred inflows related to pensions		6,845,011	315,743
Change in net position of governmental activities (Exhibit B)		\$	<u>2,092,990</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2016

	Special Revenue Funds				Total
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Nonmajor Governmental Funds
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 9,132	\$ 9,132
Equity in Pooled Cash and Investments	1,209,663	10,293	613,133	43,403	1,876,492
Inventories	0	0	241,402	0	241,402
Accounts Receivable	0	0	977	0	977
Due from Other Governments	0	549,689	2,506	0	552,195
Due from Other Funds	0	960	0	0	960
Property Taxes Receivable	1,784,343	0	0	0	1,784,343
Allowance for Uncollectible Property Taxes	(50,329)	0	0	0	(50,329)
Total Assets	<u>\$ 2,943,677</u>	<u>\$ 560,942</u>	<u>\$ 858,018</u>	<u>\$ 52,535</u>	<u>\$ 4,415,172</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 10,664	\$ 217,453	\$ 250	\$ 0	\$ 228,367
Payroll Deductions Payable	0	81,106	10	536	81,652
Due to Other Funds	0	59,148	91,555	2,500	153,203
Due to Primary Government	4,480	0	0	0	4,480
Other Current Liabilities	0	0	43,962	0	43,962
Total Liabilities	<u>\$ 15,144</u>	<u>\$ 357,707</u>	<u>\$ 135,777</u>	<u>\$ 3,036</u>	<u>\$ 511,664</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 1,697,301	\$ 0	\$ 0	\$ 0	\$ 1,697,301
Deferred Delinquent Property Taxes	31,661	0	0	0	31,661
Total Deferred Inflows of Resources	<u>\$ 1,728,962</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,728,962</u>

(Continued)

Exhibit K-6

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

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 0	\$ 0	\$ 241,402	\$ 0	\$ 241,402
Restricted:					
Restricted for Education	1,199,571	3,235	280,839	0	1,483,645
Committed:					
Committed for Education	0	200,000	200,000	49,499	449,499
Total Fund Balances	<u>\$ 1,199,571</u>	<u>\$ 203,235</u>	<u>\$ 722,241</u>	<u>\$ 49,499</u>	<u>\$ 2,174,546</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 2,943,677</u>	<u>\$ 560,942</u>	<u>\$ 858,018</u>	<u>\$ 52,535</u>	<u>\$ 4,415,172</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, 2016

	Special Revenue Funds				
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>Revenues</u>					
Local Taxes	\$ 1,721,196	\$ 0	\$ 0	\$ 0	\$ 1,721,196
Charges for Current Services	0	0	1,149,533	90,177	1,239,710
Other Local Revenues	0	0	1,056	183	1,239
State of Tennessee	0	0	53,422	21,730	75,152
Federal Government	0	6,262,979	3,491,553	0	9,754,532
Other Governments and Citizens Groups	0	0	774	0	774
Total Revenues	\$ 1,721,196	\$ 6,262,979	\$ 4,696,338	\$ 112,090	\$ 12,792,603
<u>Expenditures</u>					
Current:					
Instruction	\$ 0	\$ 4,975,876	\$ 0	\$ 0	\$ 4,975,876
Support Services	34,295	1,248,200	0	0	1,282,495
Operation of Non-instructional Services	0	0	4,326,453	79,108	4,405,561
Capital Outlay	674,734	0	0	0	674,734
Debt Service:					
Interest on Debt	0	0	3,901	0	3,901
Other Debt Service	0	0	0	0	0
Capital Projects	0	0	0	0	0
Total Expenditures	\$ 709,029	\$ 6,224,076	\$ 4,330,354	\$ 79,108	\$ 11,342,567
Excess (Deficiency) of Revenues					
Over Expenditures	\$ 1,012,167	\$ 38,903	\$ 365,984	\$ 32,982	\$ 1,450,036

(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				
	Special Purpose	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Total
<u>Other Financing Sources (Uses)</u>					
Transfers Out	\$ (562,000)	\$ (57,455)	\$ 0	\$ 0	\$ (619,455)
Total Other Financing Sources (Uses)	\$ (562,000)	\$ (57,455)	\$ 0	\$ 0	\$ (619,455)
Net Change in Fund Balances	\$ 450,167	\$ (18,552)	\$ 365,984	\$ 32,982	\$ 830,581
Fund Balance, July 1, 2015	749,404	221,787	356,257	16,517	1,343,965
Fund Balance, June 30, 2016	\$ 1,199,571	\$ 203,235	\$ 722,241	\$ 49,499	\$ 2,174,546

(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.)

	Capital <u>Projects Fund</u>	Total Nonmajor Governmental Funds
<u>Revenues</u>		
Local Taxes	\$ 0	\$ 1,721,196
Charges for Current Services	0	1,239,710
Other Local Revenues	0	1,239
State of Tennessee	0	75,152
Federal Government	0	9,754,532
Other Governments and Citizens Groups	1,500,000	1,500,774
Total Revenues	<u>\$ 1,500,000</u>	<u>\$ 14,292,603</u>
<u>Expenditures</u>		
Current:		
Instruction	\$ 0	\$ 4,975,876
Support Services	0	1,282,495
Operation of Non-instructional Services	0	4,405,561
Capital Outlay	0	674,734
Debt Service:		
Interest on Debt	0	3,901
Other Debt Service	281,012	281,012
Capital Projects	1,218,988	1,218,988
Total Expenditures	<u>\$ 1,500,000</u>	<u>\$ 12,842,567</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 1,450,036</u>

(Continued)

Exhibit K-7

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

	Capital Projects Fund		Total Nonmajor Governmental Funds
	Education Capital Projects		
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ 0	\$	(619,455)
Total Other Financing Sources (Uses)	\$ 0	\$	(619,455)
Net Change in Fund Balances	\$ 0	\$	830,581
Fund Balance, July 1, 2015	0		1,343,965
Fund Balance, June 30, 2016	\$ 0	\$	2,174,546

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, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 39,418,787	\$ 0	\$ 0	\$ 39,418,787	\$ 38,347,617	\$ 38,347,617	\$ 1,071,170
Licenses and Permits	5,621	0	0	5,621	6,000	6,000	(379)
Charges for Current Services	314,381	0	0	314,381	318,600	318,600	(4,219)
Other Local Revenues	738,630	0	0	738,630	525,500	747,215	(8,585)
State of Tennessee	43,030,461	0	0	43,030,461	41,600,353	42,691,357	339,104
Federal Government	273,597	0	0	273,597	307,500	307,500	(33,903)
Other Governments and Citizens Groups	40,302	0	0	40,302	25,000	25,000	15,302
Total Revenues	\$ 83,821,779	\$ 0	\$ 0	\$ 83,821,779	\$ 81,130,570	\$ 82,443,289	\$ 1,378,490
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 40,584,017	\$ (31,153)	\$ 0	\$ 40,552,864	\$ 42,007,406	\$ 42,007,406	\$ 1,454,542
Special Education Program	5,410,613	0	0	5,410,613	5,625,853	5,625,853	215,240
Vocational Education Program	2,799,155	(2,136)	32	2,797,051	2,865,507	2,865,507	68,456
<u>Support Services</u>							
Health Services	855,383	(18,646)	15,200	851,937	902,162	902,162	50,225
Other Student Support	1,951,506	0	0	1,951,506	1,975,318	1,975,318	23,812
Regular Instruction Program	2,840,607	(1,510)	1,128	2,840,225	3,036,609	3,018,647	178,422
Special Education Program	204,170	0	68	204,238	217,822	217,822	13,584
Vocational Education Program	170,440	0	0	170,440	174,102	174,102	3,662
Other Programs	1,091,004	0	0	1,091,004	0	1,091,004	0
Board of Education	1,447,324	0	0	1,447,324	1,693,264	1,693,264	245,940
Director of Schools	544,265	(6,793)	650	538,122	593,226	589,144	51,022
Office of the Principal	5,903,865	0	0	5,903,865	6,133,968	6,133,968	230,103
Fiscal Services	404,914	(101)	0	404,813	498,451	498,451	93,638
Human Services/Personnel	326,820	(10)	640	327,450	339,609	339,609	12,159
Operation of Plant	6,145,091	(56)	0	6,145,035	6,569,341	6,569,341	424,306
Maintenance of Plant	3,380,702	(26,511)	69	3,354,260	3,551,808	3,551,808	197,548
Transportation	4,720,073	(120,710)	0	4,599,363	5,040,733	5,040,733	441,370

(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 7/1/2015	Add: Encumbrances 6/30/2016	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	\$ 12,452	\$ 0	\$ 0	\$ 12,452	\$ 30,798	\$ 30,798	\$ 18,346
Early Childhood Education	597,328	(9,578)	0	587,750	610,317	610,317	22,567
<u>Capital Outlay</u>							
Regular Capital Outlay	0	0	0	0	40,000	261,715	261,715
<u>Interest on Debt</u>							
Education	37,400	0	0	37,400	15,000	37,450	50
<u>Other Debt Service</u>							
Education	2,417,937	0	0	2,417,937	0	2,530,059	112,122
Total Expenditures	\$ 81,845,066	\$ (217,204)	\$ 17,787	\$ 81,645,649	\$ 81,921,294	\$ 85,764,478	\$ 4,118,829
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,976,713	\$ 217,204	\$ (17,787)	\$ 2,176,130	\$ (790,724)	\$ (3,321,189)	\$ 5,497,319
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 619,455	\$ 0	\$ 0	\$ 619,455	\$ 610,000	\$ 610,000	\$ 9,455
Transfers Out	0	0	0	0	(2,530,465)	0	0
Total Other Financing Sources	\$ 619,455	\$ 0	\$ 0	\$ 619,455	\$ (1,920,465)	\$ 610,000	\$ 9,455
Net Change in Fund Balance	\$ 2,596,168	\$ 217,204	\$ (17,787)	\$ 2,795,585	\$ (2,711,189)	\$ (2,711,189)	\$ 5,506,774
Fund Balance, July 1, 2015	7,792,199	(217,204)	0	7,574,995	5,524,100	5,524,100	2,050,895
Fund Balance, June 30, 2016	\$ 10,388,367	\$ 0	\$ (17,787)	\$ 10,370,580	\$ 2,812,911	\$ 2,812,911	\$ 7,557,669

Exhibit K-9

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Special Purpose Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,721,196	\$ 0	\$ 0	\$ 1,721,196	\$ 1,692,871	\$ 1,692,871	\$ 28,325
Total Revenues	\$ 1,721,196	\$ 0	\$ 0	\$ 1,721,196	\$ 1,692,871	\$ 1,692,871	\$ 28,325
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 34,295	\$ 0	\$ 0	\$ 34,295	\$ 33,875	\$ 33,875	\$ (420)
<u>Capital Outlay</u>							
Regular Capital Outlay	674,734	(290,011)	26,246	410,969	1,371,996	1,371,996	961,027
Total Expenditures	\$ 709,029	\$ (290,011)	\$ 26,246	\$ 445,264	\$ 1,405,871	\$ 1,405,871	\$ 960,607
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,012,167	\$ 290,011	\$ (26,246)	\$ 1,275,932	\$ 287,000	\$ 287,000	\$ 988,932
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (562,000)	\$ 0	\$ 0	\$ (562,000)	\$ (562,000)	\$ (562,000)	\$ 0
Total Other Financing Sources	\$ (562,000)	\$ 0	\$ 0	\$ (562,000)	\$ (562,000)	\$ (562,000)	\$ 0
Net Change in Fund Balance	\$ 450,167	\$ 290,011	\$ (26,246)	\$ 713,932	\$ (275,000)	\$ (275,000)	\$ 988,932
Fund Balance, July 1, 2015	749,404	(290,011)	0	459,393	275,000	275,000	184,393
Fund Balance, June 30, 2016	\$ 1,199,571	\$ 0	\$ (26,246)	\$ 1,173,325	\$ 0	\$ 0	\$ 1,173,325

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
School Federal Projects Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2015	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 6,262,979	\$ 0	\$ 0	\$ 6,262,979	\$ 7,426,228	\$ 7,439,423	\$ (1,176,444)
Total Revenues	\$ 6,262,979	\$ 0	\$ 0	\$ 6,262,979	\$ 7,426,228	\$ 7,439,423	\$ (1,176,444)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 2,562,839	\$ 0	\$ 2,843	\$ 2,565,682	\$ 2,719,476	\$ 2,818,277	\$ 252,595
Special Education Program	2,268,875	0	0	2,268,875	2,589,914	2,589,914	321,039
Vocational Education Program	144,162	(15,618)	0	128,544	125,044	128,544	0
<u>Support Services</u>							
Other Student Support	261,828	0	390	262,218	268,800	288,181	25,963
Regular Instruction Program	557,635	0	0	557,635	1,043,099	953,872	396,237
Special Education Program	428,046	0	0	428,046	593,809	593,809	165,763
Vocational Education Program	0	0	0	0	3,500	0	0
Transportation	691	0	0	691	20,060	6,800	6,109
Total Expenditures	\$ 6,224,076	\$ (15,618)	\$ 3,233	\$ 6,211,691	\$ 7,363,702	\$ 7,379,397	\$ 1,167,706
Excess (Deficiency) of Revenues Over Expenditures	\$ 38,903	\$ 15,618	\$ (3,233)	\$ 51,288	\$ 62,526	\$ 60,026	\$ (8,738)
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (57,455)	\$ 0	\$ 0	\$ (57,455)	\$ (62,526)	\$ (60,026)	\$ 2,571
Total Other Financing Sources	\$ (57,455)	\$ 0	\$ 0	\$ (57,455)	\$ (62,526)	\$ (60,026)	\$ 2,571
Net Change in Fund Balance	\$ (18,552)	\$ 15,618	\$ (3,233)	\$ (6,167)	\$ 0	\$ 0	\$ (6,167)
Fund Balance, July 1, 2015	221,787	(15,618)	0	206,169	0	0	206,169
Fund Balance, June 30, 2016	\$ 203,235	\$ 0	\$ (3,233)	\$ 200,002	\$ 0	\$ 0	\$ 200,002

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
Central Cafeteria Fund
For the Year Ended June 30, 2016

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2016	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Charges for Current Services	\$ 1,149,533	\$ 0	\$ 1,149,533	\$ 1,335,600	\$ 1,335,600	\$ (186,067)
Other Local Revenues	1,056	0	1,056	16,200	16,200	(15,144)
State of Tennessee	53,422	0	53,422	56,572	56,572	(3,150)
Federal Government	3,491,553	0	3,491,553	3,302,995	3,313,345	178,208
Other Governments and Citizens Groups	774	0	774	0	0	774
Total Revenues	\$ 4,696,338	\$ 0	\$ 4,696,338	\$ 4,711,367	\$ 4,721,717	\$ (25,379)
<u>Expenditures</u>						
<u>Operation of Non-instructional Services</u>						
Food Service	\$ 4,326,453	\$ 2,077	\$ 4,328,530	\$ 4,711,367	\$ 4,721,717	\$ 393,187
<u>Interest on Debt</u>						
Education	3,901	0	3,901	0	0	(3,901)
Total Expenditures	\$ 4,330,354	\$ 2,077	\$ 4,332,431	\$ 4,711,367	\$ 4,721,717	\$ 389,286
Excess (Deficiency) of Revenues Over Expenditures	\$ 365,984	\$ (2,077)	\$ 363,907	\$ 0	\$ 0	\$ 363,907
Net Change in Fund Balance	\$ 365,984	\$ (2,077)	\$ 363,907	\$ 0	\$ 0	\$ 363,907
Fund Balance, July 1, 2015	356,257	0	356,257	230,000	230,000	126,257
Fund Balance, June 30, 2016	\$ 722,241	\$ (2,077)	\$ 720,164	\$ 230,000	\$ 230,000	\$ 490,164

Exhibit K-12

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sullivan County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2016

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 90,177	\$ 200,000	\$ 200,000	\$ (109,823)
Other Local Revenues	183	0	0	183
State of Tennessee	21,730	40,000	40,000	(18,270)
Total Revenues	<u>\$ 112,090</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ (127,910)</u>
<u>Expenditures</u>				
<u>Operation of Non-instructional Services</u>				
Early Childhood Education	\$ 79,108	\$ 235,896	\$ 235,896	\$ 156,788
Total Expenditures	<u>\$ 79,108</u>	<u>\$ 235,896</u>	<u>\$ 235,896</u>	<u>\$ 156,788</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 32,982</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>	<u>\$ 28,878</u>
Net Change in Fund Balance	\$ 32,982	\$ 4,104	\$ 4,104	\$ 28,878
Fund Balance, July 1, 2015	<u>16,517</u>	<u>15,000</u>	<u>15,000</u>	<u>1,517</u>
Fund Balance, June 30, 2016	<u><u>\$ 49,499</u></u>	<u><u>\$ 19,104</u></u>	<u><u>\$ 19,104</u></u>	<u><u>\$ 30,395</u></u>

