

**PRELIMINARY OFFICIAL STATEMENT DATED NOVEMBER 12, 2024
BONDS TO BE SOLD TUESDAY, NOVEMBER 19, 2024 AT 10:30 A.M. E.S.T.**

New Issues
Book-Entry Only

Rating: Moody's "___"

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 except for certain corporations, as more fully described herein. 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).

\$30,000,000*
SULLIVAN COUNTY, TENNESSEE
GENERAL OBLIGATION BONDS, SERIES 2024A (ULT)

Dated: Date of Issuance

Due: February 1, as shown below

Sullivan County, Tennessee (the "County") will issue its \$30,000,000* General Obligation Bonds, Series 2024A (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 February 1 and August 1 of each year, commencing August 1, 2025*, 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 corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the "Registration Agent").

The Bonds shall be subject to redemption at the option of the County at any time on or after February 1, 2033, at a price of par plus accrued interest to the redemption date. The Bonds are payable on February 1 of each year as follows:

Maturity (Feb. 1)	Principal*	Interest Rate	Price or Yield	CUSIP Number	Maturity (Feb. 1)	Principal*	Interest Rate	Price or Yield	CUSIP Number
2026	\$1,050,000				2036	\$1,485,000			
2027	1,160,000				2037	1,530,000			
2028	1,190,000				2038	1,580,000			
2029	1,220,000				2039	1,630,000			
2030	1,255,000				2040	1,680,000			
2031	1,290,000				2041	1,740,000			
2032	1,325,000				2042	1,800,000			
2033	1,365,000				2043	1,870,000			
2034	1,405,000				2044	1,950,000			
2035	1,445,000				2045	2,030,000			

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.

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., counsel to the County. 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 December 5, 2024.*

November 19, 2024*

* Preliminary and Subject to Change

THIS PRELIMINARY OFFICIAL STATEMENT AND THE INFORMATION CONTAINED HEREIN ARE SUBJECT TO CHANGE, COMPLETION OR AMENDMENT WITHOUT NOTICE. Under no circumstances shall this Preliminary Official Statement constitute an offer to sell or a solicitation of an offer to buy nor shall there be any sale of these securities in any jurisdiction in which such offer, solicitation or sale would be unlawful prior to registration or qualification under the securities laws of such jurisdiction. As of this date, this Preliminary Official Statement has been deemed "final" by the Metropolitan Government for purposes of SEC Rule 15c2-12(b)(1) except for the omission of certain information permitted by SEC Rule 15c2-12(b)(1).

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”), 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.

CUSIP data herein is subject to copyright 2014, American Bankers Association. CUSIP® is a registered trademark of the American Bankers Association. CUSIP data herein is provided by CUSIP Global Services (CGS), which is managed on behalf of The American Bankers Association by Moody’s Capital IQ. This information is not intended to create a database and does not serve in any way as a substitute for the CGS database. CUSIP numbers have been assigned by an independent company not affiliated with the County or the Underwriter and are included solely for the convenience of the registered owners of the applicable Bonds.

Neither the County nor the Underwriter is responsible for the selection or uses of these CUSIP numbers, and no representation is made as to their correctness on the applicable Bonds or as included herein. The CUSIP number for a specific maturity is subject to being changed after the execution and delivery of the Bonds as a result of various subsequent actions including, but not limited to, a refunding in whole or in part or as a result of the procurement of secondary market portfolio insurance or other similar enhancement by investors that is applicable to all or a portion of certain maturities of the Bonds.

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, Resolution, 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 Bonds.

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

Officials

County Mayor

Richard S. Venable

Board of Commissioners

David Hayes
David Akard, III
Cheryl S. Harvey
Matt Slagle
Andrew K. Cross
Michael B. Cole
Joyce Neal Crosswhite
Tony Leonard

Hershel Glover
Dwight D. King
Daniel Horne
Jessica Means
Zane Vanover
Sam Jones
Travis Ward
Darlene Calton

Mark Ireson
Joe Carr
Joe McMurray
Larry Crawford
Gary Stidham
John Gardner
Hunter Locke
Archie Pierce

County Officials

Director of Finance
County Clerk
Trustee

Larry G. Bailey
Teresa Jacobs
Angela Taylor

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 Trust Company, National Association
Nashville, Tennessee

Municipal Advisor

Stephens Inc.
Nashville, Tennessee

Underwriter

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NOTICE OF SALE

SULLIVAN COUNTY, TENNESSEE
GENERAL OBLIGATION BONDS, SERIES 2024A
(ULT)

Notice is hereby given that the County Mayor of Sullivan County, Tennessee (the "County") will accept a written bid or electronic bid for the purchase of all, but not less than all, of the County's **\$30,000,000* GENERAL OBLIGATION BONDS, SERIES 2024A** (the "Bonds") until:

10:30 A.M. E.S.T. on Tuesday, November 19, 2024

Written bids must be addressed and delivered to the County to the attention of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by BiDCOMP/PARITY® shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by BiDCOMP/PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. ***The sale of all or any series of the Bonds on Tuesday, November 19, 2024 may be postponed prior to the time bids are to be received and as published on I-dealProspectus.com. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated via I-dealProspectus.com upon forty-eight hours notice.***

The Bonds will be dated the date of delivery. The interest rate or rates on the Bonds shall not exceed 5% per annum and shall be payable semi-annually on February 1 and August 1, commencing August 1, 2025. No bid for the Bonds will be considered for less than 99% of par nor more than 125% of par, as described in the Detailed Notice of Sale. In addition, each maturity of Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity. The Bonds will mature on February 1 in the years 2026 through 2045, with term bonds optional, and will be awarded on the sale date by the County Mayor to the bidder whose bid results in the lowest true interest cost on the Bonds. After opening the bids, the County reserves the right to adjust the principal amount of each maturity of the Bonds as described in the Detailed Notice of Sale.

The Bonds shall be subject to redemption at the option of the County at any time on or after February 1, 2033, at a price of par plus accrued interest to the redemption date.

In the event that the competitive sale requirements of applicable Treasury Regulations are not met, the County will require bidders to comply with the "hold-the-offering-price rule" for purposes of determining the issue price of the Bonds.

The Bonds and approving opinions of Bass, Berry & Sims PLC, Nashville, Tennessee, will be furnished at the expense of the County. Additional information, including the Official Statement and Detailed Notice of Sale, may be obtained from the undersigned at the office of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617 or from Stephens Inc. Attention: Ashley McAnulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone: (615) 279-4334; Fax: (615) 279-4351.

Richard Venable
County Mayor

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DETAILED NOTICE OF SALE

SULLIVAN COUNTY, TENNESSEE

**\$30,000,000* GENERAL OBLIGATION BONDS, SERIES 2024A
(ULT)**

Time and Place of Sale

Notice is hereby given that the County Mayor of Sullivan County, Tennessee (the "County") will accept a written bid or electronic bid for the purchase of all, but not less than all, of the **\$30,000,000* GENERAL OBLIGATION BONDS, SERIES 2024A** (the "Bonds") until:

10:30 A.M. E.S.T. on Tuesday, November 19, 2024

The written bids must be addressed and delivered to the County to the attention of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617. Electronic bids must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. No other form of bid or provider of electronic bidding services will be accepted. Such bids are to be publicly opened and read at such time and place on said day. For the purposes of both the written sealed bid process and the electronic bidding process, the time as maintained by BiDCOMP/PARITY® shall constitute the official time with respect to all bids submitted. If any provisions of this Notice of Sale conflict with information provided by BiDCOMP/PARITY® as the approved provider of electronic bidding services, this Notice of Sale shall control. *The sale of all or any series of the Bonds on Tuesday, November 19, 2024 may be postponed prior to the time bids are to be received and as published on I-dealProspectus.com. If such postponement occurs, a later public sale may be held at the hour and place and on such date as communicated via I-dealProspectus.com upon forty-eight hours notice.* The Bonds will be awarded on such date by the County Mayor of the County.

Description of Bonds

The Bonds will be issued in fully registered, book-entry form (except as otherwise provided herein), without coupons, be dated the date of delivery, be issued, or reissued upon transfer, in \$5,000 denominations or multiples thereof, as shall be requested by the purchaser or transferor thereof, as appropriate, and will mature and be payable on February 1 of each year as follows:

<u>Year</u> <u>(February 1)*</u>	<u>Bonds*</u>	<u>Year</u> <u>(February 1)*</u>	<u>Bonds*</u>
2026	\$1,050,000	2036	\$1,485,000
2027	1,160,000	2037	1,530,000
2028	1,190,000	2038	1,580,000
2029	1,220,000	2039	1,630,000
2030	1,255,000	2040	1,680,000
2031	1,290,000	2041	1,740,000
2032	1,325,000	2042	1,800,000
2033	1,365,000	2043	1,870,000
2034	1,405,000	2044	1,950,000
2035	1,445,000	2045	2,030,000

Purpose and Authority of Bonds

The Bonds are being issued to finance the construction, repair, renovation, improvement and equipping of the County jail, detention and related facilities, acquisition of all related real and personal property; payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing, and to pay issuance costs. The Bonds are being issued under the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., and pursuant to Resolution duly adopted by the Board of County Commissioners of the County on October 17, 2024.

Registration and Depository Participation

The Bonds will be issued by means of a book-entry system with no physical distribution of bond certificates made to the public. One Bond certificate for each maturity will be issued to the Depository Trust Company, New York, New York (“DTC”), and immobilized in its custody. The book-entry system will evidence beneficial ownership interests of the Bonds in the principal amount of \$5,000 and any integral multiple of \$5,000, with transfers of beneficial ownership interest effected on the records of DTC participants and, if necessary, in turn by DTC pursuant to rules and procedures established by DTC and its participants. The successful bidder, as a condition to delivery of the Bonds, shall be required to deposit the Bond certificates with DTC, registered in the name of Cede & Co., nominee of DTC. Interest on the Bonds will be payable semiannually on February 1 and August 1, beginning August 1, 2025, and principal of the Bonds will be payable, at maturity or upon redemption, to DTC or its nominee as registered owner of the Bonds. Transfer of principal and interest payments to participants of DTC will be the responsibility of DTC, and transfer of principal and interest payments to beneficial owners of the Bonds by Participants of DTC, will be the responsibility of such participants and of the nominees of beneficial owners. The County will not be responsible or liable for such transfer of payments or for maintaining, supervising or reviewing the records maintained by DTC, its participants or persons acting through such participants.

In the event that the book-entry only system for the Bonds is discontinued and a successor securities depository is not appointed by the County, Bond Certificates in fully registered form will be delivered to, and registered in the names of, the DTC Participants or such other persons as such DTC participants may specify (which may be the indirect participants or beneficial owners), in authorized denominations of \$5,000 or integral multiples thereof. In addition, if the successful bidder for the Bonds certifies that it has no present intent to reoffer the Bonds, the Bonds may be issued in fully registered form only. The ownership of Bonds so delivered shall be registered in registration books to be kept by U.S. Bank Trust Company, National Association, Nashville, Tennessee, as registration and paying agent (the “Registration Agent”), at its principal corporate office, and the County and the Registration Agent shall be entitled to treat the registered owners of the Bonds, as their names appear in such registration books as of the appropriate dates, as the owners thereof for all purposes described herein and in the Resolution authorizing the Bonds.

Optional Redemption

The Bonds shall be subject to redemption at the option of the County at any time on or after February 1, 2033, at a price of par plus accrued interest to the redemption date.

Designation of Term Bonds

The successful bidder for the Bonds shall have the option to designate certain consecutive serial maturities of the Bonds as one or more Term Bonds, each Term Bond bearing a single interest rate. If a successful bidder designates certain consecutive serial maturities to be combined into one or more Term

Bonds, each Term Bond shall be subject to mandatory sinking fund redemption by the County at a redemption price equal to 100% of the principal amount thereof, together with accrued interest to the date fixed for redemption at the rate stated in the Term Bonds to be redeemed. Each such mandatory sinking fund redemption shall be made on the date on which a consecutive maturity included as part of a Term Bond is payable in accordance with the proposal of the successful bidder for the Bonds and in the amount of the maturing principal installment for the Bonds listed above for such principal payment date.

Security and Sources of Payment

The Bonds are 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 pledged.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, 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 to which the Bonds are issued, reference is hereby made to the Resolution authorizing the Bonds.

Submission of Bid

All bids submitted, electronic or otherwise, must be submitted as set forth under the heading "**Time and Place of Sale**", set forth above.

A written bid for the Bonds must be enclosed in a sealed envelope bearing the name and address of the bidder, clearly and legibly marked on the outside "Bid for Bonds," and addressed and delivered to the following address:

Office of the County Mayor
3411 Highway 126, Suite 206
Blountville, Tennessee 37617

Written bids must be submitted on the applicable Bid Form included with the Preliminary Official Statement or on a reasonable facsimile thereof. Electronic bids for the Bonds must be submitted to PARITY® via the BiDCOMP Competitive Bidding System. An electronic bid made through the facilities of BiDCOMP/PARITY® shall be deemed an offer to purchase in response to the Notice of Sale and shall be binding upon the bidder as if made by a signed sealed written bid made to the County. To the extent any instructions or directions set forth in BiDCOMP/PARITY® conflict with the terms of the Detailed Notice of Sale, the Detailed Notice of Sale shall prevail. The County shall not be responsible for any malfunction or mistake made by or as a result of the use of electronic bidding facilities. The use of such facilities is at the sole risk of the bidders. Subscription to I-Deal's BiDCOMP/PARITY® Competitive Bidding System by a bidder is required in order to submit an electronic bid. The County will not confirm any subscription or be responsible for the failure of any prospective bidder to subscribe. Both written bids and electronic bids must be unconditional and received by the office of the County Mayor and/or BiDCOMP/PARITY®, respectively, before the time stated above. Bidders shall be required to comply with the provisions regarding a Good Faith Deposit as described below in the section entitled "Good Faith Deposit". The County is not liable for any costs incurred in the preparation, delivery, acceptance or rejection of any bid, including, without limitation, the providing of a bid security deposit.

Form of Bids

All bids for the Bonds must be for not less than all of the Bonds. Bidders must bid not less than 99% of par nor greater than 125% of par for the Bonds. Bidders must specify the interest rate or rates the Bonds are to bear in multiples of one-hundredth (1/100th) or one-eighth (1/8th) of one percent (1%), but no rate specified for the Bonds shall be in excess of 5% per annum. There will be no limitation on the number of rates of interest which may be specified for the Bonds, but one rate of interest shall apply to all the Bonds of a maturity. In addition, each maturity of the Bonds must be reoffered at a price of not less than 98% of the par amount of such maturity. Bidders may designate two or more consecutive serial maturities as one or more Term Bond maturities equal in aggregate principal amount to, and with mandatory redemption requirements corresponding to, such designated serial maturities. Bidders must specify the reoffering prices or yields of each maturity.

Revised Maturity Schedule and/or Bid Parameters

The aggregate principal amount of the Bonds (the "Preliminary Aggregate Principal Amount") and the annual principal amounts of the Bonds (the "Preliminary Annual Principal Amounts" and collectively, with reference to the Preliminary Aggregate Principal Amounts, the "Preliminary Amounts") set forth in this Detailed Notice of Sale may be revised before the viewing of bids for the purchase of the Bonds, as may the bid parameters set forth herein. Any such revisions (in case of revised principal amounts, the "Revised Aggregate Principal Amount", the "Revised Annual Principal Amounts" and the "Revised Amounts") WILL BE GIVEN BY NOTIFICATION PUBLISHED ON www.I-dealProspectus.com NOT LATER THAN 4:00 P.M., E.S.T. ON THE DAY PRECEDING THE RECEIPT OF BIDS. In the event that no such revisions are made, the Preliminary Amounts will constitute the Revised Amounts and will remain as stated in this Detailed Notice of Sale, and the bid parameters shall remain as set for the herein. BIDDERS SHALL SUBMIT BIDS BASED ON THE REVISED AMOUNTS AND BID PARAMETERS, IF ANY. Prospective bidders may request notification by facsimile transmission of any revisions in the Preliminary Amounts and bid parameters by so advising and faxing their telecopier number(s) to Stephens Inc., Municipal Advisor to the County, at (615) 279-4351 by 12:00 Noon, E.S.T., at least one day prior to the date for receipt of the bids.

Changes to Maturity Schedule

The County reserves the right to change the Revised Aggregate Principal Amounts of the Bonds after determination of the winning bidder. The County may increase or decrease the Revised Annual Principal Amount of each maturity of the Bonds without limitation. Such changes, if any, will determine the final annual principal amounts of Bonds (the "Final Annual Principal Amounts") and the final aggregate principal amount of Bonds (the "Final Aggregate Principal Amount"). The Final Aggregate Principal Amount of the Bonds will not exceed \$30,000,000. Any changes beyond those described above will only be made with the consent of the winning bidder.

The dollar amount bid by the successful bidder will be adjusted to reflect any adjustments in the Final Aggregate Principal Amount of the Bonds. The interest rates specified by the successful bidder for the various maturities at the initial reoffering prices will not change. THE SUCCESSFUL BIDDER MAY NOT WITHDRAW THEIR BID OR CHANGE THE INTEREST RATES BID OR THE INITIAL REOFFERING PRICES AS A RESULT OF ANY CHANGES MADE TO THE PRINCIPAL AMOUNTS WITHIN THESE LIMITS. The County anticipates that the Final Annual Principal Amounts of the Bonds and the Final Aggregate Principal Amount of the Bonds will be communicated to the successful bidder prior to the award of the Bonds. THE DOLLAR AMOUNT BID BY THE SUCCESSFUL BIDDER FOR THE PURCHASE OF THE BONDS WILL BE ADJUSTED TO REFLECT ANY CHANGE IN THE ANNUAL PRINCIPAL AMOUNTS BASED UPON THE

ASSUMPTION THAT THE COUPON RATES, REOFFERING PRICES, AND THE UNDERWRITER'S DISCOUNT (EXCLUDING ORIGINAL ISSUE DISCOUNT/PREMIUM) STATED AS A PERCENTAGE OF THE AGGREGATE PRINCIPAL AMOUNT, AS SPECIFIED BY THE SUCCESSFUL BIDDER WILL NOT CHANGE.

Basis of Award

If an award is made, the Bonds will be awarded to the bidder whose bid results in the lowest true interest cost to the County as determined by reference to the Revised Aggregate Principal Amounts, prior to post-sale adjustments, as discussed in the paragraph above. The lowest true interest cost of the Bonds will be calculated as that rate which when used in computing the present worth of all payments of principal and interest on the Bonds (compounded semi-annually from the dated date of the Bonds) produces a value equal to the purchase price of the Bonds. For the purpose of calculating the true interest cost, the principal amount of Term Bonds scheduled for mandatory sinking fund redemption as part of a Term Bond shall be treated as a serial maturity in each year. Each bidder is required to specify its calculation of the true interest cost resulting from its bid, but such information shall not be treated as part of its proposal.

In the event that two or more of the bidders offer to purchase the Bonds at the same lowest true interest cost, the County Mayor shall determine in his sole discretion which of the bidders shall be awarded the Bonds.

The County Mayor reserves the right to waive any irregularity or informality in any bid, and to reject any or all bids, and notice of rejection of any bid will be made promptly. Unless all bids are rejected, award of the Bonds will be made by the County Mayor on the sale date.

Good Faith Deposit

The successful bidder is required to submit, in the manner described below, a good faith deposit (the "Deposit") in the amount of \$600,000 to secure the faithful performance of the terms of the bid to purchase a series of the Bonds. The Deposit will be delivered to the County by wire transfer or certified check for the prescribed amount. The Deposit may be provided in the form of:

1. **Federal Funds Wire Transfer.** A federal funds wire transfer submitted to the County or the County's Municipal Advisor by the successful bidder by 2:00 p.m. E.S.T. on the day of the sale provided the County awards the bid by 12:00 noon E.S.T. otherwise the wire shall be received not later than 11:00 a.m. E.S.T. on the next business day following the award. The County Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.
2. **Certified Check.** A bank certified check, bank cashier's check or a treasurer's check drawn upon an incorporated bank or trust company payable unconditionally to the order of the County. If a check is used, it must accompany a bid and be received by the time and date bids are required. If the successful bidder's Deposit is by check, the check will be deposited on the date of the sale.

Wire transfer instructions are available from Stephens Inc., Attn: Ashley McAnulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone (615) 279-4334 or (615) 279-4338; Fax: (615) 279-4351. In the event the successful bidder fails to timely submit the Deposit, the award may be terminated by the County Mayor, and the County Mayor in his discretion may award the Bonds to the bidder whose bid results in the next lowest true interest cost to the County as the lowest complying bidder or hold a subsequent sale of the Bonds. The County shall have no liability to any bidder who fails to properly submit a Deposit.

The Deposit of the successful bidder will be deposited by the County and the proceeds thereof credited with no interest allowed thereon against the total purchase price to be paid for the Bonds upon their delivery or retained as and for full liquidated damages if the successful bidder fails to accept delivery of and pay for the Bonds. Checks of unsuccessful bidders will be returned promptly upon the award of the Bonds. If a successful bidder fails to timely make the Deposit for the Bonds, the award may be terminated in the discretion of the County Mayor and the County shall be entitled to an amount equal to the Deposit as liquidated damages for failure of the successful bidder to comply with the terms of the award of the Bonds.

CUSIP

The County's municipal advisor will request that the CUSIP Service Bureau assign CUSIP identification numbers to the Bonds, which numbers will be printed on the Bonds. The winning bidder will be responsible for the costs of assigning CUSIP numbers to the Bonds. Neither the failure to print a CUSIP number on any Bond nor any error with respect thereto shall constitute cause for a failure or refusal by the purchaser thereof to accept delivery of and pay for the Bonds in accordance with this Detailed Notice of Sale.

Establishment of Issue Price

General. The winning bidder shall assist the County in establishing the issue price of the Bonds as more fully described herein. All actions to be taken by the County under this Notice of Sale to establish the issue price of the Bonds may be taken on behalf of the County by the County's Municipal Advisor identified herein and any notice or report to be provided to the County may be provided to the County's Municipal Advisor.

Anticipated Compliance with Competitive Sale Requirements. The County anticipates that the provisions of Treasury Regulation Section 1.148-1(f)(3)(i) (defining "competitive sale" for purposes of establishing the issue price of the Bonds) will apply to the initial sale of the Bonds (the "competitive sale requirements") because:

- the County shall disseminate this Notice of Sale to potential underwriters in a manner that is reasonably designed to reach potential underwriters;
- all bidders shall have an equal opportunity to bid;
- the County expects to receive bids from at least three underwriters of municipal bonds who have established industry reputations for underwriting new issuances of municipal bonds; and
- the County anticipates awarding the sale of the Bonds to the bidder who submits a firm offer to purchase the Bonds at the highest price (or lowest interest cost), as set forth in this Notice of Sale.