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
June 30, 2016

	Private- Purpose Trust Fund
	Endowment Fund
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 126,462
Total Assets	<u>\$ 126,462</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	\$ 126,462
Total Net Position	<u>\$ 126,462</u>

Sullivan County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
For the Year Ended June 30, 2016

	Private- Purpose Trust Fund
	Endowment Fund
<u>ADDITIONS</u>	
Investment Income	\$ 554
Total Additions	<u>\$ 554</u>
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	<u>\$ 6,290</u>
Total Deductions	<u>\$ 6,290</u>
Change in Net Position	\$ (5,736)
Net Position, July 1, 2015	<u>132,198</u>
Net Position, June 30, 2016	<u><u>\$ 126,462</u></u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
For the Year Ended June 30, 2016

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Matured During Period	Outstanding 6-30-16
<u>NOTES PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Industrial Park	\$ 1,995,000	4.5 to 5.05 %	6-1-05	4-1-17	\$ 575,000	\$ 0	\$ 275,000	\$ 300,000
School Roof	1,500,000	2.65	10-12-15	10-16-23	0	1,500,000	281,012	1,218,988
Total Notes Payable					<u>\$ 575,000</u>	<u>\$ 1,500,000</u>	<u>\$ 556,012</u>	<u>\$ 1,518,988</u>
<u>OTHER LOANS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
Qualified School Construction Bonds, Series 2009 (1)	15,480,000	1.515	12-17-09	7-1-26	\$ 10,811,349	\$ 0	\$ 965,928	\$ 9,845,421
Qualified School Construction Bonds, Series 2010 (1)	5,073,000	0	10-7-10	8-1-27	3,859,569	0	316,547	3,543,022
Energy Efficient Schools Initiative	5,054,635	0	5-16-11	4-16-20	4,447,393	0	408,636	4,038,757
Total Other Loans Payable					<u>\$ 19,118,311</u>	<u>\$ 0</u>	<u>\$ 1,691,111</u>	<u>\$ 17,427,200</u>
<u>CAPITAL LEASES PAYABLE</u>								
<u>Payable through General Fund</u>								
Circuit Computers	71,703	6	5-6-13	3-6-17	\$ 33,162	\$ 0	\$ 18,523	\$ 14,639
Clerk and Master Computers	20,679	6	1-15-14	11-15-17	12,952	0	5,133	7,819
Circuit Computer Upgrades	54,645	6	4-1-15	3-1-19	50,124	0	13,267	36,857
Patrol Cars	1,260,505	2.25	5-7-15	5-31-18	0	1,260,505	630,408	630,097
Jail Camera System	459,900	3.25	12-29-15	1-20-20	0	459,900	97,956	361,944
Total Payable through General Fund					<u>\$ 96,238</u>	<u>\$ 1,720,405</u>	<u>\$ 765,287</u>	<u>\$ 1,051,356</u>
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks	295,080	2.55	9-20-13	9-20-17	\$ 176,973	\$ 0	\$ 57,512	\$ 119,461
Total Payable through Highway/Public Works Fund					<u>\$ 176,973</u>	<u>\$ 0</u>	<u>\$ 57,512</u>	<u>\$ 119,461</u>
<u>Contributed by the School Department through the General Purpose School Fund</u>								
Copy Machines 2012	88,602	8.95	5-30-12	5-30-17	\$ 38,696	\$ 0	\$ 19,363	\$ 19,333
Total Contributed by the School Department through the General Purpose School Fund					<u>\$ 38,696</u>	<u>\$ 0</u>	<u>\$ 19,363</u>	<u>\$ 19,333</u>
Total Capital Leases Payable					<u>\$ 311,907</u>	<u>\$ 1,720,405</u>	<u>\$ 842,162</u>	<u>\$ 1,190,150</u>

(Continued)

Exhibit L-1

Sullivan County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-15	Issued During Period	Matured During Period	Outstanding 6-30-16
BONDS PAYABLE								
<u>Payable through General Debt Service Fund</u>								
Industrial Park Series 2007	\$ 6,500,000	5.9 to 6.25 %	6-21-07	4-1-17	\$ 200,000	\$ 0	\$ 100,000	\$ 100,000
General Obligation Refunding Bonds, Series 2015A	24,870,000	1.99	3-30-15	4-1-26	24,870,000	0	565,000	24,305,000
General Obligation Refunding Bonds, Series 2015C	6,265,000	2.84	3-30-15	4-1-28	6,265,000	0	110,000	6,155,000
Total Payable through General Debt Service Fund					<u>\$ 31,335,000</u>	<u>\$ 0</u>	<u>\$ 775,000</u>	<u>\$ 30,560,000</u>
<u>Payable through Education Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2015B	6,965,000	1.12	3-30-15	5-1-19	\$ 6,965,000	\$ 0	\$ 1,660,000	\$ 5,305,000
Total Payable through Education Debt Service Fund					<u>\$ 6,965,000</u>	<u>\$ 0</u>	<u>\$ 1,660,000</u>	<u>\$ 5,305,000</u>
Total Bonds Payable					<u><u>\$ 38,300,000</u></u>	<u><u>\$ 0</u></u>	<u><u>\$ 2,435,000</u></u>	<u><u>\$ 35,865,000</u></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
2017	\$ 438,423	\$ 47,489	\$ 485,912
2018	143,980	26,778	170,758
2019	147,841	22,913	170,754
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>\$ 1,518,988</u>	<u>\$ 150,140</u>	<u>\$ 1,669,128</u>

Year Ending June 30	Other Loans			
	Principal	Interest	Other Fees	Total
2017	\$ 1,694,195	\$ 509,333	\$ 19,539	\$ 2,223,067
2018	1,697,291	506,237	19,538	2,223,066
2019	1,700,411	503,117	19,539	2,223,067
2020	1,703,555	499,973	19,538	2,223,066
2021	1,706,723	496,805	19,539	2,223,067
2022	1,709,915	493,613	19,538	2,223,066
2023	1,713,131	490,397	19,539	2,223,067
2024	1,716,371	487,157	19,538	2,223,066
2025	1,719,635	483,893	19,539	2,223,067
2026	1,597,364	480,931	19,538	2,097,833
2027	438,768	265,483	7,928	712,179
2028	29,841	24,221	1,014	55,076
Total	<u>\$ 17,427,200</u>	<u>\$ 5,241,160</u>	<u>\$ 204,327</u>	<u>\$ 22,872,687</u>

(Continued)

Exhibit L-2

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

Year Ending June 30	Capital Leases		
	Principal	Interest	Total
2017	\$ 510,219	\$ 32,459	\$ 542,678
2018	485,353	18,747	504,100
2019	99,705	6,247	105,952
2020	94,873	0	94,873
Total	\$ 1,190,150	\$ 57,453	\$ 1,247,603

Year Ending June 30	Bonds		
	Principal	Interest	Total
2017	\$ 3,875,000	\$ 1,555,863	\$ 5,430,863
2018	4,570,000	1,398,163	5,968,163
2019	4,790,000	1,202,762	5,992,762
2020	3,120,000	996,662	4,116,662
2021	3,315,000	856,113	4,171,113
2022	3,545,000	410,237	3,955,237
2023	3,745,000	541,723	4,286,723
2024	3,975,000	367,552	4,342,552
2025	2,100,000	181,178	2,281,178
2026	1,625,000	88,217	1,713,217
2027	600,000	39,468	639,468
2028	605,000	20,267	625,267
Total	\$ 35,865,000	\$ 7,658,205	\$ 43,523,205

Exhibit L-3

Sullivan County, Tennessee

Schedule of Transfers

Primary Government and Discretely Presented Sullivan County School Department

For the Year Ended June 30, 2016

<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	\$ 228,614
"	Self-Insurance	Operations	1,000,000
"	Ambulance Service	Operations	<u>405,742</u>
Total Transfers Primary Government			<u>\$ 1,634,356</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 57,455
Special Purpose	"	Debt retirement	<u>562,000</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 619,455</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, 2016

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <i>TCA</i>	\$ 115,145 (1)	\$ 100,000	Cincinnati Insurance Company
Highway Commissioner	Section 8-24-102, <i>TCA</i>	104,090	100,000	"
Director of Schools	State Board of Education and County Board of Education	133,200 (2)	100,000	"
Trustee	Section 8-24-102, <i>TCA</i>	88,413	5,200,598	"
Assessor of Property	Section 8-24-102, <i>TCA</i>	88,413	50,000	"
Director of Accounts and Budgets	County Commission	88,413	100,000	"
Purchasing Agent	Section 261, Private Acts of 1947, as amended	62,095	100,000	"
County Clerk	Section 8-24-102, <i>TCA</i>	88,413	100,000	"
Circuit, General Sessions, and Law Courts Clerk	Section 8-24-102, <i>TCA</i>	88,413	100,000	"
Clerk and Master	Section 8-24-102, <i>TCA</i> , and Chancery Court Judge	88,413 (4)	150,000	Western Surety Company
Register of Deeds	Section 8-24-102, <i>TCA</i>	88,413	100,000	Cincinnati Insurance Company
Sheriff	Section 8-24-102, <i>TCA</i> , and County Commission	104,690 (3)	100,000	"
Employee Blanket Bonds - All County Employees:				
Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)			250,000	Princeton Excess and Surplus Lines Insurance Company

(1) Includes a vehicle allowance of \$5,850.

(2) Evelyn Rafalowski was appointed director on August 2, 2015. The salary shown includes salary paid as board appointed interim director for the month of July 2015 and 11 months' salary at the annual contract rate. The amount shown also includes a vehicle allowance of \$7,800 and a career ladder supplement of \$1,000.

(3) Includes a \$6,835 supplement as workhouse superintendent and a \$600 law enforcement training supplement.

(4) Does not include special commissioner fees of \$4,650.

Exhibit L-5

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2016

	Special Revenue Funds						Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 27,183,795	\$ 704,450	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	536,840	16,230	0	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	216,749	6,549	0	0	0	0	0
Interest and Penalty	199,456	5,880	0	0	0	0	0
Pickup Taxes	448,512	13,558	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	706,594	0	0	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	723,815	0	0	0	0	0	0
Litigation Tax - General	259,794	0	0	0	0	0	0
Litigation Tax - Special Purpose	1,425	0	0	0	0	0	0
Litigation Tax - Office of Public Defender	139,874	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	0
Litigation Tax - Courthouse Security	359,077	0	0	0	0	0	0
Business Tax	2,468,755	0	0	0	0	0	0
Mixed Drink Tax	17,286	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	51,122	743	0	0	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0	0
Interstate Telecommunications Tax	0	0	0	0	0	0	0
Total Local Taxes	\$ 33,318,999	\$ 747,410	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Cable TV Franchise	\$ 370,755	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Permits</u>							
Beer Permits	1,425	0	0	0	0	0	0
Building Permits	86,465	0	0	0	0	0	0
Total Licenses and Permits	\$ 458,645	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 25,738	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	61,541	0	0	0	0	0	0
Jail Fees	52,452	0	0	0	0	0	0
Data Entry Fee - Circuit Court	49,871	0	0	0	0	0	0
<u>Criminal Court</u>							
DUI Treatment Fines	23,076	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	69,927	0	0	0	0	0	0
Fines for Littering	335	0	0	0	0	0	0
Officers Costs	129,944	0	0	0	0	0	0
Game and Fish Fines	762	0	0	0	0	0	0
Drug Control Fines	0	0	0	7,748	0	0	0
Drug Court Fees	0	0	0	16,382	0	0	0
Victims Assistance Assessments	55,583	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,515	0	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds					Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 3,785	\$ 0	\$ 0	\$ 0	\$ 0	0
Data Entry Fee - Chancery Court	7,002	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	14,536	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Proceeds from Confiscated Property	0	0	0	18,305	0	0
Other Fines, Forfeitures, and Penalties	3,545	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 485,076	\$ 0	\$ 0	\$ 56,971	\$ 0	0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 261,477	\$ 0	\$ 0	\$ 0	0
Patient Charges	383,402	0	4,486,107	0	0	0
Zoning Studies	2,785	0	0	0	0	0
Work Release Charges for Board	6,540	0	0	0	0	0
Health Department Collections	577,895	0	0	0	0	0
Service Charges	81,421	0	0	0	0	0
Backflow Charges	50	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	0	0	0	0	324,879	0
Copy Fees	9,827	0	0	0	0	0
Library Fees	7,626	0	0	0	0	0
Greenbelt Late Application Fee	450	0	0	0	0	0
Telephone Commissions	159,190	0	0	0	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	701

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Special Commissioner Fees/Special Master Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 4,650	
Data Processing Fee - Register	44,617	0	0	0	0	0	
Data Processing Fee - Sheriff	2,390	0	0	0	0	0	
Sexual Offender Registration Fee - Sheriff	11,250	0	0	0	0	0	
Data Processing Fee - County Clerk	19,320	0	0	0	0	0	
<u>Education Charges</u>							
Other Charges for Services	2,076	0	0	0	0	0	
Total Charges for Current Services	\$ 1,308,839	\$ 261,477	\$ 4,486,107	\$ 0	\$ 324,879	\$ 5,351	
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
Lease/Rentals	56,821	0	0	0	0	0	
Sale of Materials and Supplies	0	0	0	0	0	0	
Commissary Sales	28,339	0	0	0	0	0	
Sale of Maps	1,673	0	0	0	0	0	
Sale of Recycled Materials	418	154,426	0	1,073	0	0	
Miscellaneous Refunds	38,975	42	41,408	0	0	0	
<u>Nonrecurring Items</u>							
Revenue from Joint Ventures	0	0	0	0	0	0	
Sale of Equipment	31,374	0	0	0	0	0	
Sale of Property	103,378	0	0	0	0	0	
Damages Recovered from Individuals	2,023	0	0	0	0	0	
Contributions and Gifts	7,298	0	0	0	0	0	

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>Other Local Revenues (Cont.)</u>							
<u>Other Local Revenues</u>							
Other Local Revenues	\$ 82,060	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Total Other Local Revenues	\$ 352,359	\$ 154,468	\$ 41,408	\$ 1,073	\$ 0	\$ 0	0
<u>Fees Received From County Officials</u>							
<u>Fees In-Lieu-of Salary</u>							
County Clerk	\$ 1,569,569	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Circuit Court Clerk	321,791	0	0	0	0	0	0
General Sessions Court Clerk	879,902	0	0	0	0	0	0
Clerk and Master	532,354	0	0	0	0	0	0
Register	646,771	0	0	0	0	0	0
Sheriff	3,038	0	0	0	0	0	0
Trustee	2,698,828	0	0	0	0	0	0
Total Fees Received From County Officials	\$ 6,652,253	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 50,144	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
On-behalf Contributions for OPEB	4,725	0	0	0	0	0	0
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	70,200	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	472,473	0	0	0	0	0	0
Other Health and Welfare Grants	0	36,980	0	0	0	0	0
<u>Public Works Grants</u>							
State Aid Program	0	0	0	0	0	0	0
Litter Program	53,985	17,915	0	0	0	0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues</u>							
Income Tax	\$ 428,104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Beer Tax	18,488	0	0	0	0	0	0
Vehicle Certificate of Title Fees	20,215	0	0	0	0	0	0
Alcoholic Beverage Tax	215,360	0	0	0	0	0	0
Emergency Hospital - Prisoners	14,198	0	0	0	0	0	0
Prisoner Transportation	7,077	0	0	0	0	0	0
Contracted Prisoner Boarding	2,181,927	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0	0
Other State Grants	511,755	0	0	0	0	0	0
Other State Revenues	1,052,887	130,837	0	0	0	0	0
Total State of Tennessee	\$ 5,116,702	\$ 185,732	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Federal Government</u>							
<u>Federal Through State</u>							
Civil Defense Reimbursement	\$ 62,500	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Homeland Security Grants	168,882	0	0	0	0	0	0
Other Federal through State	1,908,748	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Forest Service	72,480	0	0	0	0	0	0
Asset Forfeiture Funds	0	0	0	38,821	0	0	0
Tax Credit Bond Rebate	228,614	0	0	0	0	0	0
Other Direct Federal Revenue	170,397	0	0	0	0	0	0
Total Federal Government	\$ 2,611,621	\$ 0	\$ 0	\$ 38,821	\$ 0	\$ 0	0

(Continued)

Exhibit L-5

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

	Special Revenue Funds						Constitu- tional Officers - Fees
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Sports and Recreation		
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Contributions	33,000	0	0	0	0	0	0
Contracted Services	440,047	88,277	0	0	0	0	0
<u>Citizens Groups</u>							
Donations	0	0	18,367	0	0	0	0
Total Other Governments and Citizens Groups	\$ 473,047	\$ 88,277	\$ 18,367	\$ 0	\$ 0	\$ 0	0
Total	\$ 50,777,541	\$ 1,437,364	\$ 4,545,882	\$ 96,865	\$ 324,879	\$ 5,351	

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,771,920	\$ 4,853,624	\$ 0	\$ 0	\$ 35,513,789
Trustee's Collections - Prior Year	63,868	87,403	0	0	704,341
Circuit Clerk/Clerk and Master Collections - Prior Years	25,794	35,292	0	0	284,384
Interest and Penalty	23,128	33,029	0	0	261,493
Pickup Taxes	53,351	73,030	0	0	588,451
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	706,594
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,500,000	0	0	0	3,223,815
Litigation Tax - General	0	0	0	0	259,794
Litigation Tax - Special Purpose	0	0	0	0	1,425
Litigation Tax - Office of Public Defender	0	0	0	0	139,874
Litigation Tax - Jail, Workhouse, or Courthouse	0	128,567	0	0	128,567
Litigation Tax - Courthouse Security	0	0	0	0	359,077
Business Tax	0	0	0	0	2,468,755
Mixed Drink Tax	0	0	0	0	17,286
Mineral Severance Tax	147,975	0	0	0	147,975
<u>Statutory Local Taxes</u>					
Bank Excise Tax	2,922	5,113	0	0	59,900
Wholesale Beer Tax	363,865	0	0	0	363,865
Interstate Telecommunications Tax	9,923	0	0	0	9,923
Total Local Taxes	\$ 5,962,746	\$ 5,216,058	\$ 0	\$ 0	\$ 45,245,213

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 620,755
<u>Permits</u>					
Beer Permits	0	0	0	0	1,425
Building Permits	0	0	0	0	86,465
Total Licenses and Permits	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 708,645
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	\$ 25,738
Officers Costs	0	0	0	0	61,541
Jail Fees	0	0	0	0	52,452
Data Entry Fee - Circuit Court	0	0	0	0	49,871
<u>Criminal Court</u>					
DUI Treatment Fines	0	0	0	0	23,076
<u>General Sessions Court</u>					
Fines	0	0	0	0	69,927
Fines for Littering	0	0	0	0	335
Officers Costs	0	0	0	0	129,944
Game and Fish Fines	0	0	0	0	762
Drug Control Fines	0	0	0	0	7,748
Drug Court Fees	0	0	0	0	16,382
Victims Assistance Assessments	0	0	0	0	55,583
<u>Juvenile Court</u>					
Fines	0	0	0	0	1,515

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	3,785
Data Entry Fee - Chancery Court	0	0	0	0	7,002
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	14,536
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0	0	0	0	18,305
Other Fines, Forfeitures, and Penalties	0	0	0	0	3,545
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	542,047
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	261,477
Patient Charges	0	0	0	0	4,869,509
Zoning Studies	0	0	0	0	2,785
Work Release Charges for Board	0	0	0	0	6,540
Health Department Collections	0	0	0	0	577,895
Service Charges	0	0	0	0	81,421
Backflow Charges	0	0	0	0	50
<u>Fees</u>					
Recreation Fees	0	0	0	0	324,879
Copy Fees	0	0	0	0	9,827
Library Fees	0	0	0	0	7,626
Greenbelt Late Application Fee	0	0	0	0	450
Telephone Commissions	0	0	0	0	159,190
Constitutional Officers' Fees and Commissions	0	0	0	0	701

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Special Commissioner Fees/Special Master Fees	\$ 0	\$ 0	\$ 0	\$ 0	4,650
Data Processing Fee - Register	0	0	0	0	44,617
Data Processing Fee - Sheriff	0	0	0	0	2,390
Sexual Offender Registration Fee - Sheriff	0	0	0	0	11,250
Data Processing Fee - County Clerk	0	0	0	0	19,320
<u>Education Charges</u>					
Other Charges for Services	0	0	0	0	2,076
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	6,386,653
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 61,288	\$ 215,053	\$ 0	\$ 0	276,341
Lease/Rentals	0	0	0	0	56,821
Sale of Materials and Supplies	3,711	0	0	0	3,711
Commissary Sales	0	0	0	0	28,339
Sale of Maps	0	0	0	0	1,673
Sale of Recycled Materials	780	0	0	0	156,697
Miscellaneous Refunds	704	0	0	0	81,129
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	0	981,634	0	0	981,634
Sale of Equipment	22,629	0	0	0	54,003
Sale of Property	0	0	0	0	103,378
Damages Recovered from Individuals	1,540	0	0	0	3,563
Contributions and Gifts	0	0	0	0	7,298

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	Total
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,060
Total Other Local Revenues	\$ 90,652	\$ 1,196,687	\$ 0	\$ 0	\$ 1,836,647
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,569,569
Circuit Court Clerk	0	0	0	0	321,791
General Sessions Court Clerk	0	0	0	0	879,902
Clerk and Master	0	0	0	0	532,354
Register	0	0	0	0	646,771
Sheriff	0	0	0	0	3,038
Trustee	0	0	0	0	2,698,828
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 6,652,253
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 50,144
On-behalf Contributions for OPEB	0	0	0	0	4,725
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	70,200
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	472,473
Other Health and Welfare Grants	0	0	0	0	36,980
<u>Public Works Grants</u>					
State Aid Program	530,586	0	0	0	530,586
Litter Program	0	0	0	0	71,900

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	Total
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues</u>					
Income Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 428,104
Beer Tax	0	0	0	0	18,488
Vehicle Certificate of Title Fees	0	0	0	0	20,215
Alcoholic Beverage Tax	0	0	0	0	215,360
Emergency Hospital - Prisoners	0	0	0	0	14,198
Prisoner Transportation	0	0	0	0	7,077
Contracted Prisoner Boarding	0	0	0	0	2,181,927
Gasoline and Motor Fuel Tax	2,762,265	0	0	0	2,762,265
Petroleum Special Tax	103,725	0	0	0	103,725
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	0	511,755
Other State Revenues	0	0	0	0	1,183,724
Total State of Tennessee	\$ 3,396,576	\$ 0	\$ 0	\$ 0	\$ 8,699,010
<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	168,882
Other Federal through State	0	0	0	146,156	2,054,904
<u>Direct Federal Revenue</u>					
Forest Service	10,400	0	0	0	82,880
Asset Forfeiture Funds	0	0	0	0	38,821
Tax Credit Bond Rebate	0	0	0	0	228,614
Other Direct Federal Revenue	0	0	0	0	170,397
Total Federal Government	\$ 10,400	\$ 0	\$ 0	\$ 146,156	\$ 2,806,998

(Continued)

Exhibit L-5

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

	Special Revenue Fund	Debt Service Funds		Capital Projects Fund	
	Highway / Public Works	General Debt Service	Education Debt Service	Other Capital Projects	Total
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$ 12,922	\$ 0	\$ 0	\$ 0	\$ 12,922
Contributions	0	763,523	1,935,426	0	2,731,949
Contracted Services	48,506	0	0	0	576,830
<u>Citizens Groups</u>					
Donations	0	0	0	0	18,367
Total Other Governments and Citizens Groups	\$ 61,428	\$ 763,523	\$ 1,935,426	\$ 0	\$ 3,340,068
Total	\$ 9,771,802	\$ 7,176,268	\$ 1,935,426	\$ 146,156	\$ 76,217,534

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, 2016

	Special Revenue Fund		Special Revenue Funds			
	Special Purpose	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 1,644,157	\$ 24,987,793	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	26,101	536,437	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	10,549	216,243	0	0	0	0
Interest and Penalty	9,684	196,985	0	0	0	0
Pickup Taxes	28,955	441,032	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	0	13,008,902	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	1,750	26,618	0	0	0	0
Interstate Telecommunications Tax	0	4,777	0	0	0	0
Total Local Taxes	\$ 1,721,196	\$ 39,418,787	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 0	\$ 5,621	\$ 0	\$ 0	\$ 0	0
Total Licenses and Permits	\$ 0	\$ 5,621	\$ 0	\$ 0	\$ 0	0
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Tuition - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 90,177	0
Lunch Payments - Children	0	0	0	555,296	0	0
Income from Breakfast	0	0	0	64,346	0	0
A la Carte Sales	0	0	0	520,332	0	0
Receipts from Individual Schools	0	12,479	0	3,839	0	0

(Continued)

Exhibit L-6

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

	Special Revenue Fund		Special Revenue Funds			
	Special Purpose	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
TBI Criminal Background Fee	\$ 0	\$ 1,902	\$ 0	\$ 0	\$ 0	
Other Charges for Services	0	300,000	0	5,720	0	
Total Charges for Current Services	\$ 0	\$ 314,381	\$ 0	\$ 1,149,533	\$ 90,177	
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 0	\$ 43	\$ 6	
Sale of Materials and Supplies	0	4,173	0	0	0	
Sale of Recycled Materials	0	3,189	0	146	0	
E-Rate Funding	0	102,153	0	0	0	
Retirees' Insurance Payments	0	388,751	0	0	0	
Cobra Insurance Payments	0	1,350	0	0	0	
Commodity Rebates	0	0	0	819	0	
Miscellaneous Refunds	0	3,368	0	48	177	
<u>Nonrecurring Items</u>						
Sale of Equipment	0	12,239	0	0	0	
Sale of Property	0	221,715	0	0	0	
Damages Recovered from Individuals	0	1,628	0	0	0	
<u>Other Local Revenues</u>						
Other Local Revenues	0	64	0	0	0	
Total Other Local Revenues	\$ 0	\$ 738,630	\$ 0	\$ 1,056	\$ 183	

(Continued)

Exhibit L-6

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

	Special Revenue Fund		Special Revenue Funds			
	Special Purpose	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 0	\$ 1,091,004	\$ 0	\$ 0	\$ 0	
<u>State Education Funds</u>						
Basic Education Program	0	38,738,000	0	0	0	
Early Childhood Education	0	488,314	0	0	0	
School Food Service	0	0	0	53,422	0	
Other State Education Funds	0	609,775	0	0	0	
Career Ladder Program	0	260,113	0	0	0	
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	0	1,831,340	0	0	0	
Other State Grants	0	11,915	0	0	0	
Other State Revenues	0	0	0	0	21,730	
Total State of Tennessee	\$ 0	\$ 43,030,461	\$ 0	\$ 53,422	\$ 21,730	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 0	\$ 2,354,328	\$ 0	
USDA - Commodities	0	0	0	266,823	0	
Breakfast	0	0	0	792,892	0	
USDA - Other	0	0	0	13,418	0	
Vocational Education - Basic Grants to States	0	0	162,844	0	0	
Title I Grants to Local Education Agencies	0	0	2,962,043	0	0	
Special Education - Grants to States	0	67,777	2,623,298	0	0	
Special Education Preschool Grants	0	0	100,453	0	0	
Education for Homeless Children and Youth	0	0	51,311	0	0	

(Continued)

Exhibit L-6

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

	Special Revenue Fund		Special Revenue Funds			
	Special Purpose	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
Eisenhower Professional Development State Grants	\$ 0	\$ 0	\$ 363,030	\$ 0	\$ 0	
Other Federal through State	0	0	0	10,350	0	
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	0	184,820	0	0	0	
Forest Service	0	21,000	0	0	0	
Other Direct Federal Revenue	0	0	0	53,742	0	
Total Federal Government	\$ 0	\$ 273,597	\$ 6,262,979	\$ 3,491,553	\$ 0	
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	
<u>Citizens Groups</u>						
Donations	0	6,352	0	774	0	
<u>Other</u>						
Other	0	33,950	0	0	0	
Total Other Governments and Citizens Groups	\$ 0	\$ 40,302	\$ 0	\$ 774	\$ 0	
Total	\$ 1,721,196	\$ 83,821,779	\$ 6,262,979	\$ 4,696,338	\$ 112,090	

(Continued)

Exhibit L-6

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<hr/>		
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	\$ 0	\$ 26,631,950
Trustee's Collections - Prior Year	0	562,538
Circuit Clerk/Clerk and Master Collections - Prior Years	0	226,792
Interest and Penalty	0	206,669
Pickup Taxes	0	469,987
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	13,008,902
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	28,368
Interstate Telecommunications Tax	0	4,777
Total Local Taxes	<u>\$ 0</u>	<u>\$ 41,139,983</u>
 <u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	\$ 0	\$ 5,621
Total Licenses and Permits	<u>\$ 0</u>	<u>\$ 5,621</u>
 <u>Charges for Current Services</u>		
<u>Education Charges</u>		
Tuition - Other	\$ 0	\$ 90,177
Lunch Payments - Children	0	555,296
Income from Breakfast	0	64,346
A la Carte Sales	0	520,332
Receipts from Individual Schools	0	16,318

(Continued)

Exhibit L-6

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>Charges for Current Services (Cont.)</u>		
<u>Education Charges (Cont.)</u>		
TBI Criminal Background Fee	\$ 0	\$ 1,902
Other Charges for Services	0	305,720
Total Charges for Current Services	<u>\$ 0</u>	<u>\$ 1,554,091</u>
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	\$ 0	\$ 49
Sale of Materials and Supplies	0	4,173
Sale of Recycled Materials	0	3,335
E-Rate Funding	0	102,153
Retirees' Insurance Payments	0	388,751
Cobra Insurance Payments	0	1,350
Commodity Rebates	0	819
Miscellaneous Refunds	0	3,593
<u>Nonrecurring Items</u>		
Sale of Equipment	0	12,239
Sale of Property	0	221,715
Damages Recovered from Individuals	0	1,628
<u>Other Local Revenues</u>		
Other Local Revenues	0	64
Total Other Local Revenues	<u>\$ 0</u>	<u>\$ 739,869</u>

(Continued)

Exhibit L-6

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>State of Tennessee</u>		
<u>General Government Grants</u>		
On-behalf Contributions for OPEB	\$ 0	\$ 1,091,004
<u>State Education Funds</u>		
Basic Education Program	0	38,738,000
Early Childhood Education	0	488,314
School Food Service	0	53,422
Other State Education Funds	0	609,775
Career Ladder Program	0	260,113
<u>Other State Revenues</u>		
State Revenue Sharing - T.V.A.	0	1,831,340
Other State Grants	0	11,915
Other State Revenues	0	21,730
Total State of Tennessee	<u>\$ 0</u>	<u>\$ 43,105,613</u>
<u>Federal Government</u>		
<u>Federal Through State</u>		
USDA School Lunch Program	\$ 0	\$ 2,354,328
USDA - Commodities	0	266,823
Breakfast	0	792,892
USDA - Other	0	13,418
Vocational Education - Basic Grants to States	0	162,844
Title I Grants to Local Education Agencies	0	2,962,043
Special Education - Grants to States	0	2,691,075
Special Education Preschool Grants	0	100,453
Education for Homeless Children and Youth	0	51,311

(Continued)

Exhibit L-6

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

	<u>Capital Projects Fund</u>	
	Education Capital Projects	Total
<u>Federal Government (Cont.)</u>		
<u>Federal Through State (Cont.)</u>		
Eisenhower Professional Development State Grants	\$ 0	\$ 363,030
Other Federal through State	0	10,350
<u>Direct Federal Revenue</u>		
ROTC Reimbursement	0	184,820
Forest Service	0	21,000
Other Direct Federal Revenue	0	53,742
Total Federal Government	<u>\$ 0</u>	<u>\$ 10,028,129</u>
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 1,500,000	\$ 1,500,000
<u>Citizens Groups</u>		
Donations	0	7,126
<u>Other</u>		
Other	0	33,950
Total Other Governments and Citizens Groups	<u>\$ 1,500,000</u>	<u>\$ 1,541,076</u>
Total	<u>\$ 1,500,000</u>	<u>\$ 98,114,382</u>