Any bid submitted pursuant to this Notice of Sale shall be considered a firm offer for the purchase of the Bonds, as specified in the bid.

County Intention to Apply the Hold-the-Offering-Price Rule if Competitive Sale Requirements are Not Met. In the event that the competitive sale requirements are not satisfied with respect to the Bonds, the County intends to treat the initial offering prices of the Bonds to the public as the issue price of the Bonds (the "hold-the-offering-price rule"), in each case applied on a maturity-by-maturity basis (and if different interest rates apply within a maturity, to each separate CUSIP number within that maturity).

Application of the Hold-the-Offering-Price Rule. If the competitive sale requirements are not satisfied, then the successful bidder shall, on behalf of the underwriters participating in the purchase of the Bonds (i) confirm that the underwriters have offered or will offer each maturity of the Bonds to the public on or

before the date of award at the offering price or prices (the “initial offering price”), or at the corresponding yield or yields, set forth in the bid submitted by the winning bidder and (ii) agree, on behalf of the underwriters participating in the purchase of the Bonds, that the underwriters will neither offer nor sell unsold Bonds of any maturity to any person at a price that is higher than the initial offering price to the public during the period starting on the sale date and ending on the earlier of the following:

- the close of the fifth (5th) business day after the sale date; or
- the date on which the underwriters have sold at least 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public.

The winning bidder shall promptly advise the County when the underwriters have sold 10% of that maturity of the Bonds to the public at a price that is no higher than the initial offering price to the public, if that occurs prior to the close of the fifth (5th) business day after the sale date.

By submitting a bid, each bidder confirms that: (i) any agreement among underwriters, any selling group agreement and each retail distribution agreement (to which the bidder is a party) relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter, each dealer who is a member of the selling group, and each broker-dealer that is a party to such retail distribution agreement, as applicable, to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder and as set forth in the related pricing wires, and (ii) any agreement among underwriters relating to the initial sale of the Bonds to the public, together with the related pricing wires, contains or will contain language obligating each underwriter that is a party to a retail distribution agreement to be employed in connection with the initial sale of the Bonds to the public to require each broker-dealer that is a party to such retail distribution agreement to report the prices at which it sells to the public the unsold Bonds of each maturity allotted to it until it is notified by the winning bidder or such underwriter that either the 10% test has been satisfied as to the Bonds of that maturity or all Bonds of that maturity have been sold to the public, if and for so long as directed by the winning bidder or such underwriter and as set forth in the related pricing wires.

The County acknowledges that, in making the agreements and representations set forth above, the winning bidder will rely on (i) the agreement of each underwriter to comply with the hold-the-offering-price rule, as set forth in an agreement among underwriters and the related pricing wires, (ii) in the event a selling group has been created in connection with the initial sale of the Bonds to the public, the agreement of each dealer who is a member of the selling group to comply with the hold-the-offering-price rule, as set forth in a selling group agreement and the related pricing wires, and (iii) in the event that an underwriter is a party to a retail distribution agreement that was employed in connection with the initial sale of the Bonds to the public, the agreement of each broker-dealer that is a party to such agreement to comply with the hold-the-offering-price rule, as set forth in the retail distribution agreement and the related pricing wires. The County further acknowledges that each underwriter shall be solely liable for its failure to comply with its agreement regarding the hold-the-offering-price rule and that no underwriter shall be liable for the failure of any other underwriter, or of any dealer who is a member of a selling group, or of any broker-dealer that is a party to a retail distribution agreement to comply with its corresponding agreement regarding the hold-the-offering-price rule as applicable to the Bonds.

Definitions. Sales of any Bonds to any person that is a related party to an underwriter shall not constitute sales to the public for purposes of this Notice of Sale. Further, for purposes of this Notice of Sale:

- “public” means any person other than an underwriter or a related party,
- “underwriter” means (A) any person that agrees pursuant to a written contract with the County (or with the lead underwriter to form an underwriting syndicate) to participate in the initial sale of the

Bonds to the public and (B) any person that agrees pursuant to a written contract directly or indirectly with a person described in clause (A) to participate in the initial sale of the Bonds to the public (including a member of a selling group or a party to a retail distribution agreement participating in the initial sale of the Bonds to the public),

- a purchaser of any of the Bonds is a “related party” to an underwriter if the underwriter and the purchaser are subject, directly or indirectly, to (i) at least 50% common ownership of the voting power or the total value of their stock, if both entities are corporations (including direct ownership by one corporation of another), (ii) more than 50% common ownership of their capital interests or profits interests, if both entities are partnerships (including direct ownership by one partnership of another), or (iii) more than 50% common ownership of the value of the outstanding stock of the corporation or the capital interests or profit interests of the partnership, as applicable, if one entity is a corporation and the other entity is a partnership (including direct ownership of the applicable stock or interests by one entity of the other), and
- “sale date” means the date that the Bonds are awarded by the County to the winning bidder.

Issue Price Certificate. The winning bidder will be required to provide the County, at closing, with an issue price certificate consistent with the foregoing.

Provision of Information for the Official Statement

The successful bidders must furnish the following information to the County to complete the *Official Statement* in final form within 2 hours after receipt and award of the bids for the Bonds:

1. The initial offering prices or yields for the Bonds (expressed as a price or yield per maturity, exclusive of any accrued interest, if applicable);
2. Selling compensation (aggregate total anticipated compensation to the underwriters expressed in dollars, based on the expectation that all the Bonds are sold at the prices or yields as provided above);
3. The identity of the underwriters if the successful bidders are part of a group or syndicate; and
4. Any other material information necessary to complete the Official Statement in final form but not known to the County.

Official Statement

The County will provide or cause to be provided to the successful bidder, either in electronic format or printed copies, the final official statement sufficient in quantity to enable the successful bidder to comply with SEC Rule 15c2-12 and the rules of the Municipal Securities Rulemaking Board. Said final official statements will be provided to the successful bidder not later than seven business days after the sale, or, if the County, or its Municipal Advisor, is notified that any confirmation requesting payment from any customer will be sent before the expiration of such period and specifying the date such confirmation will be sent the final official statements will be provided in sufficient time to accompany such confirmation.

Continuing Disclosure

The County will, at the time the Bonds are delivered, execute a Continuing Disclosure Agreement in which it will covenant for the benefit of holders and beneficial owners of the Bonds to (i) provide certain financial information and operating data relating to the County not later than twelve months after each of the County's fiscal years (the "Annual Report"), (ii) provide timely notice of the occurrence of certain enumerated events and (iii) provide timely notice of failure to timely 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 established in the State of Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events will be summarized in the County's official statement to be prepared and distributed in connection with the sale of the Bonds.

Legal Opinion and Transcript

The book-entry Bonds and the approving opinion of Bass, Berry & Sims PLC, Nashville, Tennessee, Bond Counsel (which will be delivered with the Bonds), together with the Bond transcript, including a certificate as to no litigation from the County dated as of the date of the delivery of the Bonds, will be furnished to the purchaser at the expense of the County. As set forth in the Official Statement and subject to the limitations set forth therein, bond counsel's opinion will include an opinion that interest on the Bonds will be (i) excluded from gross income for federal income tax purposes as it relates to the Bonds; and (ii) is not an item of tax preference for purposes of the federal alternative minimum tax except for certain corporations, as further discussed in the Official Statement. Owners of the Bonds, however, may be subject to certain additional taxes or tax consequences arising with respect to ownership of the Bonds. For a discussion thereof, reference is hereby made to the Official Statement and the forms of opinions contained therein.

Delivery and Payment

The Bonds are expected to be ready for delivery within 28 days after the sale thereof, in book-entry form. At least five days' notice will be given to the successful bidder(s). Delivery will be made through the Depository Trust Company, New York, New York at the expense of the purchaser. Payment for the Bonds must be made in federal funds or other immediately available funds.

Further Information

Copies of the Preliminary Official Statement may be obtained from the undersigned at the office of the County Mayor, 3411 Highway 126, Suite 206, Blountville, Tennessee 37617, or from Stephens Inc., Attn: Ashley McAnulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone: (615) 279-4334 or (615) 279-4338; Fax: (615) 279-4351.

Richard Venable,
County Mayor

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SULLIVAN COUNTY, TENNESSEE

\$30,000,000* GENERAL OBLIGATION BONDS, SERIES 2024A

OFFICIAL BID FORM

The Honorable Richard Venable
 County Mayor
 3411 Highway 126, Suite 206
 Blountville, Tennessee 37617

_____, 2024

For your legally issued, properly executed Sullivan County, Tennessee (the "County") \$30,000,000* General Obligation Bonds, Series 2024A (the "Bonds") and in all respects to be as more fully outlined in your Detailed Notice of Sale, which by reference is made a part hereof, we will pay you a sum of \$_____.

The Bonds will be dated the date of issuance, will mature on February 1 as shown below, and shall bear interest at the following rates:

<u>Maturity (February 1)*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Reoffering Price</u>	<u>Maturity (February 1)*</u>	<u>Amount*</u>	<u>Interest Rate</u>	<u>Reoffering Price</u>
2026	\$1,050,000	_____ %	_____ %	2036	\$1,485,000	_____ %	_____ %
2027	1,160,000	_____	_____	2037	1,530,000	_____	_____
2028	1,190,000	_____	_____	2038	1,580,000	_____	_____
2029	1,220,000	_____	_____	2039	1,630,000	_____	_____
2030	1,255,000	_____	_____	2040	1,680,000	_____	_____
2031	1,290,000	_____	_____	2041	1,740,000	_____	_____
2032	1,325,000	_____	_____	2042	1,800,000	_____	_____
2033	1,365,000	_____	_____	2043	1,870,000	_____	_____
2034	1,405,000	_____	_____	2044	1,950,000	_____	_____
2035	1,445,000	_____	_____	2045	2,030,000	_____	_____

Principal of and interest on the Bonds will be payable at the principal corporate trust office of U.S. Bank Trust Company, National Association, Nashville, Tennessee.

This bid is made with the understanding that the County will furnish without cost to the successful bidder the unqualified approving opinion of Bass, Berry & Sims PLC, Attorneys, Nashville, Tennessee, and the executed Bonds. We have exercised the option to designate two or more consecutive serial maturities as Term Bonds as set forth below:

<p>Term Bond 1, due February 1, _____ includes the following maturities: From February 1, _____ to February 1, _____.</p> <p>Term Bond 2, due February 1, _____ includes the following maturities: From February 1, _____ to February 1, _____.</p>

Firm Name	
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In accordance with the terms of the Detailed Notice of Sale, we have or will make a good faith deposit for \$600,000 as set forth in the Detailed Notice of Sale, which is to be applied in accordance with the Detailed Notice of Sale. The good faith deposit may be provided in the form of:

1. **Federal Funds Wire Transfer.** A federal funds wire transfer submitted to the County or the County’s Municipal Advisor by the successful bidder by 2:00 p.m. E.S.T. on the day of the sale provided the County awards the bid by 12:00 noon E.S.T. otherwise the wire shall be received not later than 11:00 a.m. E.S.T. on the next business day following the award. The County Mayor reserves the right to adjust the time the deposit is to be received if there are problems with electronic transfers of funds or other acceptable reasons.
2. **Certified Check.** A bank certified check, bank cashier’s check or a treasurer’s check drawn upon an incorporated bank or trust company payable unconditionally to the order of the County. If a check is used, it must accompany a bid and be received by the time and date bids are required. If the successful bidder’s Deposit is by check, the check will be deposited on the date of the sale.

Wire transfer instructions are available from Stephens Inc., Attn: Ashley McNulty, One American Center, 3100 West End Avenue, Suite 630, Nashville, Tennessee 37203, Telephone (615) 279-4334 or (615) 279-4338; Fax: (615) 279-4351. If a successful bidder fails to timely make the Deposit for the Bonds, the award may be terminated in the discretion of the County Mayor and the County shall be entitled to an amount equal to the Deposit as liquidated damages for failure of the successful bidder to comply with the terms of the award of the Bonds. The County Mayor in his discretion may award the Bonds to the bidder whose bid results in the next lowest true interest cost to the County as the lowest complying bidder or hold a subsequent sale of the Bonds. The County shall have no liability to any bidder who fails to properly submit a Deposit.

In the event this bid is accepted and should for any reason we fail to comply with the terms of this bid, said deposit will be forfeited by us as full liquidated damages; otherwise, said deposit will be credited against the purchase price of the Bonds at closing. In the event the County Mayor fails to deliver the Bonds to us as described in the Detailed Notice of Sale, said deposit will be returned to us.

Accepted this _____ day of _____, 2024

Respectfully submitted,

County Mayor

Firm Name

Signature

Title

Telephone Number of Person to Submit Bid

The following is for information purposes only.

Total Interest Cost	
Plus discount or less premium, if any	
Net Interest Cost	
True Interest Rate (TIC)	

(The calculations of Net Interest Costs and True Interest Rate and the Reoffering Prices are for information purposes only and do not constitute a part of this bid.)

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").
ISSUES	\$30,000,000* General Obligation Bonds, Series 2024A (the "Bonds").
PURPOSE	The Bonds are being issued to finance the (i) construction, repair, renovation, improvement and equipping of the County jail, detention and related facilities; (ii) acquisition of all related real and personal property; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; (iv) reimbursement to the County for funds previously expended for any of the foregoing; and (v) to pay Bond issuance costs.
SECURITY	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.
DATED DATE	Settlement Date.
INTEREST DUE	Each February 1 and August 1, commencing August 1, 2025.*
PRINCIPAL DUE	February 1, 2026* through February 1, 2045*.
SETTLEMENT DATE	December 5, 2024* (use for bidding purposes).
OPTIONAL REDEMPTION	The Bonds, shall be subject to redemption at the option of the County at any time on or after February 1, 2033*, at a price of par plus accrued interest to the redemption date.
RATING	"__" by Moody's Investor Services 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 makes 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. 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, except for certain corporations, as more fully described herein. 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 Trust Company, National Association, Nashville, Tennessee.

MUNICIPAL ADVISOR..... Stephens Inc.

UNDERWRITER..... _____.

Official Statement

Sullivan County, Tennessee

\$30,000,000* General Obligation Bonds, Series 2024A (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 \$30,000,000* General Obligation Bonds, Series 2024A (the "Bonds").

The Bonds are issuable under and in full compliance with the constitution and statutes of the State of Tennessee, including Sections 9-21-101 et seq., Tennessee Code Annotated, and pursuant to Resolution adopted by the Board of County Commissioners of the County on October 17, 2024 (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 documents, including the forms 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 (i) construction, repair, renovation, improvement and equipping of the County jail, detention and related facilities; (ii) acquisition of all related real and personal property; (iii) payment of architectural, engineering, legal, fiscal and administrative costs incident to the foregoing; (iv) reimbursement to the County for funds previously expended for any of the foregoing (the "Projects"); and (v) to pay costs of issuing 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 February 1 and August 1 of each year (herein an "Interest Payment Date"), commencing August 1, 2025*.

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

Registration and Payment

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 Trust Company, 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.

Book-Entry-Only System

The Depository Trust Company ("DTC"), New York, NY, will act as securities depository for the Bonds. The Bonds 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 for each maturity of the Bonds will be issued for the Bonds, in the aggregate principal amount of such issue, 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 highest rating: AAA. 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 Bonds under the DTC system must be made by or through Direct Participants, which will receive a credit for the Bonds on DTC's records. The ownership interest of each actual purchaser of each Bond ("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 Bonds 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 Bonds, except in the event that use of the book-entry system for the Bonds is discontinued.

To facilitate subsequent transfers, all Bonds 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 Bonds 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 Bonds; DTC's records reflect only the identity of the Direct Participants to whose accounts such Bonds 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 Bonds 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 Bonds 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 Bonds are credited on the record date (identified in a listing attached to the Omnibus Proxy).

Redemption proceeds, distributions, and dividend payments on the Bonds 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, the Registration Agent, or the 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 Bonds 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, Bond 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, Bond 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.

Optional Redemption*

The Bonds maturing on or before February 1, 2033 shall mature without option of prior redemption, and Bonds maturing February 1, 2034 and thereafter, shall be subject to redemption prior to maturity at the option of the Municipality on February 1, 2033 and thereafter, as a whole or in part, at any time at the redemption price of par plus accrued interest to the redemption date.

Mandatory Redemption*

Subject to any credits as permitted by the terms of the Resolution, the County shall redeem Bonds maturing on February 1, ____, on the redemption dates set forth below opposite the maturity date, 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. 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 in its discretion. If less than all the Bonds within a single maturity shall be called for redemption, the Bonds within a single maturity shall be selected determined by DTC, or such successor Depository, by lot or such other manner as DTC or such successor Depository, shall determine in the event the Bonds are being held under a Book Entry System. If not held under a Book Entry System and if less than all the Bonds of a maturity shall be called for redemption, 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 shall elect. The dates of redemption and principal amount of Bonds to be redeemed on said dates are as follows:

<u>Maturity</u>	<u>Redemption Date</u>	<u>Principal Amount to be Redeemed</u>
-----------------	------------------------	--

*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 of the maturity to be redeemed, in any aggregate principal amount desired, and/or (ii) receive a credit in respect of its mandatory redemption obligation for any Bonds of the maturity to be redeemed which prior to said date have been purchased or redeemed (other than through mandatory redemption) and cancelled by the Registration Agent and not theretofore applied as a credit against any mandatory redemption obligation. 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 mandatory redemption shall be accordingly reduced.

Notice of Redemption

Notice of call for redemption shall be given by the Registration Agent not less than twenty (20) 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 Resolution. 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 and 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.

Under Tennessee law, the County's legislative body is authorized to levy a tax on all taxable property within the County, or a portion thereof, 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 hereby made to the respective Resolution.

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.

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 (provided, if such Bonds are to be redeemed prior to maturity thereof, proper notice of such redemption shall have been given or adequate provision shall have been made for the giving of such notice);

(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 Escrow 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 obligations shall not be subject to redemption prior to their maturity other than at the option of the registered owner thereof.

Plan of Financing

Sources and Uses of Funds

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

Sources of Funds

Par Amount	\$ _____
Reoffering Premium (Discount)	_____
Total Sources	\$ _____

Uses of Funds

Deposit to Project Fund	_____
Costs of Issuance ⁽¹⁾	_____
Total Uses	\$ _____

(1) Includes all fees and expenses, including underwriter's discount and expenses

Rating

The Bonds have been assigned a rating of "___" by Moody's Investor Services 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 makes any representation 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 rating may be obtained from Moody's.

Continuing Disclosure

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 (i) 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, 2024 (the "Annual Report"), (ii) provide notice of the occurrence of certain enumerated events and (iii) provide timely notice of failure to provide any required financial information of the County. The Annual Report (and audited financial statements if filed separately) and notices described above will be filed by the County with the Municipal Securities Rulemaking Board ("MSRB") at www.emma.msrb.org and with any State Information Depository which may be established in Tennessee (the "SID"). The specific nature of the information to be contained in the Annual Report or the notices of events is summarized below. These covenants have been made in order to assist the Underwriter in complying with Securities and Exchange Commission Rule 15c2-12(b), as it may be amended from time to time (the "Rule").

In the past five years, the County has not failed to comply in any material respect with any previous undertakings with regard to the Rule.

Future Issues

The County has no additional debt planned or authorized for new capital projects at this time.

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., Counsel to the County.

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 Issuer and assuming compliance by the Issuer 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, as amended (the "Code"), and
- is not a preference item for a bondholder under the federal alternative minimum tax on individuals under the Code; however, such interest is taken into account in determining the annual adjusted financial statement income of applicable corporations (as defined in Section 59(k) of the Code) for the purpose of computing the alternative minimum tax imposed on corporations.

The Code imposes requirements on the Bonds that the Issuer must continue to meet after the Bonds are issued. These requirements generally involve the way that Bond proceeds must be invested and ultimately used. If the Issuer 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 Issuer has covenanted to do everything necessary to meet these requirements of the Code.

A bondholder 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
- a borrower of money to purchase or carry the Bonds, or
- an applicable corporation, as defined in Section 59(k) of the Code

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 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. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued 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 thereby. 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. The information set forth herein has been obtained by the County and other sources believed to be reliable. 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

_____, _____, _____, 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 \$ _____, which is par, less \$ _____, plus net original issue premium of \$ _____, less 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 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 November __, 2024 issued in connection with the sale of the County’s \$30,000,000* General Obligation Bonds, Series 2024A 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 ____ day of November, 2024.

/s/ _____
County Mayor

I, Teresa Jacobs, do hereby certify that I am the duly qualified and acting County Clerk of Sullivan County, Tennessee, and as such official, I do hereby certify that Richard 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/ _____
County Clerk

(SEAL)

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APPENDIX A

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

(Proposed 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 \$30,000,000* General Obligation Bonds, Series 2024A, dated the date hereof (the "Bonds"). We have examined the law and such certified proceedings and other papers as we deemed necessary to render this opinion.

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

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

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

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

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 is excludable from gross income for federal income tax purposes under Section 103 of the Internal Revenue Code of 1986, as amended (the "Code") and is not an item of tax preference for purposes of the federal alternative minimum tax imposed on individuals; however, such interest on the Bonds may be taken into account for the purpose of computing the alternative minimum tax imposed on certain corporations. The opinion set forth in the preceding sentence is subject to the condition that the Issuer comply with all requirements of the Code that must be satisfied subsequent to the issuance of the Bonds in order that interest thereon be, or continue to be, excludable from gross income for federal income tax purposes under Section 103 of the Code. Failure to comply with certain of such requirements could cause interest on the Bonds to be so includable in gross income for federal income tax purposes retroactively to the date of issuance of the Bonds. The Issuer has covenanted to comply with all such requirements.

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.

The rights of the owners of the Bonds and the enforceability of the Bonds and the Resolution may be subject to bankruptcy, insolvency, reorganization, moratorium and other similar laws affecting the rights and remedies of creditors, and by equity principles, whether considered at law or in equity.

We express no opinion herein as to the accuracy, adequacy or completeness of the Official Statement relating to the Bonds. Further, we express no opinion herein regarding tax consequences arising with respect to the Bonds other than as expressly set forth herein.

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,

APPENDIX B

Demographic and General Financial Information
Related to the County

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 2023 U.S Census estimates, the City of Kingsport has an estimated population of 56,704 and the City of Bristol has an estimated population of 27,854.