Exhibit L-7

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2016

General FundGeneral GovernmentCounty Commission

Board and Committee Members Fees	\$	183,515	
Social Security		11,385	
Employer Medicare		2,663	
Communication		114	
Contracts with Government Agencies		47,047	
Contracts with Private Agencies		36,312	
Dues and Memberships		2,072	
Freight Expenses		100	
Legal Services		9,484	
Legal Notices, Recording, and Court Costs		5,102	
Maintenance and Repair Services - Office Equipment		1,678	
Postal Charges		574	
Printing, Stationery, and Forms		69	
Travel		4,982	
Tuition		1,300	
Data Processing Supplies		285	
Food Supplies		48	
Office Supplies		2,167	
Total County Commission			\$ 308,897

County Mayor/Executive

County Official/Administrative Officer	\$	115,145	
Secretary(ies)		38,981	
Social Security		9,987	
Pensions		24,557	
Life Insurance		100	
Medical Insurance		7,384	
Dental Insurance		897	
Employer Medicare		2,336	
Communication		2,476	
Dues and Memberships		3,335	
Maintenance and Repair Services - Office Equipment		294	
Postal Charges		245	
Travel		1,460	
Tuition		230	
Data Processing Supplies		260	
Food Supplies		60	
Office Supplies		951	
Periodicals		269	
Total County Mayor/Executive			208,967

County Attorney

County Official/Administrative Officer	\$	114,760	
Secretary(ies)		31,022	
Social Security		8,508	
Pensions		22,392	
Life Insurance		96	

(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	\$	25,883	
Dental Insurance		822	
Employer Medicare		1,990	
Advertising		152	
Communication		1,925	
Data Processing Services		3,986	
Dues and Memberships		1,435	
Legal Services		50	
Legal Notices, Recording, and Court Costs		34	
Licenses		67	
Maintenance and Repair Services - Office Equipment		342	
Postal Charges		249	
Printing, Stationery, and Forms		97	
Rentals		112	
Travel		2,786	
Data Processing Supplies		1,767	
Office Supplies		758	
Periodicals		3,626	
Data Processing Equipment		356	
Total County Attorney			\$ 223,215

Election Commission

County Official/Administrative Officer	\$	88,413
Clerical Personnel		123,252
Temporary Personnel		52,542
Election Commission		18,000
Election Workers		36,077
Social Security		17,192
Pensions		32,405
Life Insurance		250
Medical Insurance		39,861
Dental Insurance		2,017
Employer Medicare		4,021
Communication		10,705
Data Processing Services		26,393
Dues and Memberships		150
Legal Notices, Recording, and Court Costs		3,724
Maintenance and Repair Services - Buildings		500
Maintenance and Repair Services - Equipment		70
Maintenance and Repair Services - Office Equipment		566
Postal Charges		9,075
Printing, Stationery, and Forms		2,951
Travel		709
Tuition		1,710
Disposal Fees		325
Data Processing Supplies		2,715
Food Supplies		654

(Continued)

Exhibit L-7

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

General Fund (Cont.)General Government (Cont.)Election Commission (Cont.)

Garage Supplies	\$	68	
Office Supplies		6,827	
Uniforms		462	
Data Processing Equipment		1,516	
Total Election Commission			\$ 483,150

Register of Deeds

County Official/Administrative Officer	\$	88,413	
Clerical Personnel		156,996	
Social Security		14,654	
Pensions		37,649	
Life Insurance		262	
Medical Insurance		55,335	
Dental Insurance		1,624	
Employer Medicare		3,427	
Communication		3,482	
Data Processing Services		32,479	
Dues and Memberships		1,600	
Maintenance and Repair Services - Office Equipment		2,588	
Postal Charges		1,435	
Printing, Stationery, and Forms		39	
Travel		1,156	
Data Processing Supplies		989	
Food Supplies		185	
Office Supplies		3,485	
Total Register of Deeds			405,798

Planning

Supervisor/Director	\$	53,766	
Clerical Personnel		26,479	
Other Salaries and Wages		123,072	
Board and Committee Members Fees		2,450	
Social Security		12,247	
Pensions		31,018	
Life Insurance		250	
Medical Insurance		47,961	
Dental Insurance		1,791	
Employer Medicare		2,864	
Communication		4,495	
Data Processing Services		10,852	
Dues and Memberships		1,398	
Legal Notices, Recording, and Court Costs		787	
Licenses		18	
Maintenance and Repair Services - Vehicles		99	
Postal Charges		671	
Printing, Stationery, and Forms		849	
Travel		2,532	

(Continued)

Exhibit L-7

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

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

Tuition	\$	2,065	
Permits		3,460	
Other Contracted Services		3,080	
Data Processing Supplies		436	
Food Supplies		181	
Gasoline		4,341	
Office Supplies		1,508	
Periodicals		75	
Tires and Tubes		170	
Vehicle Parts		940	
Other Equipment		23,589	
Total Planning			\$ 363,444

Geographical Information Systems

Data Processing Services	\$	1,135	
Other Contracted Services		27,928	
Data Processing Supplies		191	
Total Geographical Information Systems			29,254

County Buildings

Supervisor/Director	\$	47,496	
Mechanic(s)		70,816	
Clerical Personnel		35,030	
Custodial Personnel		84,397	
Maintenance Personnel		267,725	
Social Security		29,758	
Pensions		61,691	
Employee and Dependent Insurance		125	
Life Insurance		599	
Medical Insurance		162,453	
Dental Insurance		5,156	
Employer Medicare		6,959	
Bank Charges		48	
Communication		8,787	
Contracts with Government Agencies		2,935	
Data Processing Services		239	
Dues and Memberships		100	
Evaluation and Testing		295	
Legal Services		249	
Licenses		115	
Maintenance and Repair Services - Buildings		3,085	
Maintenance and Repair Services - Equipment		56,083	
Maintenance and Repair Services - Vehicles		608	
Pest Control		1,760	
Printing, Stationery, and Forms		14	
Rentals		169	
Tuition		110	

(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.)

Disposal Fees	\$	8,364	
Permits		670	
Custodial Supplies		16,380	
Data Processing Supplies		2,925	
Electricity		291,357	
Equipment and Machinery Parts		6,783	
Food Supplies		180	
Garage Supplies		957	
Gasoline		8,754	
General Construction Materials		21,786	
Lubricants		261	
Natural Gas		10,694	
Office Supplies		1,906	
Small Tools		1,744	
Tires and Tubes		815	
Uniforms		3,785	
Vehicle Parts		5,228	
Water and Sewer		14,751	
Chemicals		275	
Other Supplies and Materials		5,804	
Building Improvements		21,759	
Data Processing Equipment		6,750	
Food Service Equipment		2,832	
Furniture and Fixtures		5,283	
Heating and Air Conditioning Equipment		134,465	
Highway Equipment		4,805	
Maintenance Equipment		2,399	
Other Equipment		1,970	
Total County Buildings			\$ 1,430,484

Other Facilities

Contracts with Government Agencies	\$	173,391	
Total Other Facilities			173,391

Preservation of Records

Supervisor/Director	\$	39,746	
Part-time Personnel		11,213	
Social Security		3,113	
Pensions		6,064	
Life Insurance		50	
Medical Insurance		6,156	
Dental Insurance		448	
Employer Medicare		728	
Advertising		320	
Communication		3,155	
Maintenance and Repair Services - Office Equipment		1,093	
Postal Charges		73	

(Continued)

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records (Cont.)

Printing, Stationery, and Forms	\$	4	
Rentals		200	
Travel		98	
Disposal Fees		100	
Other Contracted Services		1,553	
Food Supplies		798	
Office Supplies		929	
Other Charges		9,401	
Total Preservation of Records			\$ 85,242

Risk Management

Clerical Personnel	\$	32,775	
Social Security		2,093	
Pensions		5,305	
Employee and Dependent Insurance		125	
Life Insurance		50	
Medical Insurance		7,708	
Dental Insurance		223	
Employer Medicare		490	
Communication		1,166	
Legal Notices, Recording, and Court Costs		33	
Postal Charges		3	
Disposal Fees		332	
Food Supplies		157	
Boiler Insurance		22,435	
Building and Contents Insurance		185,963	
Liability Insurance		310,739	
Premiums on Corporate Surety Bonds		3,195	
Vehicle and Equipment Insurance		4,938	
Workers' Compensation Insurance		86,824	
Total Risk Management			664,554

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	88,413	
Supervisor/Director		140,361	
Clerical Personnel		209,018	
Social Security		26,215	
Pensions		53,126	
Employee and Dependent Insurance		125	
Life Insurance		453	
Medical Insurance		67,425	
Dental Insurance		2,968	
Employer Medicare		6,131	
Bank Charges		50	
Communication		8,454	
Dues and Memberships		408	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Finance (Cont.)Accounting and Budgeting (Cont.)

Freight Expenses	\$	30	
Licenses		400	
Maintenance and Repair Services - Office Equipment		1,949	
Postal Charges		8,919	
Printing, Stationery, and Forms		670	
Travel		520	
Tuition		940	
Data Processing Supplies		5,792	
Food Supplies		343	
Office Supplies		6,764	
Total Accounting and Budgeting	\$		629,474

Purchasing

County Official/Administrative Officer	\$	62,095
Assistant(s)		44,448
Purchasing Personnel		128,899
Equipment Operators		32,219
Clerical Personnel		45,578
Social Security		18,959
Pensions		45,971
Employee and Dependent Insurance		512
Life Insurance		408
Medical Insurance		68,720
Dental Insurance		2,122
Unemployment Compensation		7,729
Employer Medicare		4,434
Bank Charges		35
Communication		7,587
Data Processing Services		999
Dues and Memberships		1,225
Freight Expenses		250
Legal Notices, Recording, and Court Costs		2,578
Licenses		100
Maintenance and Repair Services - Equipment		5,644
Maintenance and Repair Services - Office Equipment		10,995
Postal Charges		961
Printing, Stationery, and Forms		307
Rentals		3,970
Travel		1,183
Tuition		2,150
Custodial Supplies		92
Data Processing Supplies		8,440
Equipment and Machinery Parts		883
Food Supplies		492
Gasoline		1,453
General Construction Materials		222
Lubricants		24

(Continued)

Exhibit L-7

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

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

Periodicals	\$	92	
Propane Gas		26	
Small Tools		442	
Uniforms		572	
Vehicle Parts		638	
Total Purchasing			\$ 513,454

Property Assessor's Office

County Official/Administrative Officer	\$	88,413	
Assistant(s)		59,335	
Supervisor/Director		50,119	
Deputy(ies)		284,789	
Internal Audit Personnel		53,620	
Clerical Personnel		423,501	
Board and Committee Members Fees		1,290	
Social Security		57,040	
Pensions		146,433	
Employee and Dependent Insurance		1,382	
Medical Insurance		226,479	
Dental Insurance		7,590	
Employer Medicare		13,340	
Audit Services		14,144	
Communication		19,153	
Contracts with Private Agencies		30,000	
Data Processing Services		27,995	
Dues and Memberships		3,050	
Freight Expenses		97	
Legal Notices, Recording, and Court Costs		125	
Licenses		34	
Maintenance and Repair Services - Office Equipment		6,068	
Maintenance and Repair Services - Vehicles		3,687	
Postal Charges		5,422	
Printing, Stationery, and Forms		604	
Travel		579	
Tuition		535	
Data Processing Supplies		1,044	
Food Supplies		786	
Gasoline		8,934	
General Construction Materials		1,754	
Office Supplies		5,612	
Tires and Tubes		1,456	
Vehicle Parts		5,184	
Other Supplies and Materials		308	
Other Charges		26,166	
Building Improvements		43,508	
Data Processing Equipment		11,128	
Total Property Assessor's Office			1,630,704

(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

County Official/Administrative Officer	\$	88,413	
Assistant(s)		46,089	
Deputy(ies)		183,798	
Part-time Personnel		15,582	
Social Security		19,761	
Pensions		39,213	
Life Insurance		345	
Medical Insurance		86,134	
Dental Insurance		2,876	
Employer Medicare		4,622	
Communication		9,628	
Data Processing Services		44,072	
Dues and Memberships		1,459	
Licenses		50	
Maintenance Agreements		12,590	
Maintenance and Repair Services - Office Equipment		1,965	
Postal Charges		39,796	
Printing, Stationery, and Forms		12,879	
Rentals		112	
Other Contracted Services		28,143	
Data Processing Supplies		2,152	
General Construction Materials		882	
Office Supplies		6,542	
Total County Trustee's Office	\$		647,103

County Clerk's Office

County Official/Administrative Officer	\$	88,413
Deputy(ies)		653,659
Part-time Personnel		42,864
Board and Committee Members Fees		480
Social Security		46,330
Pensions		113,204
Employee and Dependent Insurance		203
Life Insurance		1,048
Medical Insurance		219,807
Dental Insurance		7,840
Employer Medicare		10,835
Communication		9,894
Data Processing Services		38,777
Dues and Memberships		1,109
Legal Notices, Recording, and Court Costs		351
Maintenance and Repair Services - Equipment		553
Maintenance and Repair Services - Office Equipment		2,638
Postal Charges		39,953
Printing, Stationery, and Forms		1,819
Travel		968
Other Contracted Services		690

(Continued)

Exhibit L-7

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

General Fund (Cont.)Finance (Cont.)County Clerk's Office (Cont.)

Data Processing Supplies	\$ 51,807	
Food Supplies	191	
Office Supplies	9,520	
Total County Clerk's Office		\$ 1,342,953

Data Processing

Data Processing Services	\$ 221,032	
Licenses	25,927	
Maintenance Agreements	65,162	
Maintenance and Repair Services - Office Equipment	2,319	
Data Processing Supplies	9,184	
Office Supplies	1,332	
Total Data Processing		324,956

Other Finance

Refunds	\$ 9,977	
Trustee's Commission	642,410	
Total Other Finance		652,387

Administration of JusticeCircuit Court Judge

Communication	\$ 8,347	
Postal Charges	22	
Office Supplies	1,827	
Total Circuit Court Judge		10,196

Circuit Court Clerk

County Official/Administrative Officer	\$ 88,413	
Clerical Personnel	852,934	
Part-time Personnel	45,230	
Social Security	59,355	
Pensions	145,831	
Employee and Dependent Insurance	125	
Life Insurance	1,299	
Medical Insurance	245,573	
Dental Insurance	8,323	
Employer Medicare	13,882	
Communication	17,501	
Contracts with Other Public Agencies	10,180	
Data Processing Services	5,725	
Dues and Memberships	250	
Legal Services	113	
Legal Notices, Recording, and Court Costs	1,691	
Licenses	50	
Maintenance and Repair Services - Equipment	125	
Maintenance and Repair Services - Office Equipment	6,624	
Postal Charges	16,043	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Administration of Justice (Cont.)Circuit Court Clerk (Cont.)

Printing, Stationery, and Forms	\$	2,721	
Rentals		112	
Travel		1,211	
Data Processing Supplies		7,946	
Food Supplies		885	
General Construction Materials		2,113	
Instructional Supplies and Materials		19	
Office Supplies		22,163	
Periodicals		500	
Total Circuit Court Clerk			\$ 1,556,937

General Sessions Court

Judge(s)	\$	322,659	
Secretary(ies)		72,107	
Social Security		19,133	
Pensions		60,647	
Life Insurance		200	
Medical Insurance		40,705	
Dental Insurance		1,568	
Employer Medicare		5,624	
Communication		4,251	
Data Processing Services		480	
Dues and Memberships		1,620	
Licenses		580	
Maintenance Agreements		1,124	
Maintenance and Repair Services - Office Equipment		373	
Postal Charges		807	
Printing, Stationery, and Forms		410	
Travel		7,350	
Tuition		420	
Data Processing Supplies		193	
Food Supplies		151	
Library Books/Media		104	
Office Supplies		442	
Periodicals		7,258	
Communication Equipment		150	
Total General Sessions Court			548,356

General Sessions Judge

Judge(s)	\$	322,659
Assistant(s)		65,636
Secretary(ies)		34,610
Social Security		20,799
Pensions		64,940
Employee and Dependent Insurance		269
Life Insurance		250
Medical Insurance		52,381

(Continued)

Exhibit L-7

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

General Fund (Cont.)Administration of Justice (Cont.)General Sessions Judge (Cont.)