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 2023 estimated population of 524,885. 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 162,135 in 2023 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	156,756	6,355,518
2020 U.S. Census	158,246	6,926,091
2021 U.S. Census Estimate	159,212	6,963,709
2022 U.S. Census Estimate	160,862	7,048,976
2023 U.S. Census Estimate	162,135	7,126,489

Source: U.S. Bureau of Census

Income

In 2022, Sullivan County had a per capita personal income of \$51,090 that was 86.3% of the State per capita personal income of \$59,210.

	County	Tennessee	% of State
2013 Per Capita Personal Income	\$37,103	\$39,102	94.9%
2014 Per Capita Personal Income	\$37,547	\$40,230	93.3%
2015 Per Capita Personal Income	\$38,541	\$41,942	91.9%
2016 Per Capita Personal Income	\$39,356	\$42,943	91.6%
2017 Per Capita Personal Income	\$40,452	\$44,411	91.1%
2018 Per Capita Personal Income	\$42,313	\$46,452	91.1%
2019 Per Capita Personal Income	\$43,697	\$48,905	89.4%
2020 Per Capita Personal Income	\$46,648	\$51,959	89.8%
2021 Per Capita Personal Income	\$50,326	\$57,508	87.5%
2022 Per Capita Personal Income	\$51,090	\$59,210	86.3%

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

Housing

In 2023, Sullivan County had a median housing value of \$245,323 that was 72.2% of the State median housing value of \$339,900.

Median Housing Values

	Sullivan County	Tennessee	% of State
2014 Median Housing Value	132,000	166,000	79.5%
2015 Median Housing Value	132,000	175,000	75.4%
2016 Median Housing Value	134,000	185,000	72.4%
2017 Median Housing Value	132,500	196,800	67.3%
2018 Median Housing Value	144,175	210,000	68.7%
2019 Median Housing Value	153,500	226,000	67.9%
2020 Median Housing Value	163,000	244,900	66.6%
2021 Median Housing Value	180,500	283,410	63.7%
2022 Median Housing Value	212,000	325,000	65.2%
2023 Median Housing Value	245,323	339,900	72.2%

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

Economic Data

The following table shows the County's largest employers and their respective number of employees in the County, as well as the industry in which they operate.

<u>Employer</u>	<u>Employees</u>	<u>Industry</u>
Eastman Chemical Company	6,719	Specialty Chemicals
Holston Valley Medical Center	1,400	Healthcare Services
Sullivan County Board of Education	1,247	Education
Wellmont Health System	1,100	Healthcare Services
Kingsport City Schools	1,100	Education
Sullivan County Government	1,074	Government
Teleperformance USA	943	Call Center Services
Agero, Inc.	908	IT Services
Eastman Credit Union	805	Banking
Home Shopping Network	789	Fulfillment

Source: Tennessee Department of Economic and Community Development

Labor Force, Employment and Unemployment Data

<u>Year</u>	<u>Employment</u>	<u>Unemployment</u>	<u>Total Labor Force</u>	<u>Unemployment Percent</u>		
				<u>County</u>	<u>State</u>	<u>U.S.</u>
2014	65,323	4,691	70,014	6.7%	6.6%	6.2%
2015	65,346	3,950	69,296	5.7%	5.6%	5.3%
2016	66,185	3,630	69,815	5.2%	4.8%	4.9%
2017	67,254	2,802	70,056	4.0%	3.8%	4.4%
2018	67,801	2,605	70,406	3.7%	3.5%	3.9%
2019	68,299	2,624	70,923	3.7%	3.3%	3.7%
2020	64,270	4,986	69,256	7.2%	7.5%	8.1%
2021	65,642	3,021	68,663	4.4%	4.5%	5.4%
2022	66,379	2,408	68,787	3.5%	3.4%	3.6%
2023	66,588	2,415	69,003	3.5%	3.3%	3.6%
Aug-24	67,431	2,591	70,022	3.7%	3.1%	4.2%

Source: Bureau of Labor Statistics

Transportation

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

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

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

Health Care Services

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

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

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

Higher Education

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

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

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

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

Public Education

The public school system for areas in the County outside the cities of Bristol, Johnson City, and Kingsport is operated by the County's Department of Education, which is administered by a Director of Schools under the policy-making authority of the local Board of Education. The County's average daily membership for the 2022-2023 school year was 8,101. 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 80, Note G of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2023.

Accounting and Financial Reporting for Other Postemployment Benefits

See page 97, Note H of the Comprehensive Annual Financial Report of the County for the Fiscal Year Ended June 30, 2023.

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, 2022. 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, 2023, in APPENDIX C hereto.

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

Amount Issued	Issue	Date Issued	Maturity Date	Interest Rate	Principal Outstanding June 30, 2023
Self-supporting debt service paid by the Tri-Cities Regional Airport Authority⁽²⁾					
\$8,500,000	Aerospace Park Bonds, Series 2018 (Taxable)	03/19/18	05/01/38	3.00% - 4.00%	\$5,385,000
Total Self-Supporting Airport Revenue and Tax Bonds					\$5,385,000
Sullivan County Summary of Outstanding General Debt as of June 30, 2023					
Bonds					
24,870,000	GO Refunding Bonds, Series 2015A	03/30/15	04/01/26	1.99%	5,995,000
6,265,000	GO Refunding Bonds, Series 2015C	03/30/15	04/01/28	2.84%	2,910,000
135,740,000	GO School Bonds, Series 2017	03/30/17	05/01/47	3.00% - 5.00%	122,170,000
3,745,000	GO Bonds, Series 2019	12/05/19	06/01/39	2.25% - 5.00%	3,225,000
76,190,000	GO Bonds, Series 2020	10/28/20	05/01/41	2.00% - 5.00%	70,995,000
4,000,000	GO Bonds, Series 2021	12/22/21	05/01/41	1.85% - 2.65%	3,730,000
15,675,000	GO Bonds, Series 2024	01/10/24	05/01/43	4.00% - 5.00%	15,675,000
30,000,000	Proposed GO Bonds, Series 2025	TBD	02/01/45	TBD	30,000,000 ⁽³⁾
Total Bonds					\$254,700,000
Notes					
\$1,500,000	School Roof	10/12/15	10/16/23	2.65%	\$156,659
\$1,550,000	Sheriff Vehicles	01/24/23	01/24/27	3.10%	1,550,000
Total Notes					\$1,706,659
Loans					
\$15,480,000	Qualified School Construction Bonds, Series 2009	12/17/09	07/01/26	1.515%	\$3,083,927
5,073,000	Qualified School Construction Bonds, Series 2010	10/07/10	08/01/27	0.00%	1,327,191
5,054,635	Energy Efficient Schools Initiative	05/16/11	04/16/20	0.00%	1,090,861
Total Loans					\$5,501,979
Capital Leases					
494,574	Dump Trucks	11/30/17	11/01/23	4.26%	7,802
133,275	Sheriff Vehicles	12/23/20	04/17/24	3.79%	34,325
58,826	Circuit Computers	03/04/21	01/04/25	6.00%	23,470
690,579	Sheriff Vehicles	10/22/21	03/28/25	3.43%	350,062
Total Capital Leases					\$415,659
Total Sullivan County Outstanding General Debt					\$262,324,297

(1) As of 6/30/2023 and adjusted for GO Bonds, Series 2024 and Proposed GO Bonds, Series 2025.

(2) The County has a contingent liability relating to the funding of the regional airport as described in the Notes section of its Annual Financial Report June 30, 2023.

(3) Preliminary, Subject to change.

Sources: Annual Financial Reports as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2023, information from various cities, and County Officials.

**SULLIVAN COUNTY
GENERAL FINANCIAL INFORMATION
SUMMARY OF OUTSTANDING DEBT
Debt Statement as of June 30, 2023⁽¹⁾**

Outstanding Debt	
Total Current Outstanding Debt	<u>\$262,324,297</u>
Gross Direct Debt	
Less: Debt Service Fund Balance	<u>(4,375,726)</u>
Net Direct Debt	<u>\$257,948,571</u>
 Net Overlapping Debt as of June 30, 2023	
City of Bluff City	\$66,000
City of Bristol	36,435,000
City of Johnson City (that portion in Sullivan Co. 1.48%)	1,994,598
City of Kingsport (that portion in Sullivan Co. 95.47%)	99,552,684
County District of Sullivan County ⁽²⁾	0
Total Net Overlapping Debt	<u>\$138,048,282</u>
 Overall Net Debt	<u>\$395,996,853</u>

DEBT RECORD

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

(1) As of 6/30/2023 and adjusted for GO Bonds, Series 2024 and Proposed GO Bonds, Series 2025.

(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, 2023 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	156,756	6,355,518
2020 U.S. Census	158,246	6,926,091
2021 U.S. Census Estimate	159,212	6,963,709
2022 U.S. Census Estimate	160,862	7,048,976
2023 U.S. Census Estimate	162,135	7,126,489
Source: U.S. Bureau of Census		

PER CAPITA DEBT RATIOS

Outstanding Debt	\$1,617.94
Gross Direct Debt	\$1,617.94
Net Direct Debt	\$1,590.95
Total Net Overlapping Debt	\$851.44
Overall Net Debt	\$2,442.39

DEBT RATIOS

	<u>Assessed Value</u>	<u>Estimated Actual Value</u>
Property Values	\$ 4,393,826,841	\$ 22,396,895,878
Total Current Outstanding Debt to	5.97%	1.17%
Gross Direct Debt to	5.97%	1.17%
Net Direct Debt to	5.87%	1.15%
Total Net Overlapping Debt to	3.14%	0.62%
Overall Net Debt to	9.01%	1.77%

DEBT TREND ⁽¹⁾

	<u>06/30/23</u>	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>
Outstanding Obligations					
County-Wide Bonds	\$209,025,000	\$218,730,000	\$223,895,000	\$153,860,000	\$155,915,000
Notes	1,706,659	321,007	481,063	636,939	788,744
Loans	5,501,979	7,215,110	8,925,025	10,631,748	12,335,303
Capitalized Leases	415,659	725,419	734,585	1,140,688	1,847,250
Total Debt	<u>\$216,649,297</u>	<u>\$226,991,536</u>	<u>\$234,035,673</u>	<u>\$166,269,375</u>	<u>\$170,886,297</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, 2023.

Sources: Annual Financial Reports for the years ending June 30, 2019 - 2023 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, 2023)⁽¹⁾

Year No.	Year Ended June 30	Principal				Percent Principal Retired	Interest				Total Debt Service
		Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: GO Bonds, Series 2024	Plus: Proposed GO Bonds, Series 2025 ⁽²⁾	Total Principal		Outstanding Bonds, Notes, Loans, & Capital Leases	Plus: GO Bonds, Series 2024	Plus: Proposed GO Bonds, Series 2025 ⁽²⁾	Total Interest	
1	2024	12,708,322	945,000		13,653,322		7,974,520	225,608		8,200,127	21,853,449
2	2025	10,945,977	485,000		11,430,977		7,455,139	684,450		8,139,589	19,570,566
3	2026	10,500,695	510,000	1,050,000	12,060,695		7,018,317	660,200	1,062,393	8,740,909	20,801,604
4	2027	8,669,462	535,000	1,160,000	10,364,462		6,404,605	634,700	955,800	7,995,105	18,359,567
5	2028	8,139,841	565,000	1,190,000	9,894,841	21.88%	5,850,043	607,950	923,900	7,381,893	17,276,734
6	2029	7,830,000	590,000	1,220,000	9,640,000		5,475,204	579,700	891,175	6,946,079	16,586,079
7	2030	8,180,000	620,000	1,255,000	10,055,000		5,130,439	550,200	857,625	6,538,264	16,593,264
8	2031	8,495,000	650,000	1,290,000	10,435,000		4,813,881	519,200	823,113	6,156,194	16,591,194
9	2032	8,790,000	685,000	1,325,000	10,800,000		4,521,181	486,700	787,638	5,795,519	16,595,519
10	2033	9,050,000	720,000	1,365,000	11,135,000	41.73%	4,258,269	452,450	750,538	5,461,257	16,596,257
11	2034	9,320,000	755,000	1,405,000	11,480,000		3,986,643	416,450	710,953	5,114,046	16,594,046
12	2035	9,565,000	790,000	1,445,000	11,800,000		3,740,613	378,700	670,208	4,789,520	16,589,520
13	2036	9,820,000	830,000	1,485,000	12,135,000		3,487,781	339,200	627,580	4,454,561	16,589,561
14	2037	10,085,000	875,000	1,530,000	12,490,000		3,221,025	297,700	583,030	4,101,755	16,591,755
15	2038	10,400,000	915,000	1,580,000	12,895,000	64.91%	2,914,413	253,950	535,600	3,703,963	16,598,963
16	2039	10,715,000	960,000	1,630,000	13,305,000		2,596,663	208,200	485,040	3,289,903	16,594,903
17	2040	10,785,000	1,000,000	1,680,000	13,465,000		2,268,263	169,800	432,065	2,870,128	16,335,128
18	2041	11,125,000	1,040,000	1,740,000	13,905,000		1,934,963	129,800	375,785	2,440,548	16,345,548
19	2042	6,280,000	1,080,000	1,800,000	9,160,000		1,590,100	88,200	315,755	1,994,055	11,154,055
20	2043	6,530,000	1,125,000	1,870,000	9,525,000	87.54%	1,338,900	45,000	242,855	1,626,755	11,151,755
21	2044	6,770,000		1,950,000	8,720,000		1,102,188		166,185	1,268,373	9,988,373
22	2045	7,040,000		2,030,000	9,070,000		831,387		85,260	916,647	9,986,647
23	2046	7,320,000			7,320,000		549,788			549,788	7,869,788
24	2047	7,585,000			7,585,000	100.00%	284,437			284,437	7,869,437
		\$216,649,297	\$15,675,000	\$30,000,000	\$262,324,297		\$88,748,759	\$7,728,158	\$12,282,495	\$108,759,412	\$371,083,709

(1) As of 6/30/2023 and adjusted for GO Bonds, Series 2024 and Proposed GO Bonds, Series 2025.

Source: Annual Financial Report as prepared by the Comptroller of the Treasury, Division of County Audit for the year ending June 30, 2023 and County Officials.

TRI-CITIES REGIONAL AIRPORT DEBT SERVICE REQUIREMENTS
(as of June 30, 2023)

Year No.	Year Ended June 30	Outstanding Principal	Total Principal	Percent Principal Retired	Outstanding Interest	Total Interest	Total Debt Service
1	2024	275,000	275,000		188,181	188,181	463,181
2	2025	290,000	290,000		175,806	175,806	465,806
3	2026	305,000	305,000		162,756	162,756	467,756
4	2027	315,000	315,000		153,606	153,606	468,606
5	2028	325,000	325,000	28.04%	143,763	143,763	468,763
6	2029	330,000	330,000		133,200	133,200	463,200
7	2030	345,000	345,000		122,475	122,475	467,475
8	2031	360,000	360,000		111,263	111,263	471,263
9	2032	370,000	370,000		99,563	99,563	469,563
10	2033	380,000	380,000	61.19%	87,075	87,075	467,075
11	2034	390,000	390,000		74,250	74,250	464,250
12	2035	405,000	405,000		60,600	60,600	465,600
13	2036	415,000	415,000		46,425	46,425	461,425
14	2037	427,500	427,500		31,900	31,900	459,400
15	2038	452,500	452,500	100.00%	16,312	16,312	468,812
		<u>\$5,385,000</u>	<u>\$5,385,000</u>		<u>\$1,607,175</u>	<u>\$1,607,175</u>	<u>\$6,992,175</u>

Source: Tri-Cities Airport Annual Financial Report as prepared by Blackburn, Childers & Steagall, PLC for the year ending June 30, 2023 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	2023-2024	2022-2023	2021-2022	2020-2021	2019-2020
Tax Year	2023	2022	2021	2020	2019
ESTIMATED ACTUAL VALUES					
Residential & Farm	\$14,744,292,105	\$9,695,684,900	\$9,553,571,400	\$9,795,888,875	\$9,723,144,846
Commercial & Industrial	4,751,710,571	3,129,672,800	3,166,131,100	3,406,541,667	3,334,694,234
Personal Property	2,626,351,424	2,218,721,879	2,163,287,325	1,932,252,629	1,973,514,555
Public Utilities	274,541,778	368,944,776	355,985,725	298,514,784	273,320,820
Total Estimated Actual Values	\$22,396,895,878	\$15,413,024,355	\$15,238,975,550	\$15,433,197,955	\$15,304,674,455
Annual Percentage Change	45.31%	1.14%	-1.26%	0.84%	12.31%
Estimated Per Capita Amount	\$138,137	\$95,815	\$95,715	\$97,527	\$96,578
COUNTY-WIDE ASSESSED VALUES					
Residential & Farm (at 25%)	\$2,458,986,410	\$2,423,928,335	\$2,388,399,960	\$2,150,932,250	\$2,134,959,475
Commercial & Industrial (at 40%)	1,267,946,440	1,251,869,120	1,266,452,440	1,196,786,200	1,171,544,760
Personal Property (at 30%)	547,056,505	665,616,782	649,014,168	513,902,903	526,283,075
Public Utilities (at 30%-55%)	119,837,486	161,400,013	155,743,387	130,301,703	119,304,538
Total Assessed Values	\$4,393,826,841	\$4,502,814,250	\$4,459,609,955	\$3,991,923,056	\$3,952,091,848
Annual Percentage Change	-2.42%	0.97%	11.72%	1.01%	-1.15%
Estimated Per Capita Amount	\$27,100	\$27,992	\$28,011	\$25,226	\$24,939
Appraisal Ratio	66.71%	100.00%	100.00%	87.83%	87.83%
Assessed Values to Actual Values	19.62%	29.21%	29.26%	25.87%	25.82%
Property Tax Rate					
General Fund	\$0.9099	\$0.7288	\$0.7288	\$0.8100	\$0.8100
Capital Projects	\$0.0837	\$0.0837	\$0.0837	\$0.0930	\$0.0930
General Debt Service Fund	\$0.3369	\$0.3369	\$0.3369	\$0.2200	\$0.2200
General Purpose School Fund	\$0.9706	\$1.1716	\$1.1716	\$1.3530	\$1.3530
Highway/Public Works	\$0.0675	\$0.0675	\$0.0675	\$0.0750	\$0.0750
Solid Waste/Sanitation	\$0.0377	\$0.0177	\$0.0177	\$0.0190	\$0.0190
Total Property Tax Rates	\$2.4062	\$2.4062	\$2.4062	\$2.5700	\$2.5700
Taxes Levied	\$105,724,261	\$108,346,716	\$107,307,135	\$102,592,423	\$101,568,760
Collections					
Current Fiscal Year	In Process	\$103,277,088	\$101,099,703	\$97,436,023	\$95,977,880
Percent Collected Current FY	In Process	95.32%	94.22%	94.97%	94.50%

Sources: State Board of Equalization, 2019 - 2023 Tax Aggregate Reports of Tennessee, the Annual Financial Reports for the years ending June 30, 2019 - 2023 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 2023</u>	<u>% of Tax Year 2023</u>
		<u>Assessed Value</u>	<u>Total Assessment</u>
Eastman Chemical Company	Manufacturer	\$ 457,237,025	10.41%
Bristol Motor Speedway	Sports/Entertainment	41,413,054	0.94%
Kingsport Power	Public Utility	29,263,674	0.67%
Groseclose Thelma Q ETAL	Real Estate	26,205,720	0.60%
Air Products & Chemicals	Industry	25,525,011	0.58%
Eastman Credit Union	Banking	18,640,738	0.42%
Pinnacle	Retail Development	17,210,000	0.39%
East Tennessee Natural Gas LLC	Public Utility	12,558,993	0.29%
Rpai Kingsport East Stone LLC	Retail Development	11,176,520	0.25%
Primester	Pharmaceutical Company	11,083,898	0.25%

Source: Sullivan County Property Assessor.

FUND BALANCES

	<u>06/30/23</u>	<u>06/30/22</u>	<u>06/30/21</u>	<u>06/30/20</u>	<u>06/30/19</u>
GOVERNMENTAL FUNDS					
General Government Fund	\$22,953,623	\$22,612,988	\$19,165,355	\$14,577,204	\$14,218,870
Highway/Public Works Fund	7,251,604	8,158,509	8,178,741	7,685,425	7,740,974
General Debt Service Fund	7,743,787	4,375,726	3,445,739	4,703,856	4,604,938
Special Revenue Funds	3,394,555	3,756,220	3,522,124	3,027,923	3,444,407
Education Debt Service Fund	0	0	0	0	0
Capital Projects Funds	35,137,856	79,612,053	83,125,838	4,139,021	487,984
	<u>\$76,481,425</u>	<u>\$118,515,496</u>	<u>\$117,437,797</u>	<u>\$34,133,429</u>	<u>\$30,497,173</u>
DISCRETELY PRESENTED					
SCHOOL DEPARTMENT					
General Purpose School Funds	\$27,710,903	\$22,541,660	\$20,699,250	\$24,593,220	\$20,585,427
Special Revenue Funds	8,929,680	8,119,933	2,947,791	3,165,395	3,699,469
Capital Projects Funds	0	0	2,078,654	2,895,620	36,204,603
	<u>\$36,640,583</u>	<u>\$30,661,593</u>	<u>\$25,725,695</u>	<u>\$30,654,235</u>	<u>\$60,489,499</u>
TOTAL ALL FUNDS	<u>\$113,122,008</u>	<u>\$149,177,089</u>	<u>\$143,163,492</u>	<u>\$64,787,664</u>	<u>\$90,986,672</u>

Sources: Annual Financial Reports for the years ending June 30, 2019 - 2023 as prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

LOCAL SALES TAX

	<u>FY2022-2023</u>	<u>FY2021-2022</u>	<u>FY2020-2021</u>	<u>FY2019-2020</u>	<u>FY2018-2019</u>
Rate (Percent of retail sales)	2.25%	2.25%	2.25%	2.25%	2.25%
Distribution					
General Fund	\$4,049,159	\$3,310,790	\$2,592,594	\$1,755,376	\$1,381,224
General Purpose School	16,605,598	15,601,794	14,430,876	13,023,496	13,164,187
Highway/Public Works	2,500,000	2,500,000	2,500,000	2,500,000	2,500,000
Total Amount Collected	<u>\$23,154,757</u>	<u>\$21,412,584</u>	<u>\$19,523,470</u>	<u>\$17,278,872</u>	<u>\$17,045,411</u>
% of Increase	8.14%	9.68%	12.99%	1.37%	3.55%

Note - As of 6/30/2023, this chart does not include the sales tax collected on behalf of and remitted to Cities and City School Districts within the County.