Dental Insurance	\$	2,205	
Employer Medicare		6,064	
Communication		4,251	
Data Processing Services		480	
Dues and Memberships		3,155	
Maintenance Agreements		1,124	
Maintenance and Repair Services - Office Equipment		943	
Postal Charges		946	
Printing, Stationery, and Forms		1,141	
Travel		6,061	
Tuition		1,505	
Data Processing Supplies		106	
Library Books/Media		381	
Office Supplies		798	
Periodicals		1,817	
Data Processing Equipment		2,899	
Total General Sessions Judge			\$ 595,420

Drug Court

Travel	\$	14,457	
Tuition		1,717	
Drug Treatment		10,826	
Total Drug Court			27,000

Chancery Court

County Official/Administrative Officer	\$	88,413	
Clerical Personnel		260,031	
Part-time Personnel		12,557	
Social Security		21,312	
Pensions		53,519	
Employee and Dependent Insurance		332	
Life Insurance		449	
Medical Insurance		105,838	
Dental Insurance		2,911	
Employer Medicare		4,985	
Bank Charges		348	
Communication		6,783	
Data Processing Services		36,099	
Dues and Memberships		959	
Legal Notices, Recording, and Court Costs		667	
Licenses		67	
Maintenance and Repair Services - Equipment		92	
Maintenance and Repair Services - Office Equipment		5,447	
Postal Charges		4,059	
Printing, Stationery, and Forms		950	
Rentals		218	
Travel		1,036	

(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 (Cont.)

Tuition	\$	400	
Data Processing Supplies		4,342	
Instructional Supplies and Materials		68	
Office Supplies		6,478	
Periodicals		549	
Total Chancery Court			\$ 618,909

Juvenile Court

Probation Officer(s)	\$	29,003	
Guidance Personnel		303,665	
Secretary(ies)		54,055	
Clerical Personnel		34,610	
Social Security		25,915	
Pensions		62,378	
Employee and Dependent Insurance		413	
Life Insurance		499	
Medical Insurance		97,173	
Dental Insurance		3,526	
Employer Medicare		6,061	
Communication		2,737	
Dues and Memberships		1,355	
Legal Services		18,100	
Licenses		63	
Maintenance and Repair Services - Office Equipment		524	
Printing, Stationery, and Forms		146	
Travel		6,893	
Tuition		9,005	
Other Contracted Services		53,720	
Data Processing Supplies		2,657	
Drugs and Medical Supplies		1,057	
Food Supplies		162	
Gasoline		666	
Library Books/Media		100	
Office Supplies		3,058	
Periodicals		315	
Tires and Tubes		247	
Total Juvenile Court			718,103

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	176,858	
Salary Supplements		4,272	
Secretary(ies)		19,081	
Part-time Personnel		9,478	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Administration of Justice (Cont.)District Attorney General (Cont.)

Social Security	\$	12,402	
Pensions		29,843	
Life Insurance		183	
Medical Insurance		38,827	
Dental Insurance		1,381	
Employer Medicare		2,900	
Travel		3,495	
Total District Attorney General			\$ 298,720

Office of Public Defender

Paraprofessionals	\$	150,004	
Social Security		9,014	
Pensions		22,806	
Life Insurance		100	
Medical Insurance		24,142	
Dental Insurance		446	
Employer Medicare		2,108	
Licenses		800	
Travel		2,013	
Tuition		200	
Total Office of Public Defender			211,633

Judicial Commissioners

Other Salaries and Wages	\$	50,000	
Social Security		3,100	
Employer Medicare		725	
Dues and Memberships		300	
Data Processing Supplies		111	
Total Judicial Commissioners			54,236

Other Administration of Justice

Board and Committee Members Fees	\$	228	
Jury and Witness Expense		83,229	
Other Per Diem and Fees		12,891	
Contracts with Other Public Agencies		146	
Legal Services		1,283	
Total Other Administration of Justice			97,777

Courtroom Security

Deputy(ies)	\$	172,889	
Part-time Personnel		63,451	
Social Security		14,253	
Pensions		26,523	
Life Insurance		250	
Medical Insurance		40,469	
Dental Insurance		1,603	
Employer Medicare		3,333	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Administration of Justice (Cont.)Courtroom Security (Cont.)

Communication	\$	525	
Medical and Dental Services		213	
Travel		96	
Tuition		667	
Law Enforcement Supplies		498	
Office Supplies		157	
Uniforms		4,251	
Law Enforcement Equipment		35,390	
Total Courtroom Security			\$ 364,568

Victim Assistance Programs

Remittance of Revenue Collected	\$	42,176	
Total Victim Assistance Programs			42,176

Public SafetySheriff's Department

County Official/Administrative Officer	\$	104,690	
Assistant(s)		250,675	
Deputy(ies)		1,829,338	
Captain(s)		322,948	
Lieutenant(s)		637,671	
Sergeant(s)		1,247,112	
Mechanic(s)		87,613	
Dispatchers/Radio Operators		559,067	
Secretary(ies)		374,196	
School Resource Officer		143,913	
Social Security		330,881	
Pensions		840,892	
Employee and Dependent Insurance		3,159	
Life Insurance		6,414	
Medical Insurance		1,361,249	
Dental Insurance		43,579	
Unemployment Compensation		990	
Employer Medicare		77,383	
Communication		65,852	
Data Processing Services		144,047	
Dues and Memberships		14,304	
Evaluation and Testing		1,080	
Freight Expenses		182	
Licenses		4,268	
Maintenance and Repair Services - Buildings		23,168	
Maintenance and Repair Services - Equipment		44,549	
Maintenance and Repair Services - Office Equipment		19,708	
Maintenance and Repair Services - Vehicles		3,724	
Medical and Dental Services		3,889	
Pest Control		440	
Postal Charges		4,251	

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Safety (Cont.)Sheriff's Department (Cont.)

Printing, Stationery, and Forms	\$	2,105	
Rentals		370	
Towing Services		2,220	
Travel		61,325	
Tuition		35,287	
Veterinary Services		1,361	
Remittance of Revenue Collected		15,200	
Disposal Fees		2,896	
Permits		55	
Other Contracted Services		21,054	
Animal Food and Supplies		2,576	
Custodial Supplies		4,096	
Data Processing Supplies		64,281	
Electricity		15,482	
Equipment and Machinery Parts		7,221	
Food Supplies		1,894	
Garage Supplies		181	
Gasoline		214,298	
General Construction Materials		10,237	
Instructional Supplies and Materials		4,226	
Law Enforcement Supplies		70,508	
Lubricants		2,827	
Office Supplies		34,370	
Periodicals		901	
Road Signs		78	
Small Tools		430	
Tires and Tubes		23,192	
Uniforms		58,801	
Vehicle Parts		78,611	
Water and Sewer		1,956	
Other Supplies and Materials		12,468	
Other Charges		1,873	
Motor Vehicles		1,300,197	
Total Sheriff's Department			\$ 10,603,809

Administration of the Sexual Offender Registry

Communication	\$	879	
Other Contracted Services		3,550	
Data Processing Supplies		875	
Office Supplies		492	
Total Administration of the Sexual Offender Registry			5,796

Jail

Assistant(s)	\$	58,549	
Deputy(ies)		2,523,336	
Captain(s)		105,948	
Lieutenant(s)		337,804	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Sergeant(s)	\$ 308,580
Psychological Personnel	16,818
Medical Personnel	415,287
Secretary(ies)	24,452
Cafeteria Personnel	160,622
Board and Committee Members Fees	6,265
Social Security	234,907
Pensions	601,809
Employee and Dependent Insurance	1,201
Life Insurance	4,497
Medical Insurance	928,044
Dental Insurance	33,641
Employer Medicare	54,938
Advertising	431
Communication	16,304
Data Processing Services	66,836
Dues and Memberships	17
Licenses	2,258
Maintenance and Repair Services - Buildings	41,971
Maintenance and Repair Services - Equipment	89,409
Maintenance and Repair Services - Office Equipment	10,059
Maintenance and Repair Services - Vehicles	1,871
Medical and Dental Services	764,124
Pest Control	580
Printing, Stationery, and Forms	5,653
Rentals	37
Transportation - Other than Students	33,190
Travel	10,150
Tuition	20,722
Remittance of Revenue Collected	1,770
Disposal Fees	31,806
Permits	55
Other Contracted Services	15,482
Animal Food and Supplies	555
Custodial Supplies	47,796
Data Processing Supplies	4,110
Diesel Fuel	447
Drugs and Medical Supplies	44,390
Electricity	283,447
Equipment Parts - Light	133
Equipment and Machinery Parts	35,117
Food Preparation Supplies	26,962
Food Supplies	617,800
Garage Supplies	176
Gasoline	28,399
General Construction Materials	9,635
Instructional Supplies and Materials	720

(Continued)

Exhibit L-7

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

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

Law Enforcement Supplies	\$	12,904	
Natural Gas		37,719	
Office Supplies		14,826	
Periodicals		412	
Prisoners Clothing		47,543	
Tires and Tubes		83	
Uniforms		28,452	
Vehicle Parts		6,288	
Water and Sewer		126,658	
Other Supplies and Materials		7,038	
Food Service Equipment		3,034	
Law Enforcement Equipment		472,755	
Total Jail			\$ 8,786,822

Workhouse

Deputy(ies)	\$	62,572	
Social Security		3,737	
Pensions		9,586	
Life Insurance		100	
Medical Insurance		18,016	
Dental Insurance		672	
Employer Medicare		874	
Communication		200	
Disposal Fees		2,381	
Custodial Supplies		2,601	
Total Workhouse			100,739

Juvenile Services

Contracts with Government Agencies	\$	205,584	
Contracts with Private Agencies		51,464	
Contributions		292,552	
Total Juvenile Services			549,600

Fire Prevention and Control

Contributions	\$	1,836,471	
Total Fire Prevention and Control			1,836,471

Civil Defense

Supervisor/Director	\$	58,363	
Medical Personnel		196,098	
Paraprofessionals		44,703	
Secretary(ies)		29,957	
Part-time Personnel		52,113	
Social Security		22,467	
Pensions		49,564	
Employee and Dependent Insurance		125	
Life Insurance		391	

(Continued)

Exhibit L-7

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

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

Medical Insurance	\$	95,795	
Dental Insurance		3,099	
Employer Medicare		5,254	
Advertising		25	
Communication		5,518	
Maintenance and Repair Services - Office Equipment		477	
Postal Charges		85	
Travel		816	
Tuition		475	
Data Processing Supplies		1,716	
Food Supplies		114	
Gasoline		2,435	
Office Supplies		1,586	
Uniforms		1,269	
Vehicle Parts		727	
Other Supplies and Materials		201	
Other Equipment		4,608	
Total Civil Defense			\$ 577,981

Rescue Squad

Contributions	\$	440,656	
Other Contracted Services		65,237	
Total Rescue Squad			505,893

Disaster Relief

Contracts for Development Costs	\$	450	
Other Equipment		5,269	
Total Disaster Relief			5,719

County Coroner/Medical Examiner

Other Per Diem and Fees	\$	35,734	
Communication		96	
Contributions		273,024	
Licenses		18	
Maintenance and Repair Services - Vehicles		2,920	
Other Contracted Services		58,750	
Data Processing Supplies		69	
Drugs and Medical Supplies		6,791	
Gasoline		2,649	
Vehicle Parts		2,932	
Other Charges		3,000	
Motor Vehicles		21,500	
Other Equipment		8,993	
Total County Coroner/Medical Examiner			416,476

Other Public Safety

Communication	\$	3,126	
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(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Other Public Safety (Cont.)

Contracts with Government Agencies	\$	202,584	
Maintenance and Repair Services - Equipment		31,340	
Travel		340	
Data Processing Supplies		2,641	
Electricity		19,014	
Equipment Parts - Light		821	
Natural Gas		662	
Water and Sewer		118	
Total Other Public Safety			\$ 260,646

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$	76,933
Assistant(s)		182,699
Supervisor/Director		290,291
Teachers		307,553
Medical Personnel		1,684,400
Education Media Personnel		25,701
Clerical Personnel		641,674
Custodial Personnel		32,809
Part-time Personnel		49,507
Social Security		189,721
Pensions		467,144
Employee and Dependent Insurance		6,847
Life Insurance		3,623
Medical Insurance		651,771
Dental Insurance		22,929
Employer Medicare		45,320
Advertising		60,957
Bank Charges		4,119
Communication		55,324
Contracts with Government Agencies		26,838
Contracts with Private Agencies		48,398
Data Processing Services		107
Freight Expenses		55
Licenses		590
Maintenance and Repair Services - Equipment		24,843
Maintenance and Repair Services - Office Equipment		20,825
Maintenance and Repair Services - Vehicles		202
Medical and Dental Services		68,926
Pest Control		1,140
Postal Charges		6,082
Printing, Stationery, and Forms		7,914
Rentals		112
Travel		74,164
Tuition		11,183
Disposal Fees		4,853

(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.)

Other Contracted Services	\$	31,108	
Custodial Supplies		3,214	
Data Processing Supplies		35,713	
Drugs and Medical Supplies		278,919	
Electricity		77,700	
Equipment and Machinery Parts		12,063	
Food Supplies		6,248	
Gasoline		58	
General Construction Materials		8,706	
Instructional Supplies and Materials		196,332	
Natural Gas		5,608	
Office Supplies		27,591	
Periodicals		1,018	
Uniforms		5,463	
Vehicle Parts		724	
Water and Sewer		15,849	
Chemicals		280	
Other Supplies and Materials		25,325	
Building Improvements		28,857	
Data Processing Equipment		9,664	
Total Local Health Center			\$ 5,865,994

Rabies and Animal Control

Truck Drivers	\$	84,103	
Social Security		4,827	
Pensions		12,614	
Life Insurance		125	
Medical Insurance		24,539	
Dental Insurance		896	
Employer Medicare		1,129	
Contributions		236,198	
Total Rabies and Animal Control			364,431

Ambulance/Emergency Medical Services

Employee and Dependent Insurance	\$	267	
Other Contracted Services		17,077	
Motor Vehicles		40,779	
Total Ambulance/Emergency Medical Services			58,123

Other Local Health Services

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

Regional Mental Health Center

Contracts with Government Agencies	\$	12,550	
Contributions		69,359	
Total Regional Mental Health Center			81,909

(Continued)

Exhibit L-7

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

General Fund (Cont.)Public Health and Welfare (Cont.)Aid to Dependent Children

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

Other Local Welfare Services

Pauper Burials	\$ 15,000	
Total Other Local Welfare Services		15,000

Other Waste Disposal

Solid Waste Equipment	\$ 47,364	
Total Other Waste Disposal		47,364

Other Public Health and Welfare

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

Social, Cultural, and Recreational ServicesLibraries

Supervisor/Director	\$ 61,728	
Clerical Personnel	273,974	
Custodial Personnel	82,551	
Part-time Personnel	11,352	
Social Security	25,885	
Pensions	51,306	
Life Insurance	466	
Medical Insurance	72,089	
Dental Insurance	2,552	
Employer Medicare	6,053	
Advertising	3,628	
Communication	14,248	
Contributions	30,000	
Data Processing Services	10,154	
Dues and Memberships	2,285	
Janitorial Services	866	
Licenses	796	
Maintenance and Repair Services - Equipment	30	
Matching Share	14,510	
Postal Charges	349	
Rentals	1,279	
Travel	333	
Tuition	395	
Disposal Fees	1,000	
Other Contracted Services	950	
Custodial Supplies	208	
Data Processing Supplies	9,085	
Electricity	16,386	
Equipment Parts - Heavy	7,248	
Food Supplies	190	

(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.)