Sources: Annual Financial Reports for the years ending June 30, 2019 - 2023 as prepared by the Comptroller of the Treasury, Department of the Audit, Division of County Audit and County Officials.

Bondholder Risks

The purchase of the Series 2025 Bonds involves various risks and investment considerations. Certain of these risks and investment considerations are set forth in this section for convenience and are not intended to be a comprehensive compilation of all possible risk factors nor a substitute for an independent evaluation of the information presented in this Official Statement, including the appendices attached hereto.

Each potential purchaser of any of the Series 2025 Bonds should read this Official Statement, including the appendices attached hereto, in its entirety and consult such prospective purchaser's own investment, financial and legal advisor for a more complete explanation of the matters that should be evaluated and considered when purchasing the Series 2025 Bonds.

Epidemics, Pandemics and Public Health Emergencies

The outbreak of epidemics, pandemics and other public health emergencies have the potential to materially disrupt the operations and financial condition of the County and the local economy. The spread of Covid-19, a respiratory disease caused by a novel strain of coronavirus, is an example of a recent public health emergency. The Covid-19 outbreak led to quarantines and social-distancing efforts that impacted government agencies, schools, businesses and other entities throughout the County and the State. Multiple vaccines and additional boosters for the virus were approved for distribution in the United States. The vaccines have had varying efficacy rates and studies suggest the efficacy rates may decline over time. While some studies suggest that the existing vaccines are effective against known variants of the virus, there is no assurance that future variants will not be resistant to current vaccines.

Given the evolving nature of the spread of the disease, and future diseases, and the behavior of governments, businesses, and individuals in response thereto, the Issuer is unable to predict the (1) extent or duration of the Covid-19 outbreak or other epidemics, pandemics or public health emergencies, (2) the extent or duration of any existing or future quarantines, business closures, travel restrictions or other measures relating to Covid-19 or other epidemics, pandemics or public health emergencies, and (3) whether and to what extent the Covid-19 outbreak or other epidemics, pandemics or public health emergencies will adversely affect the operations or financial condition of the Issuer.

Climate Change

Numerous scientific studies have suggested that changing global weather patterns and extreme weather events may potentially disrupt government operations and economic conditions in impacted areas. Changing weather patterns can potentially increase the risk of higher temperatures, changes in precipitation, increased flooding, droughts and fires. The County cannot accurately predict the timing, extent or severity of any climate change and its impact on the County's operations and finances.

Cyber-Security

The County utilizes various computer systems and network technology to perform many of its vital operations. Such operations often include the storage and transmission of sensitive information, and as a result, the County may be the target of cyberattacks attempting to gain access to such information. In addition to intentional attacks, information breaches may occur due to unintentional employee error. A successful cyberattack or unintentional breach may require the expenditure of an unknown amount of money or time to resolve, substantially interrupt municipal services and operations and subject the

County to legal action. The County has no knowledge of, nor historical record of any successful cyber-security breach or related attack. Attempted cyber-security attacks, whether anonymous or targeted, occur on a periodic frequency that is not uncommon to organizations or agencies of similar characteristics. To mitigate against such risks, the County has instituted various policies and procedures to protect its network infrastructure, including a cyber-security training requirement for certain departments, as well as general cyber-security training and awareness for all employees. Despite the County's measures to safeguard its network infrastructure, there are no guarantees that such measures will be successful.

Changes in Federal and State Tax Law

From time to time, there are Presidential proposals, proposals of various federal 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, where applicable, the full benefit of the tax exemption of interest on the Bonds. Further, such proposals may impact the marketability or market value of the Bonds simply by being proposed. It cannot be predicted whether or in what form any such proposal might be enacted or whether if enacted it would apply to bonds issued 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 thereby. 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.

APPENDIX C

Comprehensive Annual Financial Report of the County for the
Fiscal Year Ended June 30, 2023



ANNUAL FINANCIAL REPORT

Sullivan County, Tennessee

For the Year Ended June 30, 2023

Jason E. Mumpower
Comptroller of the Treasury



**DIVISION OF
LOCAL GOVERNMENT AUDIT**

ANNUAL FINANCIAL REPORT
SULLIVAN COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2023

COMPTROLLER OF THE TREASURY
JASON E. MUMPOWER

DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director

MARK TREECE, CPA, CGFM
Audit Manager

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

SULLIVAN COUNTY, TENNESSEE
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Summary of Audit Findings

Annual Financial Report
Sullivan County, Tennessee
For the Year Ended June 30, 2023

Scope

We have audited the basic financial statements of Sullivan County as of and for the year ended June 30, 2023.

Results

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

Our audit resulted in four 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:

SULLIVAN COUNTY

- ◆ The administrator of elections received additional compensation not approved by the county commission.

OFFICE OF FINANCE DIRECTOR

- ◆ Accounting records were not closed timely and maintained on a current basis.
- ◆ The accounting records for some funds had not been maintained properly.

OFFICE OF TRUSTEE

- ◆ The office did not review its software audit logs.
-



INTRODUCTORY SECTION

Sullivan County Officials
June 30, 2023

Officials

Richard Venable, County Mayor
Scott Murray, Highway Commissioner
Evelyn Rafalowski, Director of Schools
Angela Taylor, Trustee
Kristinia Davis, Purchasing Agent
Larry Bailey, Finance Director
Teresa Jacobs, County Clerk
Bobby Russell, Circuit, General Sessions, and Law Courts Clerk
Katharine Jennelle, Clerk and Master
Sheena Tinsley, Register of Deeds
Donna Whitaker, Assessor of Property
Jeff Cassidy, Sheriff

Board of County Commissioners

Richard Venable, County Mayor, Chairman
David Akard
Darelene Calton
Joe Carr
Michael Cole
Larry Crawford
Andrew Cross
Joyce Crosswhite
John Gardner
Hershel Glover
Cheryl Harvey
David Hayes

Daniel Horne
Mark Ireson
Sam Jones
Dwight King
Tony Leonard
Hunter Locke
Joe McMurray
Jessica Means
Archie Pierce
Matt Slagle
Gary Stidham
Zane Vanover
Travis Ward

Board of Education

Randall Jones, Chairman
Michael Hughes
Mark Ireson
Matthew Price

Paul Robinson
Mary Rouse
Matthew Spivey

Financial Management Committee

Hershel Glover, Chairman
Richard Venable
Scott Murray
Evelyn Rafalowski

Larry Bailey
Larry Crawford
Zane Vanover

Sullivan County Officials (Cont.)

Audit Committee

Dwight King, Chairman
John Gardner
Joe McMurray

FINANCIAL SECTION



JASON E. MUMPOWER
Comptroller

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Audit of the Financial Statements

Opinions

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, 2023, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

In our opinion, based on our audit and the report of other auditors, the accompanying 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, 2023, and the respective changes in financial position and, where applicable, cash flows thereof and the respective budgetary comparison for the General and Other General Government funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

We did not audit the financial statements of the Internal School Fund, a special revenue fund of the discretely presented Sullivan County School Department, which represent 1.36 percent, 1.85 percent, and 3.32 percent, respectively, of the assets, net position, and revenues of the discretely presented Sullivan County School Department. Those statements were audited by other auditors whose report has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Internal School Fund of the Sullivan County School Department, is based solely on the report of the other auditors.

Basis for Opinions

We conducted our audit in accordance with auditing standards generally accepted in the United States of America (GAAS) and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of Sullivan County, Tennessee, and to meet our other ethical responsibilities, in accordance with the

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

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about Sullivan County's ability to continue as a going concern for twelve months beyond the financial statement date, including any currently known information that may raise substantial doubt shortly thereafter.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinions. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS and *Government Auditing Standards* will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements.

In performing an audit in accordance with GAAS and *Government Auditing Standards*, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- obtain an understanding of internal control relevant to the audit 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 Sullivan County's internal control. Accordingly, no such opinion is expressed.
- evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.

- conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Sullivan County’s ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

Required Supplementary Information

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

Accounting principles generally accepted in the United States of America require that the schedule of changes in the county’s net pension liability (asset) and related ratios, schedules of county and school contributions, schedules of school’s proportionate share of the net pension liability (asset), and schedules of county and school changes in the total other postemployment benefits liability and related ratios, as listed under Required Supplementary Information in the table of contents, be presented to supplement the basic financial statements. Such information is the responsibility of management and, 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 Information

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Sullivan County’s basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Sullivan County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are 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 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.

Other Information

Management is responsible for the other information included in the annual report. The other information comprises the introductory section but does not include the basic financial statements and our auditor's report thereon. Our opinions on the basic financial statements do not cover the other information, and we do not express an opinion or any form of assurance thereon.

In connection with our audit of the basic financial statements, our responsibility is to read the other information and consider whether a material inconsistency exists between the other information and the basic financial statements, or the other information otherwise appears to be materially misstated. If, based on the work performed, we conclude that an uncorrected material misstatement of the other information exists, we are required to describe it in our report.

Other Reporting Requirements by Government Auditing Standards

In accordance with *Government Auditing Standards*, we have also issued our report dated February 6, 2024, on our consideration of Sullivan County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is solely to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the effectiveness of Sullivan County's internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Sullivan County's internal control over financial reporting and compliance.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 6, 2024

JEM/gc

BASIC FINANCIAL STATEMENTS

Exhibit A

Sullivan County, Tennessee
Statement of Net Position
June 30, 2023

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Sullivan County School Department</u>
<u>ASSETS</u>		
Cash	\$ 3,181,679	\$ 2,967,767
Equity in Pooled Cash and Investments	101,149,214	29,515,615
Inventories	35,553	124,339
Accounts Receivable	4,281,029	30,677
Allowance for Uncollectibles	(880,956)	0
Due from Other Governments	5,276,245	6,851,407
Due from Primary Government	0	85,766
Due from Component Units	214,063	0
Lease Receivable from Component Unit	296,396	0
Property Taxes Receivable	66,556,769	19,331,603
Allowance for Uncollectible Property Taxes	(1,750,052)	(597,427)
Prepaid Items	188,563	3,377
Restricted Assets:		
Amounts Accumulated for Pension Benefits	0	819,170
Net Pension Asset - Agent Plan	5,179,847	1,136,269
Net Pension Asset - Teacher Retirement Plan	0	181,533
Net Pension Asset - Teacher Legacy Pension Plan	0	11,697,705
Capital Assets:		
Assets Not Depreciated:		
Land	2,595,187	5,890,838
Construction in Progress	50,916,599	1,779,449
Assets Net of Accumulated Depreciation/Amortization:		
Buildings and Improvements	22,267,518	133,678,855
Infrastructure	7,545,031	0
Other Capital Assets	11,378,271	3,634,260
Intangible Right-to-Use Assets	0	296,396
Total Assets	<u>\$ 278,430,956</u>	<u>\$ 217,427,599</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	\$ 129,717	\$ 0
Pension Changes in Experience	3,627,533	2,729,903
Pension Changes in Assumptions	6,563,077	8,980,406
Pension Changes in Proportion	0	262,939
Pension Changes in Investment Earnings	204,202	302,039
Pension Contributions After Measurement Date	2,566,670	3,579,893
OPEB Changes in Experience	2,952,250	1,988,044
OPEB Changes in Assumptions	2,291,501	6,769,033
OPEB Changes in Proportion	0	583,161
OPEB Contributions after Measurement Date	567,378	1,974,021
Total Deferred Outflows of Resources	<u>\$ 18,902,328</u>	<u>\$ 27,169,439</u>

(Continued)

Exhibit A

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

	<u>Primary Government Governmental Activities</u>	<u>Component Unit Sullivan County School Department</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 1,085,307	\$ 139,752
Accrued Payroll	770,274	180,693
Accrued Interest Payable	1,281,673	0
Payroll Deductions Payable	464,964	626,375
Contracts Payable	214,637	202,350
Retainage Payable	2,430,767	38,097
Claims and Judgments Payable	762,028	20,000
Due to Primary Government	0	214,063
Due to Component Units	85,766	0
Due to State of Tennessee	25,723	30,652
Due to Other Governments	26,726,594	0
Other Current Liabilities	519,622	53,245
Noncurrent Liabilities:		
Due Within One Year - Lease Obligation to Primary Government	0	18,188
Due Within One Year - Debt	12,814,239	0
Due Within One Year - Other	1,608,632	498,202
Due in More Than One Year - Lease Obligation to Primary Government	0	278,208
Due in More Than One Year - Debt	216,420,821	0
Due in More Than One Year - Other	20,643,707	40,335,343
Total Liabilities	<u>\$ 285,854,754</u>	<u>\$ 42,635,168</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 63,707,819	\$ 18,291,290
Deferred Lease Receivable from Component Unit	296,396	0
Pension Changes in Experience	1,112,976	2,330,996
Pension Changes in Proportion	0	93,984
OPEB Changes in Experience	5,046,384	4,584,457
OPEB Changes in Assumptions	5,357,794	13,922,729
OPEB Changes in Proportion	0	3,731,417
Total Deferred Inflows of Resources	<u>\$ 75,521,369</u>	<u>\$ 42,954,873</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 43,082,575	\$ 144,983,402
Restricted for:		
General Government	1,634,907	0
Finance	293,093	0
Administration of Justice	439,087	0
Public Safety	494,958	0
Public Health and Welfare	1,148,374	0
Social, Cultural, and Recreational Services	14,348	0
Debt Service	6,733,981	0
Education	0	8,349,260
Capital Projects	1,768,834	0
Pensions	5,179,847	13,834,677
Unrestricted	<u>(124,832,843)</u>	<u>(8,160,342)</u>
Total Net Position	<u>\$ (64,042,839)</u>	<u>\$ 159,006,997</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, 2023

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	\$ 11,198,870	\$ 1,797,407	\$ 995,473	\$ 2,029,196	\$ (6,376,794)	\$ 0	
Finance	7,546,424	5,569,446	413,332	0	(1,563,646)	0	
Administration of Justice	6,609,801	2,542,353	407,312	0	(3,660,136)	0	
Public Safety	36,410,427	2,666,109	2,166,089	124,916	(31,453,313)	0	
Public Health and Welfare	24,534,220	10,980,269	6,492,475	598,941	(6,462,535)	0	
Social, Cultural, and Recreational Services	1,635,739	436,383	0	39,334	(1,160,022)	0	
Agriculture and Natural Resources	241,444	0	0	0	(241,444)	0	
Highways	12,435,623	29,727	3,833,044	351,918	(8,220,934)	0	
Education	447,904	165,413	0	0	(282,491)	0	
Debt Service:							
Interest	7,162,827	0	16,323	0	(7,146,504)	0	
Total Primary Government	\$ 108,223,279	\$ 24,187,107	\$ 14,324,048	\$ 3,144,305	\$ (66,567,819)	\$ 0	
Component Unit:							
Sullivan County School Department	\$ 96,847,781	\$ 1,025,591	\$ 21,124,109	\$ 2,037,053	\$ 0	\$ (72,661,028)	
Total Component Unit	\$ 96,847,781	\$ 1,025,591	\$ 21,124,109	\$ 2,037,053	\$ 0	\$ (72,661,028)	

(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					\$ 40,778,590	\$ 22,609,105
Property Taxes Levied for Debt Service					15,542,210	0
Local Option Sales Taxes					6,602,310	16,719,639
Litigation Tax - General					385,925	0
Litigation Tax - Office of Public Defender					137,161	0
Litigation Tax - Jail, Workhouse, or Courthouse					123,706	0
Litigation Tax - Courtroom Security					366,913	0
Business Tax					3,562,636	0
Mixed Drink Tax					17,541	0
Mineral Severance Tax					162,477	0
Wholesale Beer Tax					415,704	0
Grants and Contributions Not Restricted to Specific Programs					2,970,010	45,219,239
Unrestricted Investment Income					3,913,848	0
Lease Interest					7,221	0
Miscellaneous					147,940	172,681
Gain on Sale of Capital Assets					0	1,899,063
Total General Revenues					\$ 75,134,192	\$ 86,619,727
Change in Net Position					\$ 8,566,373	\$ 13,958,699
Net Position, July 1, 2022					(72,609,212)	145,048,298
Net Position, June 30, 2023					\$ (64,042,839)	\$ 159,006,997

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, 2023

	Major Funds				Nonmajor	Total
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>ASSETS</u>						
Cash	\$ 452,168	\$ 0	\$ 0	\$ 2,184,250	\$ 188,983	\$ 2,825,401
Equity in Pooled Cash and Investments	21,447,816	26,041,162	7,320,701	34,432,810	10,568,612	99,811,101
Inventories	35,553	0	0	0	0	35,553
Accounts Receivable	921,463	0	81,298	0	3,255,203	4,257,964
Allowance for Uncollectibles	0	0	0	0	(880,956)	(880,956)
Due from Other Governments	4,209,340	0	0	0	1,066,905	5,276,245
Due from Other Funds	417,793	0	95,857	0	21,795	535,445
Due from Component Units	126,709	0	43,806	0	14,571	185,086
Property Taxes Receivable	42,097,340	0	15,691,994	0	8,767,435	66,556,769
Allowance for Uncollectible Property Taxes	(1,073,514)	0	(441,987)	0	(234,551)	(1,750,052)
Prepaid Items	1,444	0	187,119	0	0	188,563
Leases Receivable - Long-term	296,396	0	0	0	0	296,396
Total Assets	\$ 68,932,508	\$ 26,041,162	\$ 22,978,788	\$ 36,617,060	\$ 22,767,997	\$ 177,337,515
<u>LIABILITIES</u>						
Accounts Payable	\$ 834,001	\$ 216,091	\$ 0	\$ 0	\$ 4,474	\$ 1,054,566
Accrued Payroll	565,142	0	0	0	205,132	770,274
Payroll Deductions Payable	339,963	0	0	0	125,001	464,964
Contracts Payable	132,484	75,525	0	6,628	0	214,637
Retainage Payable	15,648	24,513	0	2,390,606	0	2,430,767
Due to Other Funds	223,262	0	0	0	437,943	661,205
Due to Component Units	85,766	0	0	0	0	85,766
Due to State of Tennessee	25,723	0	0	0	0	25,723
Due to Other Governments	0	26,726,594	0	0	0	26,726,594

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Governmental Funds	
<u>LIABILITIES (Cont.)</u>						
Other Current Liabilities	\$ 506,625	\$ 0	\$ 12,997	\$ 0	\$ 0	\$ 519,622
Total Liabilities	\$ 2,728,614	\$ 27,042,723	\$ 12,997	\$ 2,397,234	\$ 772,550	\$ 32,954,118
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 40,375,133	\$ 0	\$ 14,950,137	\$ 0	\$ 8,382,549	\$ 63,707,819
Deferred Delinquent Property Taxes	588,116	0	271,867	0	136,296	996,279
Deferred Leases Receivable	296,396	0	0	0	0	296,396
Other Deferred/Unavailable Revenue	1,990,626	0	0	0	1,912,413	3,903,039
Total Deferred Inflows of Resources	\$ 43,250,271	\$ 0	\$ 15,222,004	\$ 0	\$ 10,431,258	\$ 68,903,533
<u>FUND BALANCES</u>						
Nonspendable:						
Inventory	\$ 35,553	\$ 0	\$ 0	\$ 0	\$ 0	\$ 35,553
Prepaid Items	1,444	0	187,119	0	0	188,563
Restricted:						
Restricted for General Government	1,612,883	0	0	0	0	1,612,883
Restricted for General Government - American Rescue Plan Act	22,024	0	0	0	0	22,024
Restricted for Finance	293,093	0	0	0	0	293,093
Restricted for Administration of Justice	439,087	0	0	0	0	439,087
Restricted for Public Safety	215,424	0	0	0	279,534	494,958
Restricted for Public Health and Welfare	1,148,374	0	0	0	0	1,148,374
Restricted for Social, Cultural, and Recreational Services	14,348	0	0	0	0	14,348
Restricted for Debt Service	0	0	7,556,668	0	0	7,556,668
Restricted for Capital Projects	0	0	0	34,219,826	918,030	35,137,856

(Continued)

Exhibit C-1

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

	Major Funds				Nonmajor	Total
	General	Other General Government Fund	General Debt Service	Other Capital Projects	Other Govern- mental Funds	
<u>FUND BALANCES (Cont.)</u>						
Committed:						
Committed for Finance	\$ 1,169,815	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,169,815
Committed for Public Health and Welfare	0	0	0	0	3,115,021	3,115,021
Committed for Other Operations	16,436	0	0	0	0	16,436
Committed for Highways/Public Works	0	0	0	0	7,251,604	7,251,604
Assigned:						
Assigned for General Government	4,794,570	0	0	0	0	4,794,570
Assigned for Finance	217,293	0	0	0	0	217,293
Assigned for Administration of Justice	80,923	0	0	0	0	80,923
Assigned for Public Safety	2,228,827	0	0	0	0	2,228,827
Assigned for Public Health and Welfare	1,306	0	0	0	0	1,306
Assigned for Social, Cultural, and Recreational Services	39,228	0	0	0	0	39,228
Unassigned	10,622,995	(1,001,561)	0	0	0	9,621,434
Total Fund Balances	\$ 22,953,623	\$ (1,001,561)	\$ 7,743,787	\$ 34,219,826	\$ 11,564,189	\$ 75,479,864
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 68,932,508	\$ 26,041,162	\$ 22,978,788	\$ 36,617,060	\$ 22,767,997	\$ 177,337,515

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, 2023

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)		\$ 75,479,864
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 2,595,187	
Add: construction in progress	50,916,599	
Add: buildings and improvements net of accumulated depreciation	22,267,518	
Add: infrastructure net of accumulated depreciation	7,545,031	
Add: other capital assets net of accumulated depreciation	<u>11,378,271</u>	94,702,606
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		4,899,318
(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.		1,079,424
(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	\$ (1,706,659)	
Less: other loans payable	(5,917,638)	
Less: bonds payable	(209,025,000)	
Less: nonexchange financial guarantee payable	(1,885,917)	
Add: deferred charge on refunding	129,717	
Less: compensated absences payable	(2,726,494)	
Less: OPEB liability	(19,525,845)	
Less: accrued interest on notes and bonds	(1,281,673)	
Less: unamortized premium on debt	<u>(10,699,846)</u>	(252,639,355)
(5) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.		
Add: deferred outflows of resources related to pensions	\$ 12,961,482	
Less: deferred inflows of resources related to pensions	(1,112,976)	
Add: deferred outflows of resources related to OPEB	5,811,129	
Less: deferred inflows of resources related to OPEB	<u>(10,404,178)</u>	7,255,457
(6) Net pension assets of the agent plan are not current financial resources and therefore are not reported in the governmental funds.		<u>5,179,847</u>
Net position of governmental activities (Exhibit A)		<u>\$ (64,042,839)</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, 2023

	Major Funds				Nonmajor Funds	Total Governmental Funds
	General	Other Government Fund	General Debt Service	Other Capital Projects	Other Governmental Funds	
<u>Revenues</u>						
Local Taxes	\$ 42,592,649	\$ 0	\$ 15,735,777	\$ 0	\$ 10,792,731	\$ 69,121,157
Licenses and Permits	502,415	0	0	0	250,000	752,415
Fines, Forfeitures, and Penalties	565,544	0	0	0	85,281	650,825
Charges for Current Services	2,336,530	0	0	0	9,423,229	11,759,759
Other Local Revenues	1,710,572	0	2,793,546	2	444,977	4,949,097
Fees Received From County Officials	8,003,327	0	0	0	0	8,003,327
State of Tennessee	6,727,264	0	0	1,000,000	4,591,898	12,319,162
Federal Government	4,477,967	2,651,936	0	0	30,185	7,160,088
Other Governments and Citizens Groups	1,536,337	0	611,327	0	144,859	2,292,523
Total Revenues	\$ 68,452,605	\$ 2,651,936	\$ 19,140,650	\$ 1,000,002	\$ 25,763,160	\$ 117,008,353
<u>Expenditures</u>						
Current:						
General Government	\$ 6,119,162	\$ 0	\$ 0	\$ 0	\$ 455	\$ 6,119,617
Finance	7,033,481	0	312,795	0	77,421	7,423,697
Administration of Justice	6,062,695	0	0	0	25,586	6,088,281
Public Safety	32,562,274	0	0	0	98,461	32,660,735
Public Health and Welfare	12,734,859	0	0	0	11,557,801	24,292,660
Social, Cultural, and Recreational Services	1,563,997	0	0	0	0	1,563,997
Agriculture and Natural Resources	238,932	0	0	0	0	238,932
Other Operations	848,104	3,512,082	0	0	0	4,360,186
Highways	0	0	0	0	10,913,286	10,913,286
Instruction	188,140	0	0	0	0	188,140
Debt Service:						
Principal on Debt	223,756	0	11,582,479	0	86,004	11,892,239
Interest on Debt	22,427	0	8,385,810	0	3,996	8,412,233

(Continued)

Exhibit C-3

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

	Major Funds			Nonmajor	Total	
	General	Other General Government Fund	General Debt Service	Other Capital Projects		Other Govern- mental Funds
<u>Expenditures (Cont.)</u>						
Debt Service (Cont.)						
Other Debt Service	\$ 0	\$ 0	\$ 186,813	\$ 0	\$ 0	\$ 186,813
Capital Projects	97,075	0	0	45,721,572	617,258	46,435,905
Capital Projects - Donated	68,264	0	0	0	0	68,264
Total Expenditures	\$ 67,763,166	\$ 3,512,082	\$ 20,467,897	\$ 45,721,572	\$ 23,380,268	\$ 160,844,985
<u>Excess (Deficiency) of Revenues</u>						
Over Expenditures	\$ 689,439	\$ (860,146)	\$ (1,327,247)	\$ (44,721,570)	\$ 2,382,892	\$ (43,836,632)
<u>Other Financing Sources (Uses)</u>						
Notes Issued	\$ 1,550,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,550,000
Transfers In	45,504	0	4,695,308	0	95,911	4,836,723
Transfers Out	(1,944,308)	(141,415)	0	0	(3,500,000)	(5,585,723)
Total Other Financing Sources (Uses)	\$ (348,804)	\$ (141,415)	\$ 4,695,308	\$ 0	\$ (3,404,089)	\$ 801,000
<u>Net Change in Fund Balances</u>						
Fund Balance, July 1, 2022	\$ 22,612,988	\$ (1,001,561)	\$ 3,368,061	\$ (44,721,570)	\$ (1,021,197)	\$ (43,035,632)
Fund Balance, June 30, 2023	\$ 22,953,623	\$ (1,001,561)	\$ 7,743,787	\$ 34,219,826	\$ 11,564,189	\$ 75,479,864

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, 2023

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)		\$ (43,035,632)
(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	\$ 44,619,003	
Less: current-year depreciation expense	<u>(4,170,598)</u>	40,448,405
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: net book value of assets disposed		(1,500)
(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, 2022	\$ (5,284,362)	
Add: deferred delinquent property taxes and other deferred June 30, 2023	<u>4,899,318</u>	(385,044)
(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: note proceeds	\$ (1,550,000)	
Add: change in unamortized premium on debt issuances	1,238,176	
Add: principal payments on bonds	9,705,000	
Add: principal payments on notes	164,348	
Add: principal payments on other loans	2,022,891	
Add: change in nonexchange financial guarantee	95,712	
Less: change in deferred charge on refunding debt	<u>(60,186)</u>	11,615,941
(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	\$ 71,416	
Change in compensated absences payable	(141,239)	
Change in OPEB liability	168,500	
Change in net pension asset - agent plan	(24,497,917)	
Change in deferred outflows related to pensions	819,980	
Change in deferred inflows related to pensions	23,773,959	
Change in deferred outflows related to OPEB	(1,148,299)	
Change in deferred inflows related to OPEB	<u>1,018,734</u>	65,134

(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.

\$ (140,931)

Change in net position of governmental activities (Exhibit B)

\$ 8,566,373

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, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 42,592,649	\$ 0	\$ 0	\$ 42,592,649	\$ 40,514,862	\$ 40,524,492	\$ 2,068,157
Licenses and Permits	502,415	0	0	502,415	579,279	579,279	(76,864)
Fines, Forfeitures, and Penalties	565,544	0	0	565,544	520,682	520,682	44,862
Charges for Current Services	2,336,530	0	0	2,336,530	2,009,275	2,009,275	327,255
Other Local Revenues	1,710,572	0	0	1,710,572	443,221	569,634	1,140,938
Fees Received From County Officials	8,003,327	0	0	8,003,327	8,342,411	8,342,411	(339,084)
State of Tennessee	6,727,264	0	0	6,727,264	6,227,702	10,209,141	(3,481,877)
Federal Government	4,477,967	0	0	4,477,967	12,778,993	14,948,041	(10,470,074)
Other Governments and Citizens Groups	1,536,337	0	0	1,536,337	966,838	1,350,165	186,172
Total Revenues	\$ 68,452,605	\$ 0	\$ 0	\$ 68,452,605	\$ 72,383,263	\$ 79,053,120	\$ (10,600,515)
<u>Expenditures</u>							
<u>General Government</u>							
County Commission	\$ 504,604	\$ (4,768)	\$ 8,010	\$ 507,846	\$ 437,866	\$ 522,866	\$ 15,020
County Mayor/Executive	247,161	0	2,086	249,247	266,867	266,867	17,620
County Attorney	247,155	(35)	24	247,144	266,711	266,711	19,567
Election Commission	736,032	(24,628)	19,472	730,876	831,919	831,919	101,043
Register of Deeds	492,621	(8,416)	6,165	490,370	598,361	598,361	107,991
Planning	527,505	(6,634)	1,980	522,851	544,723	669,378	146,527
County Buildings	1,973,945	(461,898)	379,919	1,891,966	3,297,589	3,467,849	1,575,883
Other Facilities	182,686	0	0	182,686	207,481	207,481	24,795
Preservation of Records	179,710	(20,024)	144	159,830	198,397	198,397	38,567
Risk Management	1,027,743	(2,000)	0	1,025,743	1,869,118	1,120,118	94,375
<u>Finance</u>							
Accounting and Budgeting	1,270,922	(2,145)	27,553	1,296,330	1,459,039	1,459,039	162,709
Purchasing	719,675	(12,365)	8,456	715,766	759,940	759,940	44,174
Property Assessor's Office	1,801,946	(40,425)	5,287	1,766,808	1,894,221	1,894,221	127,413
County Trustee's Office	646,826	(30,535)	6,760	623,051	698,234	710,234	87,183
County Clerk's Office	1,630,570	(1,598)	26,648	1,655,620	1,999,482	1,999,482	343,862
Data Processing	149,273	(76,669)	142,589	215,193	248,361	248,361	33,168

(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 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Finance (Cont.)</u>							
Other Finance	\$ 814,269	\$ 0	\$ 0	\$ 814,269	\$ 825,000	\$ 825,000	\$ 10,731
<u>Administration of Justice</u>							
Circuit Court Judge	10,392	0	0	10,392	13,350	13,350	2,958
Circuit Court Clerk	2,082,800	(9,530)	3,467	2,076,737	2,186,020	2,174,293	97,556
General Sessions Court	600,147	(305)	35,049	634,891	611,288	656,974	22,083
General Sessions Judge	643,949	0	444	644,393	669,353	669,353	24,960
Drug Court	122,896	(2,592)	48	120,352	129,284	137,000	16,648
Chancery Court	716,263	(3,857)	8,445	720,851	776,049	799,801	78,950
Juvenile Court	809,569	(108)	576	810,037	888,879	888,879	78,842
Juvenile Court Judge	3,000	0	0	3,000	3,000	3,000	0
District Attorney General	329,689	0	24	329,713	394,911	394,911	65,198
Office of Public Defender	105,478	0	0	105,478	162,655	162,655	57,177
Judicial Commissioners	84,883	0	0	84,883	87,675	87,675	2,792
Other Administration of Justice	74,058	(4,989)	0	69,069	104,000	89,000	19,931
Courtroom Security	400,824	0	0	400,824	452,962	452,962	52,138
Victim Assistance Programs	78,747	0	0	78,747	77,539	78,747	0
<u>Public Safety</u>							
Sheriff's Department	12,949,773	(168,830)	1,629,306	14,410,249	14,048,799	15,151,845	741,596
Administration of the Sexual Offender Registry	7,216	(164)	439	7,491	10,500	10,500	3,009
Jail	13,319,251	(135,412)	385,090	13,568,929	13,121,188	14,341,041	772,112
Workhouse	118,621	0	0	118,621	116,950	126,950	8,329
Juvenile Services	823,430	0	0	823,430	889,180	889,180	65,750
Fire Prevention and Control	2,281,153	(358,692)	0	1,922,461	2,075,290	2,075,290	152,829
Civil Defense	801,272	(4,119)	4,338	801,491	893,106	893,106	91,615
Rescue Squad	1,433,943	(167,778)	357,367	1,623,532	1,616,565	1,623,565	33
Disaster Relief	7,661	(609)	0	7,052	0	70,262	63,210
County Coroner/Medical Examiner	680,540	(48,982)	48	631,606	677,675	775,675	144,069
Other Public Safety	139,414	(67,016)	14,103	86,501	96,300	246,300	159,799

(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 7/1/2022	Add: Encumbrances 6/30/2023	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	\$ 7,932,766	\$ (216,889)	\$ 102,644	\$ 7,818,521	\$ 17,735,952	\$ 17,735,952	\$ 9,917,431
Rabies and Animal Control	664,243	(5,570)	1,306	659,979	654,722	729,722	69,743
Ambulance/Emergency Medical Services	322,849	(7,849)	0	315,000	371,370	437,001	122,001
Other Local Health Services	37,500	0	0	37,500	37,500	37,500	0
Regional Mental Health Center	114,000	0	0	114,000	114,000	114,000	0
Aid to Dependent Children	28,850	0	0	28,850	28,850	28,850	0
Other Local Welfare Services	24,600	0	0	24,600	20,000	25,000	400
Other Public Health and Welfare	3,610,051	0	0	3,610,051	84,000	3,610,051	0
<u>Social, Cultural, and Recreational Services</u>							
Libraries	1,019,019	(6,858)	1,552	1,013,713	1,034,898	1,175,299	161,586
Parks and Fair Boards	544,978	(3,171)	14,348	556,155	516,966	1,046,966	490,811
<u>Agriculture and Natural Resources</u>							
Agricultural Extension Service	178,438	0	0	178,438	214,950	214,950	36,512
Forest Service	1,000	0	0	1,000	1,000	1,000	0
Soil Conservation	59,494	0	0	59,494	109,550	109,550	50,056
<u>Other Operations</u>							
Tourism	12,500	0	0	12,500	12,500	12,500	0
Industrial Development	386,393	0	0	386,393	963,740	963,740	577,347
Other Economic and Community Development	19,987	0	0	19,987	169,987	169,987	150,000
Veterans' Services	95,539	0	174	95,713	143,053	143,053	47,340
Employee Benefits	201,576	0	0	201,576	384,000	384,000	182,424
Miscellaneous	132,109	0	0	132,109	97,870	192,995	60,886
<u>Instruction</u>							
Career and Technical Education Program	10,339	0	0	10,339	10,339	10,339	0
Other	177,801	0	0	177,801	196,000	196,000	18,199
<u>Principal on Debt</u>							
General Government	223,756	0	0	223,756	0	223,756	0
<u>Interest on Debt</u>							
General Government	22,427	0	0	22,427	0	33,591	11,164

(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 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Other Debt Service</u>							
General Government	\$ 0	\$ 0	\$ 0	\$ 0	21,560	21,560	\$ 21,560
<u>Capital Projects</u>							
Social, Cultural, and Recreation Projects	0	0	0	0	996,371	996,371	996,371
Public Utility Projects	97,075	0	0	97,075	0	97,075	0
<u>Capital Projects - Donated</u>							
Capital Projects Donated to Other Entities	68,264	0	0	68,264	0	68,264	0
Total Expenditures	\$ 67,763,166	\$ (1,905,460)	\$ 3,193,861	\$ 69,051,567	\$ 80,425,005	\$ 87,637,610	\$ 18,586,043
Excess (Deficiency) of Revenues Over Expenditures	\$ 689,439	\$ 1,905,460	\$ (3,193,861)	\$ (598,962)	\$ (8,041,742)	\$ (8,584,490)	\$ 7,985,528
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 1,550,000	\$ 0	\$ 0	\$ 1,550,000	\$ 0	\$ 1,550,000	\$ 0
Transfers In	45,504	0	0	45,504	379,325	45,504	0
Transfers Out	(1,944,308)	0	0	(1,944,308)	(945,939)	(1,944,308)	0
Total Other Financing Sources	\$ (348,804)	\$ 0	\$ 0	\$ (348,804)	\$ (566,614)	\$ (348,804)	\$ 0
Net Change in Fund Balance	\$ 340,635	\$ 1,905,460	\$ (3,193,861)	\$ (947,766)	\$ (8,608,356)	\$ (8,933,294)	\$ 7,985,528
Fund Balance, July 1, 2022	22,612,988	(1,905,460)	0	20,707,528	17,675,458	17,675,458	3,032,070
Fund Balance, June 30, 2023	\$ 22,953,623	\$ 0	\$ (3,193,861)	\$ 19,759,762	\$ 9,067,102	\$ 8,742,164	\$ 11,017,598

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
Other General Government Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Federal Government	\$ 2,651,936	\$ 0	\$ 0	\$ 2,651,936	\$ 0	\$ 1,722,664	\$ 929,272
Total Revenues	\$ 2,651,936	\$ 0	\$ 0	\$ 2,651,936	\$ 0	\$ 1,722,664	\$ 929,272
<u>Expenditures</u>							
<u>Other Operations</u>							
American Rescue Plan Act Grant #1	\$ 3,512,082	\$ (2,866,228)	\$ 5,186,820	\$ 5,832,674	\$ 16,266,358	\$ 16,266,358	\$ 10,433,684
American Rescue Plan Act Grant #2	0	0	12,108	12,108	0	180,694	168,586
Total Expenditures	\$ 3,512,082	\$ (2,866,228)	\$ 5,198,928	\$ 5,844,782	\$ 16,266,358	\$ 16,447,052	\$ 10,602,270
Excess (Deficiency) of Revenues Over Expenditures	\$ (860,146)	\$ 2,866,228	\$ (5,198,928)	\$ (3,192,846)	\$ (16,266,358)	\$ (14,724,388)	\$ 11,531,542
<u>Other Financing Sources (Uses)</u>							
Transfers Out	\$ (141,415)	\$ 0	\$ 0	\$ (141,415)	\$ 0	\$ (1,541,970)	\$ 1,400,555
Total Other Financing Sources	\$ (141,415)	\$ 0	\$ 0	\$ (141,415)	\$ 0	\$ (1,541,970)	\$ 1,400,555
Net Change in Fund Balance	\$ (1,001,561)	\$ 2,866,228	\$ (5,198,928)	\$ (3,334,261)	\$ (16,266,358)	\$ (16,266,358)	\$ 12,932,097
Fund Balance, July 1, 2022	0	(2,866,228)	0	(2,866,228)	16,266,358	16,266,358	(19,132,586)
Fund Balance, June 30, 2023	\$ (1,001,561)	\$ 0	\$ (5,198,928)	\$ (6,200,489)	\$ 0	\$ 0	\$ (6,200,489)

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, 2023

	<u>Governmental Activities Internal Service Funds</u>
<u>ASSETS</u>	
Current Assets:	
Cash	\$ 356,278
Equity in Pooled Cash and Investments	1,338,113
Accounts Receivable	23,065
Due from Other Funds	125,760
Due from Component Units	28,977
Total Assets	<u>\$ 1,872,193</u>
<u>LIABILITIES</u>	
Current Liabilities:	
Accounts Payable	\$ 30,741
Claims and Judgments Payable	762,028
Total Liabilities	<u>\$ 792,769</u>
<u>NET POSITION</u>	
Unrestricted	<u>\$ 1,079,424</u>
Total Net Position	<u>\$ 1,079,424</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, 2023

	Governmental Activities
	Internal Service Funds
<u>Operating Revenues</u>	
Self-Insurance Premiums	\$ 670,354
Cobra Insurance Payments	930
Total Operating Revenues	<u>\$ 671,284</u>
<u>Operating Expenses</u>	
Handling Charges and Administrative Costs	\$ 26,461
Dental Insurance	281,501
Audit Services	79,675
Liability Insurance	289,251
Bank Charges	848
Trustee Commission	8,205
Workers' Compensation Insurance	875,274
Total Operating Expenses	<u>\$ 1,561,215</u>
Operating Income (Loss)	<u>\$ (889,931)</u>
Income (Loss) before Transfers	\$ (889,931)
Transfers In	<u>749,000</u>
Change in Net Position	\$ (140,931)
Net Position, July 1, 2022	<u>1,220,355</u>
Net Position, June 30, 2023	<u><u>\$ 1,079,424</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, 2023

	<u>Governmental Activities Internal Service Funds</u>
<u>Cash Flows from Operating Activities</u>	
Receipts for Self-Insurance Premiums	\$ 875,305
Excess Risk Insurance Recovery	614,532
Payments to Insurers and Claims Payments	(1,821,566)
Payments for Administrative Costs	(115,189)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (446,918)</u>
<u>Cash Flows from Noncapital Financing Activities</u>	
Transfers In	\$ 1,125,000
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,125,000</u>
Increase (Decrease) in Cash	\$ 678,082
Cash, July 1, 2022	<u>1,016,309</u>
Cash, June 30, 2023	<u>\$ 1,694,391</u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>	
Operating Income (Loss)	\$ (889,931)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:	
Changes in Assets and Liabilities:	
(Increase) Decrease in Receivable for Excess Risk Insurance Recovery	(23,065)
(Increase) Decrease in Other Receivables (non-transfers)	204,021
Increase (Decrease) in Other Current Liabilities (non-transfers)	<u>262,057</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (446,918)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>	
Cash Per Net Position	\$ 356,278
Equity in Pooled Cash and Investments Per Net Position	<u>1,338,113</u>
Cash, June 30, 2023	<u>\$ 1,694,391</u>

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

Exhibit E-1

Sullivan County, Tennessee
Statement of Net Position
Fiduciary Funds
June 30, 2023

	<u>Custodial Funds</u>
<u>ASSETS</u>	
Cash	\$ 13,780,281
Equity in Pooled Cash and Investments	289,316
Accounts Receivable	553
Due from Other Governments	9,200,680
Property Taxes Receivable	26,188,356
Allowance for Uncollectible Property Taxes	<u>(809,329)</u>
Total Assets	<u>\$ 48,649,857</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ 82,626
Accrued Payroll	848
Payroll Deductions Payable	1,391
Due to Other Taxing Units	<u>9,767,888</u>
Total Liabilities	<u>\$ 9,852,753</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>	
Deferred Current Property Taxes	<u>\$ 24,779,053</u>
Total Deferred Inflows of Resources	<u>\$ 24,779,053</u>
<u>NET POSITION</u>	
Restricted for Individuals, Organizations and Other Governments	<u>\$ 14,018,051</u>
Total Net Position	<u><u>\$ 14,018,051</u></u>

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

Exhibit E-2

Sullivan County, Tennessee
Statement of Changes in Net Position
Fiduciary Funds
For the Year Ended June 30, 2023

	<u>Custodial Funds</u>
<u>ADDITIONS</u>	
Sales Tax Collections for Other Governments	\$ 32,967,564
ADA - Educational Funds Collected for Cities	52,990,005
Fines/Fees and Other Collections	29,097,754
Drug Task Force Collections	197,323
District Attorney General Collections	16,195
Total Additions	<u>\$ 115,268,841</u>
<u>DEDUCTIONS</u>	
Payment of Sales Tax Collections to Other Governments	\$ 32,967,564
Payments to City School Systems	52,990,005
Payments to State	20,208,605
Payments to Individuals and Others	8,802,824
Payment of Drug Task Force Expenses	261,486
Payment of District Attorney General Expenses	21,816
Total Deductions	<u>\$ 115,252,300</u>
Net Increase (Decrease) in Fiduciary Net Position	\$ 16,541
Net Position, July 1, 2022	<u>14,001,510</u>
Net Position, June 30, 2023	<u>\$ 14,018,051</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, 2023

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Sullivan County's financial statements are presented in accordance with generally accepted accounting principles (GAAP). The Governmental Accounting Standards Board (GASB) is responsible for establishing GAAP for state and local governments.

The following are the more significant accounting policies of Sullivan County:

A. Reporting Entity

Sullivan County is a public municipal corporation governed by an elected 24-member board. As required by GAAP, these financial statements present Sullivan County (the primary government) and its component units. The financial statements of the Sullivan County Emergency Communications District, a component unit requiring discrete presentation, were excluded from this report due to materiality calculations; therefore, the effect of its omission did not affect the independent auditor's opinion thereon. The component units discussed below are included in the county's reporting entity because of the significance of their operational or financial relationships with the county.