General Construction Materials	\$	200	
Instructional Supplies and Materials		15,052	
Library Books/Media		38,078	
Natural Gas		3,136	
Office Supplies		19,697	
Periodicals		1,454	
Water and Sewer		1,652	
Other Supplies and Materials		427	
Other Charges		1,200	
Data Processing Equipment		5,680	
Total Libraries			\$ 788,472

Parks and Fair Boards

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

Agriculture and Natural ResourcesAgricultural Extension Service

Communication	\$	2,930	
Contributions		2,500	
Data Processing Services		989	
Matching Share		127,474	
Building Improvements		103,080	
Land		517,246	
Total Agricultural Extension Service			754,219

Forest Service

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

Soil Conservation

Secretary(ies)	\$	27,318	
Social Security		1,564	
Pensions		4,166	
Life Insurance		50	
Medical Insurance		12,304	
Dental Insurance		448	
Employer Medicare		366	
Contributions		13,100	
Total Soil Conservation			59,316

Other OperationsIndustrial Development

Contracts with Private Agencies	\$	5,622	
Contributions		353,940	
Electricity		393	
Road Signs		225	
Total Industrial Development			360,180

(Continued)

Exhibit L-7

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

General Fund (Cont.)Other Operations (Cont.)Other Economic and Community Development

Contracts with Government Agencies	\$	74,845	
Contributions		16,336	
Other Capital Outlay		72,555	
Total Other Economic and Community Development			\$ 163,736

Veterans' Services

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

Other Charges

On-behalf Payments to OPEB	\$	4,725	
Total Other Charges			4,725

Employee Benefits

Supervisor/Director	\$	64,831	
Social Security		4,116	
Pensions		10,347	
Employee and Dependent Insurance		140,270	
Life Insurance		50	
Medical Insurance		41,766	
Dental Insurance		448	
Employer Medicare		963	
Other Fringe Benefits		55,457	
Bank Charges		1	
Communication		577	
Dues and Memberships		140	
Printing, Stationery, and Forms		77	
Tuition		750	
Data Processing Supplies		479	
Drugs and Medical Supplies		69	
Instructional Supplies and Materials		1,088	
Uniforms		574	
Other Supplies and Materials		42	
Total Employee Benefits			322,045

Miscellaneous

Contracts with Government Agencies	\$	3,240	
Dues and Memberships		25,029	
Other Contracted Services		460	
Other Charges		42,708	
Total Miscellaneous			71,437

InstructionVocational Education Program

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

(Continued)

Exhibit L-7

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

General Fund (Cont.)Instruction (Cont.)Other

Contracts with Other Public Agencies	\$ 145,675	
Total Other		\$ 145,675

Principal on DebtGeneral Government

Principal on Capital Leases	\$ 765,287	
Total General Government		765,287

Interest on DebtGeneral Government

Interest on Notes	\$ 20,962	
Interest on Capital Leases	25,882	
Total General Government		46,844

Other Debt ServiceGeneral Government

Other Debt Issuance Charges	\$ 250	
Total General Government		250

Capital Projects - DonatedCapital Projects Donated to Other Entities

Tuition	\$ 15,800	
Other Equipment	101,012	
Total Capital Projects Donated to Other Entities		116,812

Total General Fund \$ 49,364,718

Solid Waste/Sanitation FundPublic Health and WelfareSanitation Education/Information

Communication	\$ 1,547	
Freight Expenses	81	
Other Contracted Services	10,322	
Instructional Supplies and Materials	243	
Total Sanitation Education/Information		\$ 12,193

Transfer Stations

Supervisor/Director	\$ 61,345
Mechanic(s)	31,538
Truck Drivers	200,233
Clerical Personnel	15,349
Maintenance Personnel	225,567
Part-time Personnel	33,053
Social Security	33,588
Pensions	72,177
Employee and Dependent Insurance	2,897
Life Insurance	699

(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.)

Medical Insurance	\$	138,453	
Dental Insurance		4,400	
Employer Medicare		7,855	
Bank Charges		69	
Communication		9,905	
Data Processing Services		79	
Dues and Memberships		587	
Evaluation and Testing		1,200	
Freight Expenses		1,502	
Licenses		3,018	
Maintenance Agreements		186	
Maintenance and Repair Services - Buildings		600	
Maintenance and Repair Services - Equipment		65,493	
Maintenance and Repair Services - Office Equipment		691	
Maintenance and Repair Services - Vehicles		89,877	
Medical and Dental Services		133	
Postal Charges		1,694	
Printing, Stationery, and Forms		136	
Rentals		1,920	
Towing Services		1,825	
Travel		4,388	
Tuition		611	
Disposal Fees		198,587	
Permits		300	
Other Contracted Services		314	
Crushed Stone		115	
Custodial Supplies		1,531	
Data Processing Supplies		1,359	
Electricity		19,293	
Equipment Parts - Light		8,687	
Equipment and Machinery Parts		4,772	
Garage Supplies		6,979	
Gasoline		7,795	
General Construction Materials		1,565	
Lubricants		48,584	
Office Supplies		1,402	
Propane Gas		2,142	
Structural Steel		2,471	
Tires and Tubes		15,346	
Uniforms		1,343	
Vehicle Parts		30,975	
Water and Sewer		6,181	
Other Supplies and Materials		17,176	
Trustee's Commission		19,468	
Workers' Compensation Insurance		2,218	
Solid Waste Equipment		67,772	
Other Capital Outlay		16,784	
Total Transfer Stations			\$ 1,494,227

Total Solid Waste/Sanitation Fund \$ 1,506,420

(Continued)

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

Ambulance Service Fund

Public Health and Welfare

Ambulance/Emergency Medical Services

Captain(s)	\$ 207,850
Lieutenant(s)	94,379
Medical Personnel	2,206,467
Clerical Personnel	72,855
Part-time Personnel	192,472
Social Security	164,807
Pensions	392,848
Employee and Dependent Insurance	6,580
Life Insurance	2,855
Medical Insurance	429,188
Dental Insurance	20,988
Employer Medicare	38,544
Bank Charges	1,827
Communication	27,266
Data Processing Services	230
Dues and Memberships	440
Evaluation and Testing	111
Freight Expenses	227
Legal Services	1,500
Licenses	5,803
Maintenance Agreements	160
Maintenance and Repair Services - Buildings	125
Maintenance and Repair Services - Equipment	1,318
Maintenance and Repair Services - Vehicles	80
Medical and Dental Services	2,324
Pest Control	485
Postal Charges	239
Printing, Stationery, and Forms	793
Rentals	15,780
Towing Services	3,485
Travel	136
Tuition	36
Disposal Fees	8,918
Permits	500
Other Contracted Services	148,431
Custodial Supplies	1,031
Data Processing Supplies	7,980
Diesel Fuel	72,266
Drugs and Medical Supplies	140,788
Electricity	26,545
Equipment Parts - Light	17,504
Equipment and Machinery Parts	37
Food Supplies	60
Gasoline	1,345
Instructional Supplies and Materials	80
Lubricants	2,292
Natural Gas	3,637

(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.)

Office Supplies	\$	1,069	
Tires and Tubes		17,944	
Uniforms		18,072	
Utilities		3,465	
Vehicle Parts		70,590	
Water and Sewer		1,346	
Other Supplies and Materials		13,827	
Refunds		8,250	
Trustee's Commission		44,655	
Motor Vehicles		226,521	
Total Ambulance/Emergency Medical Services			\$ 4,729,351

Total Ambulance Service Fund \$ 4,729,351

Drug Control FundPublic SafetySheriff's Department

Communication	\$	6,305	
Dues and Memberships		150	
Licenses		54	
Matching Share		9,800	
Rentals		3,250	
Towing Services		1,211	
Travel		1,154	
Tuition		1,850	
Other Contracted Services		10,400	
Data Processing Supplies		6,166	
Drugs and Medical Supplies		136	
Law Enforcement Supplies		5,450	
Office Supplies		1,295	
Tires and Tubes		668	
Uniforms		138	
Vehicle Parts		1,047	
Trustee's Commission		555	
Law Enforcement Equipment		2,400	
Total Sheriff's Department			\$ 52,029

Total Drug Control Fund 52,029

Sports and Recreation FundSocial, Cultural, and Recreational ServicesParks and Fair Boards

Supervisor/Director	\$	34,064	
Laborers		26,599	
Temporary Personnel		65,022	
Social Security		7,325	
Pensions		9,326	

(Continued)

Exhibit L-7

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

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

Life Insurance	\$	100	
Medical Insurance		27,209	
Dental Insurance		897	
Unemployment Compensation		6,234	
Employer Medicare		1,713	
Bank Charges		3,329	
Communication		831	
Licenses		230	
Postal Charges		78	
Printing, Stationery, and Forms		234	
Disposal Fees		2,588	
Other Contracted Services		3,957	
Custodial Supplies		1,330	
Diesel Fuel		574	
Electricity		56,254	
Equipment Parts - Light		1,260	
Garage Supplies		69	
Gasoline		3,087	
General Construction Materials		9,042	
Ice		3,552	
Office Supplies		416	
Propane Gas		468	
Small Tools		350	
Vehicle Parts		1,232	
Water and Sewer		35,460	
Gravel and Chert		2,540	
Refunds		360	
Trustee's Commission		3,195	
Total Parks and Fair Boards			\$ 308,925

Total Sports and Recreation Fund \$ 308,925

Constitutional Officers - Fees FundGeneral GovernmentOther General Administration

Special Commissioner Fees/Special Master Fees	\$	4,650	
Other Charges		701	
Total Other General Administration			\$ 5,351

Total Constitutional Officers - Fees Fund 5,351

Highway/Public Works FundHighwaysAdministration

County Official/Administrative Officer	\$	104,090	
Social Security		6,454	
Pensions		16,176	

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Administration (Cont.)

Life Insurance	\$	50	
Medical Insurance		2,627	
Employer Medicare		1,509	
Communication		3,550	
Dues and Memberships		4,034	
Engineering Services		11,090	
Evaluation and Testing		2,537	
Licenses		781	
Maintenance Agreements		316	
Maintenance and Repair Services - Buildings		365	
Maintenance and Repair Services - Office Equipment		15,373	
Postal Charges		84	
Rentals		1,312	
Tuition		300	
Other Contracted Services		615	
Custodial Supplies		2,057	
Data Processing Supplies		8,628	
Electricity		28,496	
Equipment and Machinery Parts		366	
Food Supplies		329	
Library Books/Media		224	
Natural Gas		4,183	
Office Supplies		4,492	
Other Road Materials		407	
Uniforms		1,350	
Water and Sewer		2,987	
Trustee's Commission		120,603	
Total Administration			\$ 345,385

Highway and Bridge Maintenance

Assistant(s)	\$	92,350
Supervisor/Director		248,903
Paraprofessionals		77,198
Foremen		311,742
Mechanic(s)		226,813
Equipment Operators		574,946
Equipment Operators - Heavy		453,050
Equipment Operators - Light		486,526
Truck Drivers		541,494
Dispatchers/Radio Operators		55,009
Laborers		148,968
Custodial Personnel		5,505
Temporary Personnel		62,684
Part-time Personnel		67,721
Social Security		196,456
Pensions		492,321
Employee and Dependent Insurance		103,454

(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.)

Life Insurance	\$	5,010	
Medical Insurance		1,110,541	
Dental Insurance		34,007	
Unemployment Compensation		185	
Employer Medicare		45,945	
Dues and Memberships		175	
Evaluation and Testing		985	
Licenses		2,087	
Maintenance Agreements		233	
Maintenance and Repair Services - Buildings		2,753	
Maintenance and Repair Services - Equipment		927	
Maintenance and Repair Services - Office Equipment		250	
Rentals		5,666	
Travel		878	
Tuition		2,635	
Contracts for Landfill Facilities		56	
Other Contracted Services		2,082	
Concrete		15,931	
Crushed Stone		39,172	
Custodial Supplies		124	
Data Processing Supplies		322	
Drugs and Medical Supplies		2,340	
General Construction Materials		52,735	
Instructional Supplies and Materials		182	
Office Supplies		1,672	
Other Road Materials		3,311	
Pipe		615	
Pipe - Metal		51,702	
Road Signs		20	
Salt		317,432	
Small Tools		6,474	
Structural Steel		2,269	
Uniforms		28,222	
Wood Products		1,429	
Clay		550	
Chemicals		741	
Other Supplies and Materials		325	
Total Highway and Bridge Maintenance			\$ 5,885,123

Operation and Maintenance of Equipment

Data Processing Services	\$	153
Evaluation and Testing		542
Freight Expenses		29
Maintenance and Repair Services - Equipment		13,200
Maintenance and Repair Services - Office Equipment		805
Maintenance and Repair Services - Vehicles		18,057
Postal Charges		133

(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.)

Printing, Stationery, and Forms	\$	317	
Travel		45	
Disposal Fees		3,417	
Concrete		1,060	
Custodial Supplies		2,719	
Diesel Fuel		84,786	
Drugs and Medical Supplies		1,000	
Equipment Parts - Heavy		36,044	
Equipment Parts - Light		13,370	
Equipment and Machinery Parts		4,265	
Food Supplies		630	
Fuel Oil		2,007	
Garage Supplies		19,790	
Gasoline		96,271	
General Construction Materials		1	
Lubricants		19,763	
Office Supplies		2,467	
Pipe		300	
Small Tools		3,439	
Structural Steel		616	
Tires and Tubes		39,789	
Uniforms		4,311	
Vehicle Parts		48,843	
Clay		150	
Other Supplies and Materials		3,004	
Total Operation and Maintenance of Equipment	\$		421,323

Asphalt Plant Operations

Licenses	\$	544	
Maintenance and Repair Services - Equipment		410	
Asphalt		501,580	
Asphalt - Hot Mix		58,218	
Crushed Stone		313,283	
Electricity		22,651	
Equipment Parts - Heavy		1,713	
Equipment Parts - Light		162	
Lubricants		1,199	
Natural Gas		25,917	
Pipe - Metal		26	
Water and Sewer		1,053	
Total Asphalt Plant Operations			926,756

Traffic Control

General Construction Materials	\$	357	
Other Road Materials		21,953	
Road Signs		494	
Total Traffic Control			22,804

(Continued)

Exhibit L-7

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

Highway/Public Works Fund (Cont.)Highways (Cont.)Other Charges

Liability Insurance	\$ 79,313	
Workers' Compensation Insurance	121,140	
Total Other Charges		\$ 200,453

Capital Outlay

Highway Equipment	\$ 43,624	
Motor Vehicles	331,480	
Total Capital Outlay		375,104

Principal on DebtHighways and Streets

Principal on Capital Leases	\$ 57,512	
Total Highways and Streets		57,512

Interest on DebtHighways and Streets

Interest on Capital Leases	\$ 4,513	
Total Highways and Streets		4,513

Capital ProjectsHighway and Street Capital Projects

State Aid Projects	\$ 257,895	
Total Highway and Street Capital Projects		257,895

Total Highway/Public Works Fund \$ 8,496,868

General Debt Service FundFinanceOther Finance

Trustee's Commission	\$ 102,869	
Total Other Finance		\$ 102,869

Principal on DebtGeneral Government

Principal on Bonds	\$ 775,000	
Principal on Notes	275,000	
Total General Government		1,050,000

Education

Principal on Notes	\$ 281,012	
Principal on Capital Leases	19,363	
Principal on Other Loans	1,691,111	
Total Education		1,991,486

Interest on DebtGeneral Government

Interest on Bonds	\$ 1,384,212	
Interest on Notes	28,900	
Total General Government		1,413,112

(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 Notes	\$ 19,875	
Interest on Capital Leases	2,681	
Interest on Other Loans	<u>512,417</u>	
Total Education		\$ 534,973

Other Debt ServiceGeneral Government

Other Debt Service	<u>\$ 1,150</u>	
Total General Government		1,150

Education

Other Debt Service	<u>\$ 19,538</u>	
Total Education		<u>19,538</u>

Total General Debt Service Fund \$ 5,113,128

Education Debt Service FundFinanceOther Finance

Trustee's Commission	<u>\$ 19,076</u>	
Total Other Finance		\$ 19,076

Principal on DebtEducation

Principal on Bonds	<u>\$ 1,660,000</u>	
Total Education		1,660,000

Interest on DebtEducation

Interest on Bonds	<u>\$ 248,068</u>	
Total Education		248,068

Other Debt ServiceEducation

Other Debt Service	<u>\$ 300</u>	
Total Education		<u>300</u>

Total Education Debt Service Fund 1,927,444

General Capital Projects FundCapital Projects - DonatedCapital Projects Donated to School Department

Contributions	<u>\$ 1,500,000</u>	
Total Capital Projects Donated to School Department		<u>\$ 1,500,000</u>

Total General Capital Projects Fund 1,500,000

(Continued)