Discretely Presented Component Units – The following entities meet the criteria for discretely presented component units of the county. They are reported in separate columns in the government-wide financial statements to emphasize that they are legally separate from the county.

The Sullivan County School Department operates the public school system in the county, and the voters of Sullivan County elect its board. The school department is fiscally dependent on the county because it may not issue debt, and its budget and property tax levy are subject to the county commission's approval. The school department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Sullivan County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Sullivan County, and the Sullivan County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the county commission's approval. The financial statements of the Sullivan County Emergency Communications District were not material to the component units' opinion unit and therefore have been omitted from this report.

The Sullivan County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of

the school department are included in this report as listed in the table of contents. Complete financial statements of the Sullivan County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Sullivan County Emergency
Communications District
P.O. Box 485
Blountville, TN 37618

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of Sullivan County does not have any business-type activities to report. Likewise, the primary government is reported separately from certain legally separate component units for which the primary government is financially accountable. The Sullivan County School Department component unit only reports governmental activities in the government-wide financial statements.

The Statement of Activities demonstrates the degree to which the direct expenses of a given function are offset by program revenues. Direct expenses are those that are clearly identifiable with a specific function. Program revenues include (1) charges to customers or applicants who purchase, use, or directly benefit from goods, services, or privileges provided by a given function and (2) grants and contributions that are restricted to meeting the operational or capital requirements of a particular function. Taxes and other items not properly included among program revenues are reported instead as general revenues.

Sullivan County issues all debt for the discretely presented Sullivan County School Department. There were no debt issues contributed by the county to the school department during the year ended June 30, 2023. Other significant transactions between the primary government and the school department during the year include: \$611,327 paid from the General Purpose School Fund to the county's General Debt Service Fund as discussed in Note IV.G and \$491,800 paid from the General Purpose School Fund to the county General Fund for School Resource Officers.

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 funds financial statements. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

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

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

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

including lease obligations, are recognized as fund liabilities when due or when amounts have been accumulated in the General Debt Service Fund for payments to be made early in the following year.

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

Proprietary funds and fiduciary funds financial statements are reported using the economic resources measurement focus and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met. Fiduciary fund reporting focuses on net position and changes in net position. The fiduciary fund category includes custodial funds for the primary government and a private purpose trust fund of the discretely presented school department. Trust funds are distinguished from custodial funds by the existence of a trust agreement or equivalent arrangement.

Sullivan County reports the following major governmental funds:

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

Other General Government Fund – This special revenue fund accounts for and reports financial resources and expenditures relating to the American Rescue Plan Act.

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

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

Additionally, Sullivan County reports the following fund types:

Internal Service Funds – The Self-Insurance Fund accounts for the self-insured general liability, property, casualty, and workers’ compensation programs managed by the county for the primary government and the discretely presented school department. The

Employee Insurance – General Fund accounts for the self-insured retirees’ supplemental health and employee dental programs.

Custodial Funds – These funds account for amounts collected in a custodial capacity by the constitutional officers; local sales taxes received by the state to be forwarded to the various cities in Sullivan County; Bristol, Kingsport, and Johnson City school systems’ share of educational revenues; state grants and other restricted revenues held for the benefit of the Judicial District Drug Task Force; and restricted revenues held for the benefit of the Office of District Attorney General.

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

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

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

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

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

The school department reports a nonmajor special revenue fund (Internal School Fund) which is used to account for funds held at the individual schools for internal school use such as the purchase of supplies, school clubs, and student activities. Collections from students and school activities are the foundational revenues of this fund. The current year (FY 23) report was not available from the auditor of the Internal School Fund in time for inclusion in this report. Therefore, the prior year balances (FY 22) are presented in this report. We do not believe using the prior year balances will affect the independent auditor’s opinion on the Aggregate Discretely Presented Component Units. A more detailed reporting of the fund activities at each individual school may be found at <https://www.comptroller.tn.gov/office-functions/la/reports/find-other-audits.html>

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

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

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

1. Deposits and Investments

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

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

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Sullivan County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Fund. Sullivan County and the school department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost.

Investments in the State Treasurer's Investment Pool are reported at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. These policies were designed to comply with generally accepted accounting principles. In addition, state statutes require the state treasurer to

administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. Compliance with Funding Board policies is audited by the Tennessee Comptroller of the Treasury, Division of State Audit. The latest audit opinion issued by the Division of State Audit concluded that the State Treasurer's Investment Pool complied with accounting principles generally accepted in the United States of America.

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

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

2. Receivables and Payables

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

All property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.44 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.

Lease receivables and deferred inflows of resources are recognized in the governmental funds and government-wide financial statements. At the commencement of a lease, a lease receivable is initially measured at the present value of payments expected to be received during the lease term. Subsequently, the lease receivable and deferred inflow are reduced by the principal portion of lease payments received. Interest received from the lessee is recognized as revenue when received. Any accumulated interest on June 30 will result in accrued interest receivable in the governmental funds and government-wide financial statements.

Most payables are disaggregated on the face of the financial statements. The balance in the Due to Other Governments account on the Statement of Net Position for the primary government totaling \$26,726,594 represents \$26,636,248 of American Rescue Plan Act funds and \$90,346 of Local Assistance and Tribal Consistency Fund funds received in advance. The balance in the Other Current Liabilities account totaling \$519,622 on the Statement of Net Position for the primary government consists of a liability of \$12,997 for amounts held in escrow for the Tri-Cities Regional Airport, a joint venture discussed in Note V.E., and a liability of \$506,625 for undrafted deposits for health insurance premiums. The balance in the Other Current Liabilities account totaling \$53,245 on the Statement of Net Position for the discretely presented Sullivan County School Department consists of liability amounts held for student meal deposits. Claims and judgments payable are discussed in Note V.A. Risk Management.

Retainage payable in the primary government's General, Other General Government, and Other Capital Projects funds and the discretely presented school department's School Federal Projects Fund represents amounts withheld from payments made on construction contracts

pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the applicable funds.

3. Inventories and Prepaid Items

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

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

4. Restricted Assets

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

5. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), and intangible right-to-use assets (e.g., lease assets) 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 \$15,000 or more and an estimated useful life of more than two years. Capital assets are defined by the discretely presented

school department as assets with an initial, individual cost of \$15,000 or more and an estimated useful life of more than one year. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at acquisition value at the date of donation.

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

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

Property, plant, equipment, and infrastructure of the primary government and the discretely presented school department are depreciated using the straight-line method over the following estimated useful lives. Right-to-use assets are amortized over the shorter of the lease term or useful life.

<u>Assets</u>	<u>Years</u>
Building and Improvements	50
Other Capital Assets	5 - 20
Infrastructure	40
Right-to-Use Assets	16

6. Deferred Outflows/Inflows of Resources

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

In addition to liabilities, the Statement of Net Position will sometimes report a separate section for deferred inflows of resources. This separate financial statement element, deferred inflows of resources, represents an acquisition of net assets 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; deferred lease receivable from component unit; pension changes in experience and proportion; OPEB changes in experience, assumptions, and proportion; and various receivables for revenues, which do not meet the availability criteria for governmental funds. These amounts are deferred and recognized as an inflow of resources in the period that the amounts become available.

7. Compensated Absences

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

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

8. Long-term Debt, Lease Obligations and Long-term Obligations

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

In the fund financial statements, governmental funds recognize debt premiums and discounts, as well as debt issuance costs, during the current period. The face amount of debt issued is reported as other

financing sources. Premiums received on debt issuances are reported as other financing sources, while discounts on debt issuances are reported as other financing uses. Issuance costs, whether or not withheld from the actual debt proceeds received, are reported as debt service expenditures.

Lease obligations are recognized in the government-wide financial statements. At the commencement of a lease, a lease liability is initially measured at the present value of payments expected to be made during the lease term. Subsequently, the lease liability is reduced by the principal portion of lease payments made.

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

9. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes, or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors, grantors, contributors, or laws or regulations of other governments; or (2) law through constitutional provisions or enabling legislation.
- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

The government-wide Statement of Net Position reports \$17,707,429 of restricted net position for the primary government, of which \$2,862,045 is restricted by enabling legislation.

As of June 30, 2023, Sullivan County had \$130,874,098 in outstanding debt for capital purposes of the discretely presented Sullivan County

School Department. In accordance with state statutes, certain county school debt proceeds must be shared with other public school systems in the county (City of Bristol School System, City of Kingsport School System, and City of Johnson City School System) based on average daily attendance prorations. This debt is a liability of Sullivan County, but the capital assets acquired are reported in the financial statements of the school department, the City of Bristol School System, the City of Kingsport School System, and Johnson City School System. In addition, Sullivan County had outstanding debt totaling \$6,640,000 on June 30, 2023, for capital purposes of a joint venture, the Sullivan County Economic Development Partnership (NETWORKS). This debt is also a liability of Sullivan County, but the capital assets acquired are reported by the Sullivan County Economic Development Partnership. Sullivan County had a nonexchange financial guarantee liability totaling \$1,885,917 on June 30, 2023, for capital purposes of a joint venture, the Tri-Cities Regional Airport. This nonexchange financial guarantee is also reported as a liability of Sullivan County, but the capital assets acquired are reported by the Tri-Cities Regional Airport. Therefore, Sullivan County has incurred a liability significantly decreasing its unrestricted net position with no corresponding increase in the county's capital assets.

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

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

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

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

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

formal resolutions of the county commission, the county's highest level of decision-making authority and the Board of Education, the school department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes but are neither restricted nor committed (excluding stabilization arrangements). The county commission makes assignments for the general government and the Board of Education makes assignments for the school department. Assigned fund balance in the General Fund consists primarily of amounts assigned for encumbrances of \$2,808,488 and fund balance appropriated for use in the 2023-24 year budget totaling \$4,433,228. Assigned fund balance in the school department's General Purpose School Fund consists of amounts assigned for encumbrances of \$548,129 and fund balance appropriated for use in the 2023-24 year budget totaling \$259,035.

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. In the other governmental funds, funds expended that exceed the amounts that are restricted, committed, and assigned, are reported as negative unassigned fund balance.

E. Pension Plans

Primary Government

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

Discretely Presented Sullivan County School Department

For purposes of measuring the net pension liability, deferred outflows of resources and deferred inflows of resources related to pensions, and pension expense, information about the fiduciary net position of the Teacher

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

F. Other Postemployment Benefit (OPEB) Plans

Primary Government

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

Discretely Presented Sullivan County School Department

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

II. RECONCILIATION OF GOVERNMENT-WIDE AND FUND FINANCIAL STATEMENTS

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

Primary Government

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

Discretely Presented Sullivan County School Department

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

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

Primary Government

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

Discretely Presented Sullivan County School Department

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

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on a basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund and the school department's Internal School Fund (special revenue funds), which are not budgeted, and certain capital projects funds which adopt project length budgets. The discretely presented school department's School Improvement Fund, a nonmajor governmental fund, was also not budgeted during the year since no budgetary basis expenditures were incurred. 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/Executive, 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, 2023, Sullivan County and the discretely presented Sullivan County School Department reported the following significant encumbrances:

<u>Funds</u>	<u>Amount</u>
Primary Government:	
Major Funds:	
General	\$ 3,193,861
Other General Government	5,198,928
Nonmajor Governmental Funds	678,180
School Department:	
Major Funds:	
General Purpose School	548,129
School Federal Projects	15,670,657
Nonmajor Governmental Funds	3,952

B. Fund Deficit/Budgetary Basis Fund Deficits

The Other General Government Fund had a deficit in unassigned fund balance and a budgetary basis fund deficit of \$1,001,561 and \$6,200,489, respectively, at June 30, 2023. The unassigned fund balance deficit was due to grant expenditure reporting for the State and Local Recovery Funds Grant (FAL 21.027). Sullivan County reports expenditures of these grant funds quarterly. However, certain expenditures were incurred which were not included on the June 30, 2023 report, resulting in the deficit. The budgetary basis fund deficit was due to the recognition of encumbrances as budgetary basis expenditures. The deficit unassigned fund balance and future expenditures represented by the encumbrances are expected to be funded by grant funds when reported.

The School Federal Projects Fund of the Sullivan County School Department reported a budgetary basis fund deficit of \$14,482,350 as of June 30, 2023. This was due to the recognition of encumbrances totaling \$15,670,657 as budgetary basis expenditures. The future expenditures represented by the encumbrances will be funded by federal grants.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the county commission in the Food Service major appropriation category (the legal level of control) in the General Purpose School Fund by \$77,225. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance in the General Purpose School Fund.

D. Appropriations Exceeded Estimated Available Funding

The budget and subsequent amendments approved by the Tennessee Department of Education for the School Federal Projects resulted in appropriations exceeding estimated available funding by \$14,415.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

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

Deposits

Legal Provisions. All deposits with financial institutions must be secured by one of three methods. One method involves financial institutions that participate in the bank collateral pool administered by the state treasurer. Participating banks determine the aggregate balance of their public fund accounts for the State of Tennessee and its political subdivisions. The amount of collateral required to secure these public deposits must equal at least 90 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 fair value is equal to 105 percent of the uninsured amount of the deposits. The collateral must be placed by the depository bank in an escrow account in a second bank for the benefit of the county.

In addition, counties may invest in FDIC insured certificates of deposit. The deposit is first made in a bank or savings and loan association, selected by the government entity, with a branch in the state of Tennessee that is authorized to accept county deposits (the depository bank). The depository bank then arranges for the transfer of the moneys into one or more federally insured banks or savings and loan associations, wherever located (secondary depositories), for the account of the county. In turn, the depository bank

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool, the State Treasurer's Intermediate Term Investment Fund, and in repurchase agreements. The primary oversight responsibility for the investments and operations of the State Treasurer's Investment Pool rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the State Treasurer's Investment Pool are reported both by the pool and the county at amortized cost using a stable net asset value. The primary oversight responsibility for the investments and operations of the Intermediate Term Investment Fund rests with the Funding Board of the State of Tennessee (Funding Board). The Funding Board has established an investment policy that is administered by the state treasurer. Investments in the Intermediate Term Investment Fund are reported both by the pool and the county at amortized cost using a floating net asset value. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or

obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2023, Sullivan County had the following investments carried at amortized cost using a Stable Net Asset Value. Separate disclosures concerning pooled investments cannot be made for Sullivan County and the discretely presented Sullivan County School Department since both pool their deposits and investments through the county trustee.

Investment	Weighted Average Maturity	Amortized Cost
Investments at Amortized Cost:		
State Treasurer's Investment Pool	1 to 46 days	\$ 47,608,865

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, 2023, Sullivan County’s investment in the State Treasurer’s Investment Pool was unrated.

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

TCRS Stabilization Trust

Legal Provisions. The Sullivan County School Department is a member of the Tennessee Consolidated Retirement System (TCRS) Stabilization Reserve Trust. The school department has placed funds into the irrevocable trust as authorized by statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the trust. Funds of trust members are held and invested in the name of the trust for the benefit of each member. Each member’s funds are restricted for the payment of retirement benefits of that

member’s employees. Trust funds are not subject to the claims of general creditors of the school department.

The trust is authorized to make investments as directed by the TCRS Board of Trustees. The Sullivan County School Department may not impose any restrictions on investments placed by the trust on their behalf. It is the intent of the plan trustees to allocate these funds in the future to offset pension costs.

On June 30, 2023, the Sullivan County School Department had the following investments held by the trust on its behalf. These funds are recognized as restricted assets in the General Purpose School Fund of the school department.

Investment	Weighted Average Maturity (days)	Maturities	Fair Value
Investments at Fair Value:			
U.S. Equity	N/A	N/A	\$ 253,942
Developed Market International Equity	N/A	N/A	114,684
Emerging Market International Equity	N/A	N/A	32,767
U.S. Fixed Income	N/A	N/A	163,834
Real Estate	N/A	N/A	81,917
Short-term Securities	N/A	N/A	8,192
NAV - Private Equity and Strategic Lending	N/A	N/A	<u>163,834</u>
 Total			 <u><u>\$ 819,170</u></u>

For further information concerning the legal provisions, investment policies, investment types, and credit risks of the school department’s investments with the TCRS Stabilization Reserve Trust, audited financial statements of the Tennessee Consolidated Retirement System may be obtained at <https://comptroller.tn.gov/content/dam/cot/sa/advanced-search/disclaimer/2020/ag20045.pdf>.

B. Lease Receivable

On December 3, 1996, Sullivan County entered into a lease agreement with the Sullivan County School Department for the use of a county owned building through December 2036. The county will receive annual payments of \$25,000. Sullivan County recognized \$17,779 in lease revenue and \$7,221 in interest revenue during the current fiscal year related to this lease. The lease receivable was discounted using an annual interest rate of 2.2984 percent. As of June 30, 2023, the lease receivable balance was \$296,396.

The future receipts of the lease receivable include:

Year Ending June 30	Lease Receivable from Component Unit		
	Principal	Interest	Total
2024	\$ 18,188	\$ 6,812	\$ 25,000
2025	18,606	6,394	25,000
2026	19,033	5,967	25,000
2027	19,471	5,529	25,000
2028	19,918	5,082	25,000
2029-2033	106,672	18,328	125,000
2034-2037	94,508	5,492	100,000
Total	<u>\$ 296,396</u>	<u>\$ 53,604</u>	<u>\$ 350,000</u>

C. Capital Assets

Capital assets activity for the year ended June 30, 2023, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-22	Increases	Decreases	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 2,595,187	\$ 0	\$ 0	\$ 2,595,187
Construction in Progress	9,284,566	42,871,431	(1,239,398)	50,916,599
Total Capital Assets Not Depreciated	<u>\$ 11,879,753</u>	<u>\$ 42,871,431</u>	<u>\$ (1,239,398)</u>	<u>\$ 53,511,786</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 39,627,025	\$ 1,239,398	\$ 0	\$ 40,866,423
Infrastructure	21,158,820	0	0	21,158,820
Other Capital Assets	38,208,981	1,747,572	(274,596)	39,681,957
Total Capital Assets Depreciated	<u>\$ 98,994,826</u>	<u>\$ 2,986,970</u>	<u>\$ (274,596)</u>	<u>\$ 101,707,200</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 17,814,636	\$ 784,269	\$ 0	\$ 18,598,905
Infrastructure	13,090,114	523,675	0	13,613,789
Other Capital Assets	25,714,128	2,862,654	(273,096)	28,303,686
Total Accumulated Depreciation	<u>\$ 56,618,878</u>	<u>\$ 4,170,598</u>	<u>\$ (273,096)</u>	<u>\$ 60,516,380</u>
Total Capital Assets Depreciated, Net	<u>\$ 42,375,948</u>	<u>\$ (1,183,628)</u>	<u>\$ (1,500)</u>	<u>\$ 41,190,820</u>
Governmental Activities Capital Assets, Net	<u>\$ 54,255,701</u>	<u>\$ 41,687,803</u>	<u>\$ (1,240,898)</u>	<u>\$ 94,702,606</u>

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

Governmental Activities:

General Government	\$ 139,664
Administration of Justice	175,183
Public Safety	1,872,540
Public Health and Welfare	669,163
Social, Cultural, and Recreational	34,445
Highways	<u>1,279,603</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 4,170,598</u>

Net Investment in Capital Assets

Capital Assets (both tangible and intangible)	\$ 94,702,606
Less: Outstanding principal of debt issued for capital purposes	(79,135,199)
Add: Unspent proceeds of debt issued for capital purposes	33,436,565
Less: Unamortized balance of original issue premiums on outstanding debt issued for capital purposes	<u>(5,921,397)</u>
Net Investment in Capital Assets	<u>\$ 43,082,575</u>

Discretely Presented Sullivan County School Department

Governmental Activities:

	Balance 7-1-22	Increases	Decreases (1)	Balance 6-30-23
Capital Assets Not Depreciated:				
Land	\$ 5,923,758	\$ 0	\$ (32,920)	\$ 5,890,838
Construction in Progress	826,138	4,263,650	(3,310,339)	1,779,449
Total Capital Assets Not Depreciated	\$ 6,749,896	\$ 4,263,650	\$ (3,343,259)	\$ 7,670,287
Capital Assets Depreciated:				
Buildings and Improvements	\$ 193,804,230	\$ 3,310,698	\$ (1,449,261)	\$ 195,665,667
Other Capital Assets	9,788,887	1,896,406	(339,651)	11,345,642
Total Capital Assets Depreciated	\$ 203,593,117	\$ 5,207,104	\$ (1,788,912)	\$ 207,011,309
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 59,122,304	\$ 3,947,844	\$ (1,083,336)	\$ 61,986,812
Other Capital Assets	7,509,846	536,396	(334,860)	7,711,382
Total Accumulated Depreciation	\$ 66,632,150	\$ 4,484,240	\$ (1,418,196)	\$ 69,698,194
Total Capital Assets Depreciated, Net	\$ 136,960,967	\$ 722,864	\$ (370,716)	\$ 137,313,115
Intangible Right-to-Use Assets:				
Lease Buildings	\$ 339,175	\$ 0	\$ 0	\$ 339,175
Less: Accumulated Amortization	25,000	17,779	0	42,779
Net Intangible Right-to-Use Assets	\$ 314,175	\$ (17,779)	\$ 0	\$ 296,396
Governmental Activities Capital Assets, Net	\$ 144,025,038	\$ 4,968,735	\$ (3,713,975)	\$ 145,279,798

(1) Land, Buildings and Improvements, and Other Capital Assets include decreases of \$32,920, \$1,449,261, and \$103,322, respectively, and related Accumulated Depreciation for Buildings and Improvements and Other Capital Assets of \$1,083,336 and \$102,031, respectively, for the sale and disposal of the Colonial Heights Middle School.

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

Governmental Activities:

Instruction	\$ 3,936,959
Support Services	491,349
Operation of Non-instructional Services	<u>73,711</u>
Total Depreciation and Amortization Expense	
– Governmental Activities	<u><u>\$ 4,502,019</u></u>

Net Investment in Capital Assets

Capital Assets (both tangible and intangible)	\$ 145,279,798
Less: Outstanding principal of lease obligation issued for capital purposes	<u>(296,396)</u>
Net Investment in Capital Assets	<u><u>\$ 144,983,402</u></u>

D. Construction Commitments

Primary Government

At June 30, 2023, the General Fund had uncompleted construction contracts of approximately \$309,747 for architectural services related to purchasing office renovations and elevator upgrades for several county owned buildings. Funding has been provided for these future expenditures.

The Other General Government Fund had uncompleted contracts of approximately \$1,972,146 for two HVAC renovation projects, and \$79,128 for solid waste facilities renovations.

The Other Capital Projects Fund had uncompleted contracts of approximately \$46,243,212 for jail and EMS facility construction and renovation, and \$20,930 for industrial park improvements. Funding for these future expenditures is primarily being provided from bond proceeds and federal grants.

Discretely Presented Sullivan County School Department

At June 30, 2023, the General Purpose School Fund had uncompleted construction contracts of \$154,302 for various projects at West Ridge High School, and \$76,140 for renovation projects at East Middle School and East High School. Funding has been provided for these future expenditures.

The School Federal Projects Fund had uncompleted construction contracts of \$13,935,217 for HVAC at five schools, roofing projects at six schools, and other

various projects. Funding for these future expenditures is expected to be received from federal grants.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2023, was as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
Primary Government:		
General	Nonmajor governmental	\$ 417,793
General Debt Service	General	77,822
"	Nonmajor governmental	18,035
Internal Service	General	124,000
"	Nonmajor governmental	1,760
Nonmajor governmental	General	21,440
"	Nonmajor governmental	355
Discretely Presented School Department:		
General Purpose School	School Federal Projects	2,680,322
"	Nonmajor governmental	1,112,821
School Federal Projects	General Purpose School	167,278

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: School Department: General Purpose School	\$ 126,709
General Debt Service	"	43,806
Nonmajor governmental	"	14,571
Internal Service	"	28,977
Component Unit:		
School Department:	Primary Government:	
General Purpose School	General	63,000
School Federal Projects	"	22,766

Interfund Transfers:

Interfund transfers for the year ended June 30, 2023, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In			
	General Fund	General Debt Service Fund	Nonmajor Governmental Funds	Internal Service Fund
General Fund	\$ 0	\$ 1,195,308	\$ 0	\$ 749,000
Other General Government	45,504	0	95,911	0
Nonmajor Governmental Funds	0	3,500,000	0	0
Total	\$ 45,504	\$ 4,695,308	\$ 95,911	\$ 749,000

Transfers to the General Fund and Nonmajor Governmental Funds represent amounts contributed for expenditures related to the American Rescue Plan Act. Transfers to the General Debt Service Fund represent contributions towards debt service principal and interest requirements. Transfers to the Internal Service Fund represent amounts contributed for self-insured general liability, property, and workers compensation claims.

Discretely Presented Sullivan County School Department

Transfer Out	Transfer In	
	General Purpose School Fund	Purpose
School Federal Projects Fund	\$ 48,710	Indirect costs

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

F. Lease Obligations

Discretely Presented Sullivan County School Department

On December 3, 1996, the school department entered into a lease agreement with Sullivan County for the use of a county owned building for office space. The school department will make annual payments of \$25,000 under the

agreement. The school department recognized \$17,779 in lease principal and \$7,221 in lease interest expenditures during the current fiscal year related to this lease. As of June 30, 2023, the lease liability balance was \$296,396.

The present value of the lease was determined using a discount rate of 2.2984 percent, the same as the county's incremental borrowing rate. The lease asset and accumulated amortization of the right -to-use asset is outlined in Note IV.C.

The future lease payments on this asset lease include:

Year Ending June 30	Lease Payable to Primary Government		
	Principal	Interest	Total
2024	\$ 18,188	\$ 6,812	\$ 25,000
2025	18,606	6,394	25,000
2026	19,033	5,967	25,000
2027	19,471	5,529	25,000
2028	19,918	5,082	25,000
2029-2033	106,672	18,328	125,000
2034-2037	94,508	5,492	100,000
Total	<u>\$ 296,396</u>	<u>\$ 53,604</u>	<u>\$ 350,000</u>

Changes in Lease Obligations

Lease obligation activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	<u>Leases</u>
Balance, July 1, 2022	\$ 314,175
Reductions	<u>(17,779)</u>
Balance, June 30, 2023	<u>\$ 296,396</u>
Balance Due Within One Year	<u>\$ 18,188</u>

Analysis of Noncurrent Liabilities for Lease Obligations to Primary Government Presented on Exhibit A:

Total Noncurrent Liabilities - Lease Obligations to Primary Government, June 30, 2023	\$ 296,396
Less: Balance Due Within One Year - Lease Obligation to Primary Government	<u>(18,188)</u>
Noncurrent Liabilities - Due in More than One Year - Lease Obligation to Primary Government - Exhibit A	<u>\$ 278,208</u>

G. Long-term Debt

Primary Government

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

General Obligation Bonds - Sullivan County issues general obligation bonds to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented school department. In addition, general obligation bonds have been issued to refund other general obligation bonds. General obligation bonds are direct obligations and pledge the full faith, credit, and taxing authority of the government. General obligation bonds outstanding were issued for original terms of up to 30 years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds included in long-term debt as of June 30, 2023, will be retired from the General Debt Service Fund.

Direct Borrowing and Direct Placements - Sullivan County issues other loans and capital outlay notes to provide funds for the acquisition and construction of major capital facilities and other capital outlay purchases, such as equipment, for the primary government and the discretely presented school department. Capital outlay notes, and other loans are direct obligations and pledge the full faith, credit, and taxing authority of the government. Capital outlay notes, and other loans outstanding were issued for original terms of up to eight years for notes and up to 17 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes and other loans included in long-term debt as of June 30, 2023, will be retired from the General Fund, Highway/Public Works Fund, and General Debt Service Fund.

Nonexchange Financial Guarantee – Sullivan County has recorded a liability for a proportionate share of outstanding Aerospace Park Bonds issued by the Tri-Cities Airport Authority. The authority is a joint venture discussed in Note V.E. It is considered more likely than not that net revenues will not be

generated by the aerospace park project in the foreseeable future. Consequently, it is expected that members of the joint venture will be required to pay this debt of the airport authority based on guaranty agreements entered into by the members. The total amount of bonds issued was \$8,500,000 and Sullivan County's proportionate share of the guarantee is 26.95 percent, or \$2,290,750 of the original principal, plus interest. The bonds mature serially each May 1, ending in 2038. Interest rates vary from 3 percent to 4.5 percent with payments due semi-annually.

General obligation bonds, capital outlay notes, other loans, and nonexchange financial guarantee outstanding as of June 30, 2023, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-23
General Obligation Bonds	1.85 to 5 %	5-1-47	\$ 219,675,000	\$ 200,120,000
General Obligation Bonds - Refunding	2 to 5	4-1-28	31,135,000	8,905,000
Direct Borrowing and Direct Placement:				
Capital Outlay Notes	2.65 to 3.1	1-24-27	3,050,000	1,706,659
Other Loans	0 to 6.5	8-1-27	26,984,889	5,917,638
Nonexchange Financial Guarantee	3 to 4.5	5-1-38	2,290,750	1,885,917

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

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

In previous years, the county issued refunding bonds totaling \$6,265,000 and general obligation Public Improvement bonds totaling \$4,000,000 for the benefit of the Sullivan County Economic Development Partnership

(NETWORKS), a joint venture. The bonds are general obligation debt of the county. The interlocal agreement, which established the partnership, requires NETWORKS to pay the county an amount equal to the annual principal and interest requirements on the debt issues. In the event revenues of NETWORKS are not sufficient to meet those requirements, the other participating governments in NETWORKS have agreed to pay 49 percent of any such deficiency. During the year, the county paid \$901,726 in principal and interest on this debt. The other participating government reimbursed the county \$441,846. The county absorbed the remaining \$459,880 of the debt payments. The amount of the refunding and general obligation bonds outstanding at June 30, 2023, was \$2,910,000 and \$3,730,000, respectively.

The annual requirements to amortize all general obligation bonds, notes, and other loans outstanding as of June 30, 2023, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 10,235,000	\$ 7,421,956	\$ 17,656,956
2025	8,660,000	6,927,831	15,587,831
2026	8,510,000	6,512,271	15,022,271
2027	7,825,000	6,126,371	13,951,371
2028	8,110,000	5,825,821	13,935,821
2029-2033	42,345,000	24,198,974	66,543,974
2034-2038	49,190,000	17,350,475	66,540,475
2039-2043	45,435,000	9,728,888	55,163,888
2044-2047	28,715,000	2,767,801	31,482,801
Total	<u>\$ 209,025,000</u>	<u>\$ 86,860,388</u>	<u>\$ 295,885,388</u>

Year Ending June 30	Notes - Direct Placement		
	Principal	Interest	Total
2024	\$ 526,387	\$ 50,793	\$ 577,180
2025	381,247	37,198	418,445
2026	393,331	25,114	418,445
2027	405,694	12,751	418,445
Total	<u>\$ 1,706,659</u>	<u>\$ 125,856</u>	<u>\$ 1,832,515</u>

Year Ending June 30	Other Loans - Direct Placement			
	Principal	Interest	Other Fees	Total
2024	\$ 1,946,935	\$ 501,770	\$ 19,538	\$ 2,468,243
2025	1,904,730	490,110	19,539	2,414,379
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	\$ 5,917,638	\$ 1,762,515	\$ 67,557	\$ 7,747,710

The nonexchange financial guarantee will be retired from the General Debt Service Fund. The amount of the liability reported at June 30, 2023 is management's best estimate of the discounted present value of the future outflows expected to be incurred as a result of the guarantee. The following tables reflect the annual requirements on the outstanding bonds and reconciles those amounts with the liability reflected for nonexchange financial guarantees.

Principal and Interest Requirements on Outstanding Aerospace Park Bond

Year Ending June 30	Principal	Interest	Total
2024	\$ 95,000	\$ 65,500	\$ 160,500
2025	100,000	61,225	161,225
2026	105,000	56,725	161,725
2027	110,000	53,575	163,575
2028	115,000	50,138	165,138
2029-2033	625,000	192,838	817,838
2034-2038	725,000	79,593	804,593
Total	\$ 1,875,000	\$ 559,594	\$ 2,434,594

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance of Outstanding Aerospace Park Bonds, 6-30-23	\$ 1,875,000
Add: Interest Accrued on Bonds	<u>10,917</u>
Nonexchange Financial Guarantee Balance, 6-30-23	<u>\$ 1,885,917</u>

There is \$7,743,787 available in the General Debt Service Fund to service long-term debt. Bonded debt per capita totaled \$1,322 based on the 2020 census. Total debt per capita, including bonds, notes, other loans, nonexchange financial guarantee, and unamortized premium on bonds, totaled \$1,449 based on the 2020 federal census.

During the year, the school department contributed \$611,327 to the General Debt Service Fund to be applied toward the retirement of school related debt.

Changes in Long-term Debt

Long-term debt activity for the year ended June 30, 2023, was as follows:

Governmental Activities:

	Bonds	Notes - Direct Placement	Other Loans - Direct Placement
Balance, July 1, 2022	\$ 218,730,000	\$ 321,007	\$ 7,940,529
Additions	0	1,550,000	0
Reductions	(9,705,000)	(164,348)	(2,022,891)
Balance, June 30, 2023	<u>\$ 209,025,000</u>	<u>\$ 1,706,659</u>	<u>\$ 5,917,638</u>
Balance Due Within One Year	<u>\$ 10,235,000</u>	<u>\$ 526,387</u>	<u>\$ 1,946,935</u>

	Nonexchange Financial Guarantee
Balance, July 1, 2022	\$ 1,981,629
Additions	69,063
Reductions	(164,775)
Balance, June 30, 2023	<u>\$ 1,885,917</u>
Balance Due Within One Year	<u>\$ 105,917</u>

Analysis of Noncurrent Liabilities for Debt Presented on Exhibit A:

Total Noncurrent Liabilities - Debt, June 30, 2023	\$ 218,535,214
Less: Balance Due Within One Year - Debt	(12,814,239)
Add: Unamortized Premium on Debt	<u>10,699,846</u>
Noncurrent Liabilities - Due in More Than One Year - Debt - Exhibit A	<u>\$ 216,420,821</u>

H. Long-term Obligations

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2023, was as follows:

Governmental Activities:	<u>Compensated Absences</u>	<u>Other Post- Employment Benefits</u>
Balance, July 1, 2022	\$ 2,585,255	\$ 19,694,345
Additions	2,724,347	1,838,785
Reductions	<u>(2,583,108)</u>	<u>(2,007,285)</u>
Balance, June 30, 2023	<u>\$ 2,726,494</u>	<u>\$ 19,525,845</u>
Balance Due Within One Year	<u>\$ 1,608,632</u>	<u>\$ 0</u>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 22,252,339
Less: Balance Due Within One Year - Other	<u>(1,608,632)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 20,643,707</u>

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

Discretely Presented Sullivan County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Sullivan County School Department for the year ended June 30, 2023, was as follows:

Governmental Activities:

	<u>Compensated Absences</u>	<u>Other Post- Employment Benefits</u>
Balance, July 1, 2022	\$ 2,379,788	\$ 46,077,073
Additions	733,837	2,786,997
Reductions	(849,069)	(10,295,081)
	<hr/>	<hr/>
Balance June 30, 2023	\$ 2,264,556	\$ 38,568,989
	<hr/>	<hr/>
Balance Due Within One Year	\$ 498,202	\$ 0
	<hr/>	<hr/>

Analysis of Other Noncurrent Liabilities Presented on Exhibit A:

Total Other Noncurrent Liabilities, June 30, 2023	\$ 40,833,545
Less: Balance Due Within One Year - Other	<u>(498,202)</u>
Other Noncurrent Liabilities - Due in More Than One Year - Other - Exhibit A	<u>\$ 40,335,343</u>

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

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Sullivan County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both plans are administered by the State of Tennessee and are reported in the state's Annual Comprehensive Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2023, were \$526,479 and \$113,173, respectively. The school department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

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

The Sullivan County School Department accounts for an endowment in a private purpose trust fund. Interest earned by the fund for a calendar year or five percent of the value of the fund on December 31, whichever is greater, may be expended for scholarships awarded to students of the former Sullivan North High School zone. During the year ended June 30, 2023, expenditures totaled \$2,200. At June 30, 2023, net position of the endowment fund was \$97,495.

V. OTHER INFORMATION

A. Risk Management

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

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

Sullivan County established a self-insurance fund for risks associated with general liability, property, casualty losses, and workers' compensation. Both the primary government and the discretely presented Sullivan County School Department participate in this self-insurance fund for the risks listed above. The Self-Insurance Fund is accounted for as an internal service fund in which assets are set aside for claim settlements. Insurance claims are reimbursed from the Highway/Public Works and General Purpose School funds for claims associated with those departments. The county's General Fund absorbs the costs of claims associated with other departments. The county retains the risk of loss to limits of \$50,000 to \$100,000 per individual claim for general liability, property, and casualty losses. The county is self-insured to a limit of \$400,000 for a single accident for workers' compensation. Amounts exceeding these limits are covered by excess loss policies, subject to various policy limits. A fee

is paid from this fund to a third-party agent who investigates claims and determines recommended action to be taken.

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

Liabilities of the self-insurance funds are reported when it is probable that a loss has occurred, and the amount of the loss can be reasonably estimated. These funds establish claims liabilities based on estimates of the ultimate cost of claims that have been reported but not settled, and of claims that have been incurred but not reported. Claims liabilities include specific, incremental claim adjustment expenditures/expenses, if any. In addition, estimated recoveries, if any, on settled claims have been deducted from the liability of unpaid claims. The process used to compute claims liabilities does not necessarily result in an exact amount. Changes in the balance of claims liabilities during the past two fiscal years are as follows:

Self-Insurance Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2021-2022	\$ 190,672	\$ 1,076,226	\$ (778,635)	\$ 488,263
2022-2023	488,263	1,164,525	(890,760)	762,028

Current year claims and estimates are presented net of excess risk insurance recovery of \$637,597.

Employee Insurance - General Fund

	Beginning of Fiscal Year Liability	Current-year Claims and Estimates	Payments	Balance at Fiscal Year-end
2021-2022	\$ 0	\$ 264,735	\$ (264,735)	\$ 0
2022-2023	0	294,885	(294,885)	0

The discretely presented Sullivan County School Department settled a lawsuit between the school department and the parent of a student attending Sullivan County Schools on September 21, 2020. Under the settlement order, the school department is required to pay monetary relief totaling \$113,750 in three installments, attorneys' fees and expenses of \$61,250, and compensatory educational relief beginning with the 2020-2021 fiscal year until the 2022-2023 fiscal year totaling up to \$50,000. During the 2022-23 fiscal year, the school department paid the third installment for monetary relief (\$37,917) in

accordance with settlement order. Claims and judgements payable totaling \$20,000 have been recognized in the General Purpose School Fund for the school department's remaining liability potential under this settlement order.

B. Accounting Changes

GASB Statement No. 91, *Conduit Debt Obligations*, became effective for fiscal year ending June 30, 2023. This statement clarifies what is considered conduit debt and the requirements of when to disclose liabilities and commitments concerning conduit debt.

GASB Statement No. 94, *Public-Private and Public-Public Partnerships and Availability Payment Arrangements*, became effective for fiscal year ending June 30, 2023. This statement will improve financial reporting by establishing the definitions of PPPs and APAs and providing uniform guidance on accounting and financial reporting for transactions that meet those definitions. The required disclosures will allow users to understand the scale and important aspects of a government's PPPs and evaluate a government's future obligations and assets resulting from PPPs.

GASB Statement No. 96, *Subscription-Based Information Technology Arrangements (SBITA)*, became effective for fiscal year ending June 30, 2023. This standard establishes a definition for SBITAs and provides uniform guidance for accounting and financial reporting for transactions that meet that definition. This statement also establishes criteria for the recognition of implementation costs and requires a government to report a subscription asset and subscription liability for a SBITA and to disclose essential information about the arrangement.

GASB Statement No. 99, *Omnibus 2022*, became effective during the fiscal year. This statement enhances comparability in accounting and financial reporting and improves the consistency of authoritative literature by addressing practice issues that have been identified during implementation and application of certain GASB Statements. This statement addresses a variety of topics including Financial Guarantees; Derivative Instruments; Leases, PPPs, and SBITAs; LIBOR rate replacement; and other technical updates and corrections.

C. Contingent Liabilities

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

On March 29, 2018, Tri-Cities Regional Airport issued bonds in the amount of \$8,500,000. Sullivan County is contingently liable for 26.95 percent of the

principal and interest on these bonds in the event pledged revenues of the Airport Authority are not sufficient to cover the payments. Sullivan County has recorded a liability for its share of these Aerospace Park bonds as discussed in Note IV.G.

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

D. Changes in Administration

On August 31, 2022, Susan Ramsey left the Office of Trustee and was succeeded by Angela Taylor, and Katherine Preister left the Office of Clerk and Master and was succeeded by Katharine Jennelle.

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, 2023, 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 31.0 percent. The counties also pay a daily fee for individuals from their counties using the facility. Complete financial statements for the Juvenile Detention Center can be obtained from its administrative office at the following address:

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

Discretely Presented School Department

The discretely presented school department participates in the Northeast Tennessee Cooperative (NETCO). The cooperative was established through a contractual agreement between the Boards of Education of Sullivan County and various other counties and cities in the upper East Tennessee area. The cooperative was authorized through Chapter 49 of *Tennessee Code Annotated*,

and was established to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. The cooperative has contracted with a coordinating district (Johnson City School System) and a service provider to provide this service. NETCO is governed by a representative committee, including one representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee. Complete financial statements for NETCO can be obtained from its administrative office at the following address:

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

F. Jointly Governed Organizations

Primary Government

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

Sullivan County is a participant in the joint governance of the Northeast Tennessee/Virginia Home Consortium, which administers funds received under the HOME Investment Partnership Act. An interlocal agreement established the consortium between the cities of Bluff City, Bristol, Johnson City and Kingsport, Tennessee; Bristol, Virginia; as well as the counties of Sullivan and Washington, Tennessee. The mayors all represent their respective district. The Bristol, Tennessee mayor serves as Chair of the Governing Board.

In prior years, Sullivan County participated in the joint governance of the Alliance for Business and Training (AB&T) which administered funds received under the Workforce Innovation and Opportunity Act for the Northeast Tennessee Local Workforce Development Area. AB&T's contracts with the

Tennessee Department of Labor for the administration of the funds terminated at June 30, 2022, and AB&T was dissolved in January 2023.

G. Retirement Commitments

1. Tennessee Consolidated Retirement System (TCRS)

Primary Government

General Information About the Pension Plan

Plan Description. Employees of Sullivan County and non-certified employees of the discretely presented Sullivan County School Department are provided a defined benefit pension plan through the Public Employee Pension Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 82.01 percent, the non-certified employees of the discretely presented school department comprise 17.99 percent of the plan based on contribution data. The TCRS was created by state statute under *Tennessee Code Annotated (TCA)*, Title 8, Chapters 34-37. The TCRS Board of Trustees is responsible for the proper operation and administration of the TCRS. The Tennessee Treasury Department, an agency in the legislative branch of state government, administers the plans of the TCRS. The TCRS issues a publicly available financial report that can be obtained at <https://treasury.tn.gov/Retirement/Boards-and-Governance/Reporting-and-Investment-Policies>.

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. The chief legislative body may adopt the benefit terms permitted by statute. Members are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. Reduced benefits for early retirement are available to vested members at age 55. Members vest with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-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.

Employees Covered by Benefit Terms. At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	1,226
Inactive Employees Entitled to But Not Yet Receiving Benefits	1,299
Active Employees	1,042
Total	3,567

Contributions. Contributions for employees are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Employees contribute five percent of salary. Sullivan County makes employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. For the year ended June 30, 2023, the employer contribution for Sullivan County was \$3,119,069 based on a rate of 6.52 percent of covered payroll. By law, employer contributions are required to be paid. The TCRS may intercept Sullivan County’s state shared taxes if required employer contributions are not remitted. The employer’s actuarially determined contributions (ADC) and member contributions are expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

Net Pension Liability (Asset)

Sullivan County’s net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate net pension liability (asset) was determined by an actuarial valuation as of that date.