Exhibit L-7

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

<u>Community Development/Industrial Park Fund</u>			
<u>Capital Projects - Donated</u>			
<u>Capital Projects Donated to Other Entities</u>			
Contributions	\$	26,401	
Total Capital Projects Donated to Other Entities			\$ 26,401
Total Community Development/Industrial Park Fund			\$ 26,401
<u>Other Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Miscellaneous</u>			
Other Capital Outlay	\$	182,695	
Total Miscellaneous			\$ 182,695
Total Other Capital Projects Fund			182,695
Total Governmental Funds - Primary Government			<u>\$ 73,213,330</u>

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2016

Special Purpose FundSupport ServicesBoard of Education

Trustee's Commission	\$ 34,295	
Total Board of Education		\$ 34,295

Capital OutlayRegular Capital Outlay

Other Contracted Services	\$ 3,900	
Building Improvements	670,834	
Total Regular Capital Outlay		674,734

Total Special Purpose Fund		\$ 709,029
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General Purpose School FundInstructionRegular Instruction Program

ADA Coordinator	\$ 165,967	
Teachers	26,229,416	
Career Ladder Program	158,288	
Career Ladder Extended Contracts	20,540	
Homebound Teachers	66,632	
Salary Supplements	808,581	
Educational Assistants	775,220	
Other Salaries and Wages	381,411	
Certified Substitute Teachers	147,877	
Non-certified Substitute Teachers	185,260	
Social Security	1,676,389	
Handling Charges and Administrative Costs	76,888	
Pensions	2,542,092	
Life Insurance	31,643	
Medical Insurance	5,420,388	
Dental Insurance	87,069	
Employer Medicare	396,463	
Contracts with Government Agencies	99,888	
Evaluation and Testing	152,740	
Travel	3,362	
Other Contracted Services	145	
Equipment and Machinery Parts	12,767	
Instructional Supplies and Materials	328,304	
Textbooks	294,437	
Medical Claims	312,864	
Other Charges	141,460	
Data Processing Equipment	15,617	
Regular Instruction Equipment	52,309	
Total Regular Instruction Program		\$ 40,584,017

Special Education Program

Teachers	\$ 2,543,242
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(Continued)

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

Career Ladder Program	\$	18,465	
Career Ladder Extended Contracts		2,280	
Homebound Teachers		22,296	
Medical Personnel		21,842	
Educational Assistants		513,884	
Speech Pathologist		419,505	
Other Salaries and Wages		265,067	
Certified Substitute Teachers		17,473	
Non-certified Substitute Teachers		36,990	
Social Security		222,359	
Pensions		357,466	
Life Insurance		4,958	
Medical Insurance		831,837	
Dental Insurance		13,161	
Employer Medicare		52,519	
Evaluation and Testing		2,405	
Other Contracted Services		31,243	
Instructional Supplies and Materials		25,435	
Other Supplies and Materials		78	
Special Education Equipment		8,108	
Total Special Education Program			\$ 5,410,613

Vocational Education Program

Teachers	\$	1,897,940	
Career Ladder Program		7,000	
Certified Substitute Teachers		18,433	
Non-certified Substitute Teachers		8,858	
Social Security		110,976	
Pensions		170,041	
Life Insurance		2,119	
Medical Insurance		377,829	
Dental Insurance		6,479	
Employer Medicare		26,096	
Maintenance and Repair Services - Equipment		629	
Travel		431	
Other Contracted Services		2,630	
Equipment and Machinery Parts		1,466	
General Construction Materials		1,344	
Instructional Supplies and Materials		113,384	
Vocational Instruction Equipment		53,500	
Total Vocational Education Program			2,799,155

Support Services

Health Services

Supervisor/Director	\$	37,248	
Medical Personnel		556,724	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Health Services (Cont.)

Secretary(ies)	\$	21,685	
Other Salaries and Wages		44,567	
Social Security		40,092	
Pensions		13,187	
Life Insurance		177	
Medical Insurance		61,515	
Dental Insurance		558	
Employer Medicare		9,376	
Communication		1,020	
Travel		4,507	
Other Contracted Services		231	
Other Supplies and Materials		64,496	
Total Health Services			\$ 855,383

Other Student Support

Career Ladder Program	\$	3,680	
Guidance Personnel		1,337,519	
Secretary(ies)		86,953	
Social Security		83,005	
Pensions		134,682	
Life Insurance		1,703	
Medical Insurance		279,416	
Dental Insurance		5,136	
Employer Medicare		19,412	
Total Other Student Support			1,951,506

Regular Instruction Program

Supervisor/Director	\$	255,144	
Career Ladder Program		9,000	
Librarians		1,094,383	
Truck Drivers		18,503	
Secretary(ies)		141,799	
Other Salaries and Wages		163,510	
Social Security		98,539	
Pensions		170,875	
Life Insurance		1,847	
Medical Insurance		306,081	
Dental Insurance		4,981	
Employer Medicare		23,080	
Communication		3,500	
Dues and Memberships		6,280	
Operating Lease Payments		1,496	
Maintenance Agreements		210,693	
Maintenance and Repair Services - Equipment		17,629	
Printing, Stationery, and Forms		1,025	
Travel		15,836	

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Regular Instruction Program (Cont.)

Other Contracted Services	\$	11,551	
Equipment and Machinery Parts		419	
Gasoline		10,539	
Instructional Supplies and Materials		87,870	
Library Books/Media		85,076	
Office Supplies		7,436	
Periodicals		17,485	
Propane Gas		255	
Other Supplies and Materials		4,988	
In Service/Staff Development		69,287	
Data Processing Equipment		1,500	
Total Regular Instruction Program			\$ 2,840,607

Special Education Program

Supervisor/Director	\$	82,880	
Career Ladder Program		1,000	
Secretary(ies)		34,081	
Social Security		6,928	
Pensions		12,879	
Life Insurance		100	
Medical Insurance		13,658	
Dental Insurance		336	
Employer Medicare		1,620	
Communication		664	
Operating Lease Payments		882	
Maintenance and Repair Services - Equipment		196	
Travel		27,824	
Office Supplies		792	
In Service/Staff Development		20,261	
Administration Equipment		69	
Total Special Education Program			204,170

Vocational Education Program

Supervisor/Director	\$	86,258	
Secretary(ies)		34,080	
Social Security		7,147	
Pensions		13,094	
Life Insurance		100	
Medical Insurance		18,451	
Dental Insurance		168	
Employer Medicare		1,671	
Communication		480	
Printing, Stationery, and Forms		144	
Travel		6,723	
Office Supplies		131	
Propane Gas		1,477	
In Service/Staff Development		516	
Total Vocational Education Program			170,440

(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 Programs

On-behalf Payments to OPEB	\$ 1,091,004	
Total Other Programs		\$ 1,091,004

Board of Education

Board and Committee Members Fees	\$ 51,577	
Social Security	2,326	
Medical Insurance	1,882	
Dental Insurance	293	
Unemployment Compensation	53,155	
Employer Medicare	737	
Audit Services	74,875	
Dues and Memberships	19,538	
Legal Services	55,579	
Travel	13,281	
Other Supplies and Materials	1,887	
Building and Contents Insurance	12	
Liability Insurance	159,492	
Trustee's Commission	726,137	
Workers' Compensation Insurance	260,053	
Other Charges	26,500	
Total Board of Education		1,447,324

Director of Schools

County Official/Administrative Officer	\$ 133,200	
Secretary(ies)	40,959	
Social Security	11,163	
Pensions	18,406	
Life Insurance	100	
Medical Insurance	41,525	
Dental Insurance	336	
Employer Medicare	2,611	
Communication	162,814	
Dues and Memberships	7,164	
Operating Lease Payments	340	
Maintenance Agreements	78,000	
Maintenance and Repair Services - Equipment	695	
Postal Charges	13,713	
Travel	4,132	
Other Contracted Services	23,657	
Equipment and Machinery Parts	2,498	
Office Supplies	2,591	
Other Supplies and Materials	292	
Administration Equipment	69	
Total Director of Schools		544,265

(Continued)

Exhibit L-8

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

General Purpose School Fund (Cont.)Support Services (Cont.)Office of the Principal

Principals	\$	1,636,759	
Career Ladder Program		24,990	
Accountants/Bookkeepers		479,894	
Assistant Principals		1,281,133	
Secretary(ies)		675,640	
Social Security		238,580	
Pensions		441,743	
Life Insurance		4,753	
Medical Insurance		860,417	
Dental Insurance		12,029	
Employer Medicare		55,956	
Travel		2,379	
Other Contracted Services		164,662	
Office Supplies		10,995	
Data Processing Equipment		13,935	
Total Office of the Principal			\$ 5,903,865

Fiscal Services

Supervisor/Director	\$	74,016	
Accountants/Bookkeepers		190,514	
Social Security		15,303	
Pensions		40,227	
Life Insurance		299	
Medical Insurance		52,643	
Dental Insurance		1,008	
Employer Medicare		3,580	
Bank Charges		2,912	
Maintenance and Repair Services - Equipment		773	
Printing, Stationery, and Forms		3,593	
Travel		1,200	
Other Contracted Services		269	
Office Supplies		4,060	
In Service/Staff Development		35	
Other Charges		14,326	
Administration Equipment		156	
Total Fiscal Services			404,914

Human Services/Personnel

Supervisor/Director	\$	89,713	
Career Ladder Program		1,000	
Secretary(ies)		34,080	
Clerical Personnel		103,720	
Social Security		13,467	
Pensions		28,271	
Life Insurance		250	
Medical Insurance		28,935	

(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.)Human Services/Personnel (Cont.)

Dental Insurance	\$	588	
Employer Medicare		3,150	
Dues and Memberships		150	
Travel		1,175	
Other Contracted Services		19,674	
Office Supplies		1,698	
Data Processing Equipment		949	
Total Human Services/Personnel			\$ 326,820

Operation of Plant

Foremen	\$	40,434	
Custodial Personnel		1,929,700	
Social Security		114,310	
Pensions		297,866	
Life Insurance		3,902	
Medical Insurance		584,920	
Dental Insurance		10,090	
Employer Medicare		26,826	
Licenses		3,672	
Maintenance and Repair Services - Buildings		51,711	
Maintenance and Repair Services - Equipment		275	
Disposal Fees		64,769	
Custodial Supplies		103,629	
Diesel Fuel		1,511	
Electricity		2,316,260	
Equipment Parts - Light		14,340	
Fuel Oil		27,507	
Garage Supplies		96	
Natural Gas		96,673	
Propane Gas		67,704	
Small Tools		75	
Tires and Tubes		1,078	
Uniforms		6,788	
Water and Sewer		358,120	
Other Supplies and Materials		1,063	
Plant Operation Equipment		21,772	
Total Operation of Plant			6,145,091

Maintenance of Plant

Supervisor/Director	\$	76,986	
Foremen		125,074	
Secretary(ies)		48,041	
Maintenance Personnel		1,622,451	
Social Security		107,878	
Pensions		286,220	
Life Insurance		2,654	

(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.)

Medical Insurance	\$	516,645	
Dental Insurance		7,147	
Employer Medicare		25,485	
Communication		9,964	
Maintenance Agreements		29,277	
Maintenance and Repair Services - Buildings		45,856	
Maintenance and Repair Services - Equipment		5,966	
Maintenance and Repair Services - Vehicles		2,419	
Rentals		1,840	
Travel		2,052	
Other Contracted Services		1,762	
Asphalt		787	
Concrete		85	
Crushed Stone		5,140	
Diesel Fuel		1,125	
Equipment Parts - Heavy		1,937	
Equipment Parts - Light		3,702	
Equipment and Machinery Parts		50,093	
Garage Supplies		6,270	
Gasoline		66,980	
General Construction Materials		119,311	
Office Supplies		1,648	
Propane Gas		78	
Salt		3,748	
Small Tools		5,831	
Tires and Tubes		8,160	
Uniforms		16,018	
Vehicle Parts		27,152	
Chemicals		13,822	
In Service/Staff Development		3,662	
Administration Equipment		1,909	
Maintenance Equipment		22,519	
Motor Vehicles		41,029	
Other Equipment		61,979	
Total Maintenance of Plant			\$ 3,380,702

Transportation

Mechanic(s)	\$	35,164
Bus Drivers		304,438
Social Security		20,372
Pensions		12,463
Life Insurance		256
Medical Insurance		32,730
Dental Insurance		845
Employer Medicare		4,764
Contracts with Parents		199

(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.)Transportation (Cont.)

Contracts with Vehicle Owners	\$ 4,109,797	
Licenses	35	
Garage Supplies	4,070	
Gasoline	47,311	
Tires and Tubes	6,376	
Vehicle Parts	20,291	
Other Supplies and Materials	252	
Motor Vehicles	120,710	
Total Transportation		\$ 4,720,073

Operation of Non-instructional ServicesCommunity Services

Other Salaries and Wages	\$ 10,526	
Social Security	631	
Pensions	1,147	
Employer Medicare	148	
Total Community Services		12,452

Early Childhood Education

Teachers	\$ 298,135	
Educational Assistants	87,888	
Other Salaries and Wages	27,234	
Social Security	21,865	
Pensions	39,304	
Life Insurance	654	
Medical Insurance	94,324	
Dental Insurance	1,788	
Employer Medicare	5,509	
Travel	1,741	
Instructional Supplies and Materials	8,120	
In Service/Staff Development	2,059	
Regular Instruction Equipment	8,707	
Total Early Childhood Education		597,328

Interest on DebtEducation

Interest on Notes	\$ 37,400	
Total Education		37,400

Other Debt ServiceEducation

Debt Service Contribution to Primary Government	\$ 2,417,937	
Total Education		2,417,937

Total General Purpose School Fund \$ 81,845,066

(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 FundInstructionRegular Instruction Program

Teachers	\$	37,092	
Educational Assistants		654,434	
Other Salaries and Wages		299,510	
Social Security		43,983	
Pensions		48,256	
Life Insurance		951	
Medical Insurance		135,369	
Dental Insurance		2,137	
Employer Medicare		13,620	
Instructional Supplies and Materials		255,538	
Regular Instruction Equipment		1,071,949	
Total Regular Instruction Program			\$ 2,562,839

Special Education Program

Teachers	\$	715,021	
Educational Assistants		871,118	
Other Salaries and Wages		28,907	
Social Security		92,663	
Pensions		166,863	
Life Insurance		2,813	
Medical Insurance		325,236	
Dental Insurance		6,899	
Employer Medicare		21,863	
Instructional Supplies and Materials		32,608	
Special Education Equipment		4,884	
Total Special Education Program			2,268,875

Vocational Education Program

Instructional Supplies and Materials	\$	15,298	
Other Supplies and Materials		2,311	
Vocational Instruction Equipment		126,553	
Total Vocational Education Program			144,162

Support ServicesOther Student Support

Other Salaries and Wages	\$	123,495	
Social Security		7,276	
Pensions		9,123	
Life Insurance		104	
Medical Insurance		18,790	
Dental Insurance		351	
Employer Medicare		1,712	
Communication		352	
Travel		25,607	
Other Contracted Services		1,000	
Other Supplies and Materials		59,674	
In Service/Staff Development		14,344	
Total Other Student Support			261,828

(Continued)

Exhibit L-8

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

School Federal Projects Fund (Cont.)Support Services (Cont.)Regular Instruction Program

Supervisor/Director	\$	56,883	
Clerical Personnel		17,035	
Other Salaries and Wages		249,187	
Social Security		17,636	
Pensions		27,756	
Life Insurance		214	
Medical Insurance		29,358	
Dental Insurance		544	
Employer Medicare		4,571	
Maintenance and Repair Services - Equipment		3,069	
Travel		1,850	
Other Supplies and Materials		1,318	
In Service/Staff Development		146,691	
Other Equipment		1,523	
Total Regular Instruction Program			\$ 557,635

Special Education Program

Psychological Personnel	\$	79,839	
Other Salaries and Wages		216,355	
Social Security		15,710	
Pensions		23,875	
Life Insurance		261	
Medical Insurance		32,959	
Dental Insurance		351	
Employer Medicare		4,140	
Travel		1,693	
In Service/Staff Development		2,820	
Other Equipment		50,043	
Total Special Education Program			428,046

Transportation

Travel	\$	691	
Total Transportation			691

Total School Federal Projects Fund \$ 6,224,076

Central Cafeteria FundOperation of Non-instructional ServicesFood Service

Supervisor/Director	\$	74,672	
Accountants/Bookkeepers		34,081	
Truck Drivers		32,251	
Secretary(ies)		34,081	
Cafeteria Personnel		1,409,099	
Other Salaries and Wages		80,885	
Social Security		98,626	

(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.)

Pensions	\$	126,100	
Life Insurance		1,862	
Medical Insurance		393,990	
Dental Insurance		4,030	
Employer Medicare		23,141	
Bank Charges		192	
Consultants		3,772	
Contracts with Other School Systems		10,165	
Data Processing Services		23,520	
Dues and Memberships		852	
Operating Lease Payments		2,343	
Licenses		1,520	
Maintenance and Repair Services - Equipment		13,651	
Travel		13,623	
Other Contracted Services		45	
Data Processing Supplies		18	
Equipment and Machinery Parts		26,728	
Food Preparation Supplies		144,195	
Food Supplies		1,460,971	
Gasoline		1,816	
Office Supplies		4,936	
USDA - Commodities		266,823	
Other Supplies and Materials		952	
In Service/Staff Development		4,637	
Data Processing Equipment		10,566	
Food Service Equipment		22,310	
Total Food Service			\$ 4,326,453

Interest on DebtEducation

Interest on Notes	\$	3,901	
Total Education			3,901

Total Central Cafeteria Fund \$ 4,330,354

Other Education Special Revenue FundOperation of Non-instructional ServicesEarly Childhood Education

Teachers	\$	44,655	
Educational Assistants		17,524	
Certified Substitute Teachers		2,468	
Non-certified Substitute Teachers		2,173	
Social Security		3,995	
Pensions		4,023	
Life Insurance		19	
Medical Insurance		2,657	

(Continued)

Exhibit L-8

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

Other Education Special Revenue Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Dental Insurance	\$	50	
Employer Medicare		952	
Instructional Supplies and Materials		434	
Trustee's Commission		158	
Total Early Childhood Education			<u>\$ 79,108</u>

Total Other Education Special Revenue Fund \$ 79,108

Education Capital Projects Fund

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$	281,012	
Total Education			\$ 281,012

Capital Projects

Education Capital Projects

Building Improvements	\$	1,218,988	
Total Education Capital Projects			<u>1,218,988</u>

Total Education Capital Projects Fund 1,500,000

Total Governmental Funds - Sullivan County School Department \$ 94,687,633

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, 2016

	Cities - Sales Tax Fund	City School ADA - Bristol Fund	City School ADA - Kingsport Fund	Total
<u>Cash Receipts</u>				
Current Property Taxes	\$ 0	\$ 10,950,749	\$ 17,643,755	\$ 28,594,504
Trustee's Collections - Prior Years	0	231,333	372,722	604,055
Circuit/Clerk and Master Collections - Prior Years	0	93,462	150,727	244,189
Interest and Penalty	0	84,902	136,840	221,742
Pick-up Taxes	0	193,244	311,341	504,585
Local Option Sales Tax	23,787,190	5,357,147	8,631,409	37,775,746
Bank Excise Tax	0	11,475	18,356	29,831
Interstate Telecommunication Tax	0	2,063	3,324	5,387
Marriage Licenses	0	2,066	3,378	5,444
Other Local Revenues	0	356	524	880
Total Cash Receipts	<u>\$ 23,787,190</u>	<u>\$ 16,926,797</u>	<u>\$ 27,272,376</u>	<u>\$ 67,986,363</u>
<u>Cash Disbursements</u>				
Remittance of Revenues Collected	\$ 23,549,318	\$ 16,616,656	\$ 26,763,467	\$ 66,929,441
Trustee's Commission	237,872	284,565	462,032	984,469
Total Cash Disbursements	<u>\$ 23,787,190</u>	<u>\$ 16,901,221</u>	<u>\$ 27,225,499</u>	<u>\$ 67,913,910</u>
<u>Excess of Cash Receipts</u>				
Over (Under) Cash Disbursements	\$ 0	\$ 25,576	\$ 46,877	\$ 72,453
Cash Balance, July 1, 2015	0	482,253	771,311	1,253,564
Cash Balance, June 30, 2016	<u>\$ 0</u>	<u>\$ 507,829</u>	<u>\$ 818,188</u>	<u>\$ 1,326,017</u>

SINGLE AUDIT SECTION



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

**Independent Auditor's 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***

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, 2016, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements, and have issued our report thereon dated December 16, 2016.

Internal Control Over Financial Reporting

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

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. A *material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. A *significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2016-001.

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 an instance of noncompliance or other matter that is required to be reported under *Government Auditing Standards* and is described in the accompanying Schedule of Findings and Questioned Costs as item 2016-002.

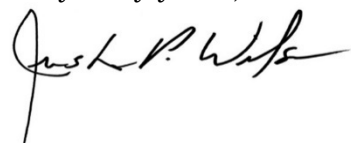
Sullivan County's Responses to the Findings

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 16, 2016

JPW/sb



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

**Independent Auditor's 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**

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, 2016. Sullivan County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Sullivan County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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, 2016.

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.

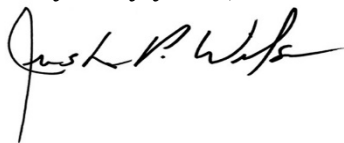
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any 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, 2016, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated December 16, 2016, 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,

A handwritten signature in black ink, appearing to read "Justin P. Wilson", with a stylized flourish at the end.

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

December 16, 2016

JPW/sb

Sullivan County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (2)
For the Year Ended June 30, 2016

Federal/Pass through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Program:			
Schools and Roads - Grants to States	10.665	N/A	\$ 44,595
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	266,823 (3)
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	792,892
National School Lunch Program	10.555	N/A	2,367,746 (3)
Healthy, Hunger-free Kids Act of 2010 Childhood Hunger Research and Demonstration Projects	10.592	N/A	10,350
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-15-43129-00	868,126
Total U.S. Department of Agriculture			<u>\$ 4,350,532</u>
U.S. Department of the Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 63,821
Total U.S. Department of the Interior			<u>\$ 63,821</u>
U.S. Department of Justice:			
Direct Program:			
Equitable Sharing Program	16.922	(4)	\$ 38,821
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention - Allocation to States	16.540	(5)	60,148
Passed-through State Department of Finance and Administration:			
Violence Against Women Formula Grants	16.588	26708	53,568
Total U.S. Department of Justice			<u>\$ 152,537</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Highway Planning and Construction	20.205	STP-EN-8600(26)	\$ 146,156
Alcohol Open Container Requirements	20.607	(6)	70,683
Total U.S. Department of Transportation			<u>\$ 216,839</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,959,425
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	2,695,078
Special Education - Preschool Grants	84.173	N/A	100,646
Career and Technical Education - Basic Grants to States	84.048	N/A	178,462
Education for Homeless Children and Youth	84.196	N/A	50,921
Improving Teacher Quality State Grants	84.367	N/A	364,560
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	216
Total U.S. Department of Education			<u>\$ 6,349,308</u>

(Continued)

Sullivan County, Tennessee
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 Health and Human Services:			
Passed-through State Department of Health:			
Public Health Emergency Preparedness	93.069	GG-16-46591-00	\$ 373,846
National Bioterrorism Hospital Preparedness Program	93.889	GG-16-46591-00	71,551
Injury Prevention and Control Research State and Community Based Programs	93.136	GG-15-44160-00	39,523
Childhood Lead Poisoning Prevention Projects - State and Local Childhood Lead Poisoning Prevention and Surveillance of Blood Lead Levels in Children	93.197	GU-16-46488-01	30,000
Family Planning - Services	93.217	GG-13-37821-00	123,629
Immunization Cooperative Agreements	93.268	(7)	117,315
Centers for Disease Control and Prevention - Investigations and Technical Assistance	93.283	(8)	32,293
Cancer Control	93.399	GG-15-41329-00	60,801
Affordable Care Act (ACA) Maternal, Infant, and Early Childhood Home Visiting Program	93.505	GG-16-45712-00	23,726
Temporary Assistance for Needy Families	93.558	(4)	21,730
HIV Prevention Activities - Health Department Based	93.940	(9)	52,702
Assistance Programs for Chronic Disease Prevention and Control	93.945	GG-14-40524-00	66,981
Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.946	GG-15-46350-00	3,000
Preventive Health and Health Services Block Grant	93.991	GG-16-45310-00	33,487
Maternal and Child Health Services Block Grant to the States	93.994	GG-16-45536-00	53,527
Total U.S. Department of Health and Human Services			<u>\$ 1,104,111</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Hazard Mitigation Grant	97.039	34101-13213	\$ 47,146
Emergency Management Performance Grants	97.042	34101-15016	62,500
Homeland Security Grant Program	97.067	44094-17420	121,736
Total U.S. Department of Homeland Security			<u>\$ 231,382</u>
Total Expenditures of Federal Awards			<u>\$ 12,468,530</u>

(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
<u>State Grants</u>			
Care and Coordination Services - State Department of Health	N/A	GG-16-45336-00	\$ 35,685
Adolescent Pregnancy - State Department of Health	N/A	(10)	53,694
TennCare Dental Prevention - State Department of Health	N/A	GG-16-46753-00	193,127
Tuberculosis Control and Prevention Program - State Department of Health	N/A	GG-16-45155-00	58,543
Home Visiting - State Department of Health	N/A	GG-15-41198-00	322,560
TenderCare Outreach - State Department of Health	N/A	GG-16-45712-00	149,603
Family Planning Services - State Department of Health	N/A	GG-13-37821-00	13,737
HIV Prevention Program	N/A	(11)	32,232
Immunization Grants	N/A	(12)	37,847
Rural Library Grant - State Department of Library and Archives	N/A	(13)	4,800
Grant in Aid - State Department of Health	N/A	GE-16-45786	409,400
Juvenile Service Program - State Commission on Children and Youth	N/A	35910-20607	50,144
Multipurpose Agricultural Facility Grant - State Department of General Services	N/A	460/000-03-15	613,951
State Aid Program - State Department of Transportation	N/A	(4)	315,741
Litter Program - State Department of Transportation	N/A	(4)	71,900
Used Oil Program - State Department of Transportation	N/A	(4)	36,980
Art Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(4)	4,440
Safe Schools Act Grant - State Department of Education	N/A	(4)	82,075
Lottery for Education After School Program - State Department of Education	N/A	(4)	22,872
Connect TN - State Department of Education	N/A	(4)	27,107
Coordinated School Health - State Department of Education	N/A	(4)	99,972
Early Childhood Education Project - State Department of Education	N/A	(4)	488,314
Total State Grants			<u>\$ 3,124,724</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 minimus cost rate permitted in the Uniform Guidance.

(3) - Total for CFDA No. 10.555 is \$2,634,569.

(4) - Information not available.

(5) - 43850: \$57,718; 31601-1631: \$2,430.

(6) - Z-15GHS337: \$29,947; Z-16GHS338: \$40,736.

(7) - GG-15-43448-00: \$62,981; GG-16-48502-00: \$54,334.

(8) - GG-14-40491-00: \$3,831; GG-16-45149-00: \$28,462.

(9) - GG-15-43701-00: \$25,857; GG-16-48213-00: \$26,845.

(10) - GG-15-40796-00: \$16,854; GG-16-45154-00: 36,840.

(11) - GG-15-43701-00: \$16,368; GG-16-48213-00: \$15,864.

(12) - GG-15-43488-00: \$18,452; GG-16-48502-00 \$19,395.

(13) - 30504-00315: \$1,200; 30504-00116-113: \$3,600.

Sullivan County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2016

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, 2016.

Prior-year Financial Statement Findings

There were no prior-year financial statement findings to report.

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, 2016

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, 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. The director of schools provided corrective action plans for these findings, which are paraphrased and 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 2016-001

THE SCHOOL DEPARTMENT OPERATED WITH SEVERAL CONTRACTS FOR STUDENT TRANSPORTATION SERVICES THAT HAD EXPIRED (Internal Control – Significant Deficiency Under *Government Auditing Standards*)

The School Department contracts for student transportation services with six companies. Each company operates under a master agreement, and separate contracts are developed for each individual bus. Based on our review, the School Department had entered into 108 separate bus contracts. Of the 108 bus contracts, 52 contracts had expired as of June 30, 2016, and had expiration dates ranging from the end of the 2013-14 school-year to the end of the 2015-16 school-year. To maintain services and ensure normal school operations through the 2016-17 school-year, the School Department continues to allow the bus contractors to operate on the expired contracts. This deficiency is the result of a lack of management oversight to ensure all contracts for the operation of student transportation services were renewed in a timely manner.

RECOMMENDATION

School Department officials should ensure all contracts for student transportation services are current. Officials should immediately renegotiate and update all expired student transportation contracts.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with this finding. This error was discovered by the director of schools and the supervisor of student services. Immediately upon discovery, legal counsel was notified and the proper channels of reporting were followed. In accordance with advice received from legal counsel, all expired contracts have been renewed through June 30, 2017, at which time they will each be competitively renewed.

FINDING 2016-002

**AMOUNTS WITHHELD FROM CONTRACTOR
PAYMENTS WERE NOT DEPOSITED INTO AN
ESCROW ACCOUNT**

(Noncompliance Under *Government Auditing Standards*)

The School Department did not deposit amounts withheld from contractor payments into an escrow account related to a \$1,218,988 construction contract to replace the roof on a county high school. Section 66-34-104, *Tennessee Code Annotated*, requires funds withheld from contractor payments be deposited into an escrow account with a third party for contracts of \$500,000 or more. This deficiency was the result of a lack of management oversight that could result in the loss of interest earnings for the contractor.

RECOMMENDATION

Amounts withheld from contractor payments on contracts of \$500,000 or more should be deposited into an escrow account in compliance with state statute.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

We concur with this finding, and we agree that contractor payments were not deposited into an escrow account for the Sullivan East roof project. This project began during a time of transition at the board of education. The business manager had resigned and a new employee had been appointed. There was also a transition of the director of schools. Since the discovery of the error, the current business manager and the current director of schools have been in contact with the purchasing agent to ensure that all contracts will establish an escrow account if required.

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, 2016.

**Sullivan County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2016**

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 below:

Corrective Action - Financial Statement Findings

OFFICE OF DIRECTOR OF SCHOOLS

**FINDING 2016-001 THE SCHOOL DEPARTMENT OPERATED WITH
SEVERAL CONTRACTS FOR STUDENT
TRANSPORTATION SERVICES THAT HAD EXPIRED**

Response and Corrective Action Plan Prepared by:	Ingrid Deloach, Business Manager, Sullivan County, Tennessee
Persons Responsible for Implementing the Corrective Action:	Kristina Davis, Ingrid Deloach, Andy Hare, Evelyn Rafalowski, and members of the Board of Education
Anticipated Completion Date of Corrective Action:	July 2017
Repeat Finding:	No
Reason Why Corrective Action was Not Taken – PY	N/A

Planned Corrective Action:

Upon discovery of this issue, district staff contacted legal counsel to obtain direction as to how to proceed. The board of education's attorney contacted Mr. Chuck Cagle for assistance. Mr. Cagle then contacted the Comptroller's Division of Local Government Audit. Following the advice of all parties previously mentioned, the board of education approved the renewal of all expired bus contracts through June 30, 2017, during its November 7, 2016, regularly scheduled meeting.

Once these renewed contracts have again expired, they will be competitively renewed through the Purchasing Department. Any future bus contracts that expire will be competitively renewed upon expiration. This corrective action plan will be completed in July 2017 when the recently renewed contracts are competitively renewed.

FINDING 2016-002

**AMOUNTS WITHHELD FROM CONTRACTOR
PAYMENTS WERE NOT DEPOSITED INTO AN
ESCROW ACCOUNT**

Response and Corrective Action Plan Prepared by:

Ingrid Deloach, Business
Manager, Sullivan County,
Tennessee

Person Responsible for Implementing the Corrective Action:

Ingrid Deloach

Anticipated Completion Date of Corrective Action:

June 21, 2016

Repeat Finding:

No

Reason Why Corrective Action was Not Taken – PY

N/A

Planned Corrective Action:

On June 21, 2016, the director of schools and the business manager met with a representative from the Division of Local Government Audit to discuss the issue of amounts not being withheld from contractor payments and deposited into an escrow account. Immediately following that meeting, the business manager met with the director of purchasing to discuss the issue in relation to current and upcoming contracts. Acknowledging this as a simple oversight, both parties agreed to note the requirements as set forth in Section 66-34-104, *Tennessee Code Annotated*, and to ensure all contracts referenced going forward and to establish an escrow account if applicable. This corrective action was completed on June 21, 2016.

Corrective Action - Federal Award Findings

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

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.