Actuarial Assumptions. The total pension liability as of the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from Sullivan County will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Changes in the Net Pension Liability (Asset)

	Increase (Decrease)		
	Total Pension Liability (a)	Plan Fiduciary Net Position (b)	Net Pension Liability (Asset) (a)-(b)
Balance, July 1, 2021	\$ 225,004,090	\$ 262,124,495	\$ (37,120,405)
Changes for the Year:			
Service Cost	\$ 3,800,598	\$ 0	\$ 3,800,598
Interest	15,052,126	0	15,052,126
Differences Between Expected and Actual Experience	5,897,708	0	5,897,708
Contributions-Employer	0	2,717,259	(2,717,259)
Contributions-Employees	0	1,213,423	(1,213,423)
Net Investment Income	0	(9,878,770)	9,878,770
Benefit Payments, Including Refunds of Employee Contributions	(11,620,455)	(11,620,455)	0
Administrative Expense	0	(105,769)	105,769
Net Changes	\$ 13,129,977	\$ (17,674,312)	\$ 30,804,289
Balance, June 30, 2022	\$ 238,134,067	\$ 244,450,183	\$ (6,316,116)

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

		Total Pension Liability	Plan Fiduciary Net Position	Net Pension Liability (Asset)
Primary Government	82.01%	\$ 195,293,748	\$ 200,473,595	\$ (5,179,847)
School Department	17.99%	42,840,319	43,976,588	(1,136,269)
Total		\$ 238,134,067	\$ 244,450,183	\$ (6,316,116)

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 6.75 percent, as well as what the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

Sullivan County	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
-----------------	-------------------------	--------------------------------------	-------------------------

Net Pension Liability (Asset) \$ 24,913,757 \$ (6,316,116) \$ (32,080,368)

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

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, Sullivan County recognized pension expense (negative pension expense) of \$3,477,005.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, 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	\$ 4,423,281	\$ 1,357,122
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	248,996	0
Changes in Assumptions	8,002,777	0
Contributions Subsequent to the Measurement Date of June 30, 2022 (1)	3,119,069	N/A
Total	\$ 15,794,123	\$ 1,357,122

(1) The amount shown above for “Contributions Subsequent to the Measurement Date of June 30, 2022,” will be recognized as a reduction (increase) to net pension liability (asset) in the subsequent fiscal period.

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

	Deferred Outflows of Resources	Deferred Inflows of Resources
Primary Government	\$ 12,961,482	\$ 1,112,976
School Department	2,832,641	244,146
Total	<u>\$ 15,794,123</u>	<u>\$ 1,357,122</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
2024	\$ 3,146,976
2025	3,571,907
2026	(862,762)
2027	5,461,815
2028	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, 2023, Sullivan County reported a payable of \$709,012 for the outstanding amount of contributions due to the pension plan required at year ended June 30, 2023.

Discretely Presented Sullivan County School Department

Non-certified Employees

General Information About the Pension Plan

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

Plan, an agent multiple-employer pension plan administered by the TCRS. The primary government employees comprise 82.01 percent and the non-certified employees of the discretely presented school department comprise 17.99 percent of the plan based on contribution data.

Certified Employees

Teacher Retirement Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members are eligible to retire with an unreduced benefit at age 65 with five years of service credit or pursuant to the rule of 90 in which the member's age and service credit total 90. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 60 or pursuant to the rule of 80. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-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. Members who leave employment may withdraw their employee contributions, plus any accumulated interest. Under the Teacher Retirement 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 or by automatic cost controls set out in law. Teachers are required to contribute five percent of their salary to the plan. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. Per the statutory provisions governing TCRS, the employer contribution rate cannot be less than four percent, except in years when the maximum funded level, approved by the TCRS Board of Trustees, is reached. By law, employer contributions for the Teacher Retirement Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions for the year ended June 30, 2023, to the Teacher Retirement Plan were \$313,474, which is 2.87 percent of covered payroll. In addition, employer contributions of \$115,659, which is 1.13 percent of covered payroll, were made to the Pension Stabilization Reserve Trust Fund to fund future pension costs. The employer rate, when combined with member contributions and the stabilization reserve trust funds, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liabilities (Assets). At June 30, 2023, the school department reported a liability (asset) of (\$181,533) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, the school department's proportion was .599268 percent. The proportion as of June 30, 2021, was .588242 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense (negative pension expense) of \$256,714.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 9,926	\$ 110,293
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	57,220	0
Changes in Assumptions	212,657	0
Changes in Proportion of Net Pension Liability (Asset)	33,385	42,746
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	313,474	N/A
Total	<u>\$ 626,662</u>	<u>\$ 153,039</u>

The school department's employer contributions of \$313,474, reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) of net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 4,327
2025	4,910
2026	(4,493)
2027	95,171
2028	10,674
Thereafter	49,560

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, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return	Percentage Target Allocations
U.S. Equity Developed Market	4.88 %	31 %
International Equity Emerging Market	5.37	14
International Equity Private Equity and Strategic Lending	6.09	4
U.S. Fixed Income	6.57	20
Real Estate	1.20	20
Short-term Securities	4.38	10
	0.00	1
Total		100 %

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 952,944 \$ (181,533) \$ (1,010,051)

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

Teacher Legacy Pension Plan

General Information About the Pension Plan

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

Benefits Provided. TCA, Title 8, Chapters 34-37 establish the benefit terms and can be amended only by the Tennessee General Assembly. Members of the Teacher Legacy Pension Plan are eligible to retire with an unreduced benefit at age 60 with five years of service credit or after 30 years of service credit regardless of age. Benefits are determined by a formula using the member's highest five consecutive year average compensation and the member's years of service credit. A reduced early retirement benefit is available to vested members at age 55. Members are vested with five years of service credit. Service-related disability benefits are provided regardless of length of service. Five years of service is required for nonservice-related disability eligibility. The service-related and nonservice-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 and one percent. A member who leaves employment may withdraw their employee contributions, plus any accumulated interest.

Contributions. Contributions for teachers are established in the statutes governing the TCRS and may only be changed by the Tennessee General Assembly. Teachers are required to contribute five percent of their salaries. The Local Education Agencies (LEAs) make employer contributions at the rate set by the Board of Trustees as determined by an actuarial valuation. By law, employer contributions for the Teacher Legacy Pension Plan are required to be paid. The TCRS may intercept the state shared taxes of the sponsoring governmental entity of the LEA if the required employer contributions are not remitted. Employer contributions by the Sullivan County School Department for the year ended June 30, 2023, to the Teacher Legacy Pension Plan were \$2,714,020, which is 8.69 percent of covered payroll. The employer rate, when combined with member contributions, is expected to finance the costs of benefits earned by members during the year, the cost of administration, as well as an amortized portion of any unfunded liability.

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

Pension Liability (Assets). At June 30, 2023, the school department reported a liability (asset) of (\$11,697,705) for its proportionate share of the net pension liability (asset). The net pension liability (asset) was measured as of June 30, 2022, and the total pension liability used to calculate the net pension liability (asset) was determined by an actuarial valuation as of that date. The school department's proportion of the net pension liability (asset) was based on the school department's long-term share of contributions to the pension plan relative to the contributions of all participating LEAs. At the measurement date of June 30, 2022, the school department's proportion was .953820 percent. The proportion measured at June 30, 2021, was .970973 percent.

Pension Expense (Negative Pension Expense). For the year ended June 30, 2023, the school department recognized pension expense (negative pension expense) of \$134,993.

Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department reported deferred outflows of resources and deferred inflows of resources related to pensions from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,924,229	\$ 1,976,557
Changes in Assumptions	7,328,049	0
Net Difference Between Projected and Actual Earnings on Pension Plan Investments	200,025	0
Changes in Proportion of Net Pension Liability (Asset)	229,544	51,238
LEA's Contributions Subsequent to the Measurement Date of June 30, 2022	<u>2,714,020</u>	N/A
Total	<u>\$ 12,395,867</u>	<u>\$ 2,027,795</u>

The school department's employer contributions of \$2,714,020 reported as pension related deferred outflows of resources subsequent to the measurement date, will be recognized as a reduction (increase) in net pension liability (asset) in the year ending June 30, 2024. 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
2024	\$ 1,220,564
2025	2,226,050
2026	(1,966,601)
2027	6,174,039
2028	0
Thereafter	0

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

Actuarial Assumptions. The total pension liability in the June 30, 2022, actuarial valuation was determined using the following actuarial assumptions, applied to all periods included in the measurement:

Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Pension Plan Investment Expenses, Including Inflation
Cost of Living Adjustment	2.125%

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

The actuarial assumptions used in the June 30, 2022, actuarial valuation were based on the results of an actuarial experience study performed for the period July 1, 2016, through June 30, 2020. 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, 2020, actuarial experience study. A blend of future capital market projections and historic market returns was used in a building-block method in which a best estimate of expected future real rates of return (expected returns, net of pension plan investments expense and inflation) is developed for each major asset class. These best estimates are combined to produce the long-term expected rate of return by weighing the expected future real rates of return by the target asset allocation percentage and by adding expected inflation of 2.25 percent. The best estimates of geometric real rates of return and the TCRS investment policy target asset allocation for each major asset class are summarized in the following table:

Asset Class	Percentage Long-term Expected Real Rate of Return		Percentage Target Allocations	
U.S. Equity Developed Market	4.88	%	31	%
International Equity Emerging Market	5.37		14	
International Equity Private Equity and Strategic Lending	6.09		4	
U.S. Fixed Income	6.57		20	
Real Estate	1.20		20	
Short-term Securities	4.38		10	
	0.00		1	
Total			100	%

The long-term expected rate of return on pension plan investments was established by the TCRS Board of Trustees as 6.75 percent based on a blending of the factors described above.

Discount Rate. The discount rate used to measure the total pension liability was 6.75 percent. The projection of cash flows used to determine the discount rate assumes that employee contributions will be made at the current rate and that contributions from all the LEAs will be made at the actuarially determined contribution rate pursuant to an actuarial valuation in accordance with the funding policy of the TCRS Board of Trustees and as required to be paid by state statute. Based on those assumptions, the pension plan's fiduciary net position was projected to be available to make projected future benefit payments of current active and inactive members. Therefore, the long-term expected rate of return on pension plan investments was applied to all periods of projected benefit payments to determine the total pension liability.

Sensitivity of the Proportionate Share of Net Pension Liability (Asset) to Changes in the Discount Rate. The following presents the school department's proportionate share of the net pension liability (asset) calculated using the discount rate of 6.75 percent, as well as what the school department's proportionate share of the net pension liability (asset) would be if it were calculated using a discount rate that is one percentage point lower (5.75 percent) or one percentage point higher (7.75 percent) than the current rate:

School Department's Proportionate Share of the Net Pension Liability (Asset)	1% Decrease 5.75%	Current Discount Rate 6.75%	1% Increase 7.75%
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Net Pension Liability (Asset) \$ 23,169,121 \$ (11,697,705) \$ (40,739,455)

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

2. Deferred Compensation

Teachers hired after July 1, 2014, by the school department are required to participate in a hybrid pension plan consisting of a defined benefit portion, which is detailed in the pensions footnote above and is managed by the Tennessee Consolidated Retirement System, and a defined contribution portion which is placed into the state's 401(k) plan and is managed by the employee. The defined contribution portion of the plan requires that the school department contribute five percent of each teacher's salary into their deferred compensation plan. In addition, teachers are required to contribute a minimum of two percent of their salaries into this deferred compensation plan, unless they opt out of the employee portion. During the year, the school department contributed \$543,867 and teachers contributed \$717,182 to this deferred compensation pension plan.

H. Other Postemployment Benefits (OPEB)

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

OPEB Provided through Medicare Supplement Plan (Primary Government)

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

Benefits Provided. For Medicare eligible retirees, the individual monthly premium was \$89. The county contributes all or a percentage of the monthly premium based on the retiree’s date of retirement and years of service at retirement. For post-65 retirees who retired on or before January 1, 2013, the county pays 100% of the premium for retirees with 10 or more years of service. For post-65 retirees who retired after January 1, 2013, the county pays 25% to 100% of the premium based on years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2023, the following employees were covered by the benefit terms:

Inactive Employees or Beneficiaries Currently Receiving Benefits	189
Inactive Employees Entitled to But Not Yet Receiving Benefits	0
Active Employees Eligible for Benefits	741
Total	930

Total OPEB Liability

The plan’s total OPEB liability of \$10,824,953 was measured as of June 30, 2023, and was determined by an actuarial valuation as of July 1, 2021.

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

Actuarial Cost Method	Entry Age Normal
Inflation	2.5%
Salary Increases	3%
Discount Rate	4.13%
Healthcare Cost Trend Rates	4.5%
Retirees share of Benefit-related Cost	Discussed under Benefits Provided

The discount rate of 4.13 percent is based on the S&P Municipal Bond 20-year High Grade Index – SAPIHG.

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

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

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

	<u>Total OPEB Liability</u>
Balance July 1, 2022	\$ 10,235,726
Changes for the Year:	
Service Cost	\$ 388,144
Interest	431,013
Changes in Assumption and Other Inputs	(56,889)
Benefit Payments	<u>(173,041)</u>
Net Changes	<u>\$ 589,227</u>
Balance June 30, 2023	<u>\$ 10,824,953</u>

Changes in Assumptions. The discount rate changed from 2.18 percent as of the valuation date to 4.13 percent as of the measurement date of June 30, 2023. These changes in assumptions decreased the total OPEB liability.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the county recognized OPEB expense of \$155,041. At June 30, 2023, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	<u>Deferred Outflows of Resources</u>	<u>Deferred Inflows of Resources</u>
Difference Between Expected and Actual Experience	\$ 0	\$ 1,938,662
Changes of Assumptions/Inputs	<u>1,598,644</u>	<u>2,666,174</u>
Total	<u>\$ 1,598,644</u>	<u>\$ 4,604,836</u>

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

Year Ending June 30	Amount
2024	\$ (664,116)
2025	(664,116)
2026	(474,865)
2027	(483,122)
2028	(711,846)
Thereafter	(8,127)

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

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

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	3.13%	4.13%	5.13%
Total OPEB Liability	\$ 13,067,766	\$ 10,824,953	\$ 9,065,397

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

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Current Trend Rate	1% Increase
	3.5%	4.5%	5.5%
Total OPEB Liability	\$ 8,858,239	\$ 10,824,953	\$ 13,435,014

OPEB Provided through State Administered Public Entity Risk Pools

Pre-65 retirees of the Sullivan County primary government are provided healthcare benefits under the Local Government Plan (LGP). The school department provides healthcare benefits to its employees under the Local Education Plan (LEP) until they reach Medicare eligibility. Employees of the school department may then join the Tennessee Plan - Medicare (TNM) which provides supplemental medical insurance for retirees with Medicare.

The county and school department’s total OPEB liability for each plan was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Actuarial Assumptions and Other Inputs. The total OPEB liability in the June 30, 2022, actuarial valuation of each plan was determined using the following actuarial assumptions and other inputs, applied to all periods included in the measurement, unless otherwise specified:

Actuarial Cost Method	Entry Age Normal
Inflation	2.25%
Salary Increases	Salary increases used in the July 1, 2021 TCRS actuarial valuation; 3.44% to 8.72%, including inflation
Discount Rate	3.54%
Healthcare Cost Trend Rates	LGP and LEP: Based on the Getzen Model, with trend starting 8.37% for pre-65 retirees in the 2022 calendar year, and decreasing annually over a 7 year period to an ultimate trend rate of 4.5% TNM: 8.99% for post-65 retirees in the 2023 calendar year and decreasing annually over a seven year period to an ultimate rate of 4.5%
Retirees Share of Benefit Related Cost	Discussed under each plan

The discount rate was 3.54 percent, based on an average rating of AA/Aa as shown in the Bond Buyer 20-Year Municipal GO AA index closest to but not later than the measurement date.

Mortality rates were based on the results of a statewide experience study undertaken on behalf of the Tennessee Consolidated Retirement System (TCRS). These mortality rates were used in the July 1, 2022, actuarial valuation of the TCRS.

Unless noted otherwise, the actuarial demographic assumptions used in the June 30, 2022, valuations were the same as those employed in the July 1, 2021, Pension Actuarial Valuation of the TCRS. These assumptions were developed by TCRS based on the results of an actuarial experience study for the period July 1, 2016 - June 30, 2020. The demographic assumptions were adjusted to more closely reflect actual and expected future experience. Mortality tables are used to measure the probabilities of participants dying before and after retirement. The mortality rates employed in this valuation are taken from the PUB-2010 Headcount-weighted employee mortality table for non-disabled pre-

retirement mortality, with mortality improvement projected generationally with MP-2020 from 2010. Post-retirement rates are headcount-weighted below median healthy annuitant and adjusted with a 6 percent load for males and a 14 percent load for females, projected generationally with MP-2020 from 2010. Mortality rates for impaired lives are the same as those used by TCRS and are taken from a gender distinct table published in the IRS Ruling 96-7 for disabled lives with a 10 percent load, projected generationally from 2018 with MP-2020.

Changes in Assumptions. The discount rate changed from 2.16 percent as of the beginning of the measurement period to 3.54 percent as of the measurement date of June 30, 2022. This change in assumption increased the total OPEB liability. Other changes in assumptions include adjustments to initial per capita costs and health trend rates. The trend rate applicable to the 2022 plan year was revised from 7.36 percent to 8.37 percent.

Local Government OPEB Plan (Primary Government)

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

Benefits Provided. Sullivan County offers the LGP to provide health insurance coverage to eligible pre-65 retirees and disabled participants of local governments. With the exception of a small group of grandfathered individuals, retirees are required to discontinue coverage under the LGP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-701 establishes and amends the benefit terms of the LGP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO, or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LGP receive the same plan benefits as active employees, at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for the retiree premiums. Sullivan County provides a direct subsidy for retirees with at least 25 years of service and who are at least 55 years of age. The subsidy ranges from \$589 to \$1,296 per month based on coverage selected.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	65
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	0
Active Employees Eligible for Benefits	709
Total	<u><u>774</u></u>

An insurance committee, created in accordance with TCA 8-27-701, establishes the required payments to the LGP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. For the current reporting period, the county paid \$567,378 to the LGP for OPEB benefits as they came due.

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

	<u>Primary Government</u>
Balance July 1, 2021	<u>\$ 9,458,619</u>
Changes for the Year:	
Service Cost	\$ 505,187
Interest	210,110
Difference between Expected and Actuarial Experience	304,331
Changes in Assumption and Other Inputs	(1,301,805)
Benefit Payments	<u>(475,550)</u>
Net Changes	<u>\$ (757,727)</u>
Balance June 30, 2022	<u><u>\$ 8,700,892</u></u>

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the county recognized OPEB expense of \$546,443. At June 30, 2023, the county reported deferred outflows of resources and deferred inflows of resources related to OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 2,952,250	\$ 3,107,722
Changes of Assumptions/Inputs	692,857	2,691,620
Benefits Paid After the Measurement Date of June 30, 2022	<u>567,378</u>	<u>0</u>
Total	<u>\$ 4,212,485</u>	<u>\$ 5,799,342</u>

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

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

Year Ending June 30	Primary Government
2024	\$ (168,854)
2025	(168,854)
2026	(153,734)
2027	(898,154)
2028	(541,562)
Thereafter	(223,077)

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

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

<u>Discount Rate</u>	1% Decrease 2.54%	Current Discount Rate 3.54%	1% Increase 4.54%
Total OPEB Liability	\$ 9,362,431	\$ 8,700,892	\$ 8,086,178

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

<u>Healthcare Cost Trend Rate</u>	1% Decrease 7.37 to 3.5%	Current Trend Rate 8.37 to 4.5%	1% Increase 9.37 to 5.5%
Total OPEB Liability	\$ 7,878,222	\$ 8,700,892	\$ 9,669,209

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

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

Benefits Provided. The Sullivan County School Department offers the LEP to provide health insurance coverage to eligible pre-65 retirees, support staff, and disabled participants of local education agencies. Retirees are required to discontinue coverage under the LEP upon obtaining Medicare eligibility. Insurance coverage is the only postemployment benefit provided to retirees. An insurance committee created in accordance with TCA 8-27-301 establishes and amends the benefit terms of the LEP. All members have the option of choosing between the premier preferred provider organization (PPO), standard PPO, limited PPO or the wellness health savings consumer-driven health plan (CDHP) for healthcare benefits. Retired plan members of the LEP receive the same plan benefits as active employees at a blended premium rate that considers the cost of all participants. This creates an implicit subsidy for retirees. Participating employers determine their own policy related to direct subsidies provided for retiree premiums. Sullivan County School Department provides a direct subsidy ranging from \$260 to \$609 per month toward the cost of insurance for retirees based on retirement date, years of service, and insurance coverage selected. The state, as a governmental non-employer contributing entity, provides a direct subsidy for eligible retirees premiums based on years of service. Retirees with 30 or more years of service will receive 45 percent; 20 but less than 30 years, 35 percent; and less than 20 years, 25 percent of the scheduled premium. No subsidy is provided for enrollees of the health savings CDHP.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	160
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	3
Active Employees Eligible For Benefits	688
Total	<u>851</u>

A state insurance committee, created in accordance with TCA 8-27-301, establishes the required payments to the LEP by member employers and employees through the blended premiums established for active and retired employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$1,406,171 to the LEP for OPEB benefits as they came due.

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

	<u>Share of Collective Liability</u>		
	<u>Sullivan County School Department</u> 71.2869%	<u>State of TN</u> 28.7131%	<u>Total OPEB Liability</u>
Balance July 1, 2021	\$ 18,310,018	\$ 6,994,985	\$ 25,305,003
Changes for the Year:			
Service Cost	\$ 836,646	\$ 336,986	\$ 1,173,632
Interest	392,491	158,088	550,579
Difference between Expected and Actuarial Experience	371,382	149,586	520,968
Changes in Proportion	(270,865)	270,865	0
Changes in Assumption and Other Inputs	(1,499,387)	(603,926)	(2,103,313)
Benefit Payments	(1,417,437)	(570,918)	(1,988,355)
Net Changes	<u>\$ (1,587,170)</u>	<u>\$ (259,319)</u>	<u>\$ (1,846,489)</u>
Balance June 30, 2022	<u>\$ 16,722,848</u>	<u>\$ 6,735,666</u>	<u>\$ 23,458,514</u>

The Sullivan County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired employees participating in the LEP. The Sullivan County School Department's

proportionate share of the collective total OPEB Liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized \$559,320 in revenue for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB Liability was 71.2869 percent and the State of Tennessee's Share was 28.7131 percent.

OPEB Expense and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department recognized OPEB expense of \$1,528,772, including the state's share of the expense. At June 30, 2023, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 1,988,044	\$ 1,401,727
Changes of Assumptions/Inputs	1,218,381	2,600,218
Changes in Proportion	567,652	1,254,962
Benefits Paid After the Measurement Date of June 30, 2022	1,406,171	0
Total	<u>\$ 5,180,248</u>	<u>\$ 5,256,907</u>

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

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

Year Ending June 30	School Department
2024	\$ (259,685)
2025	(259,685)
2026	(202,930)
2027	(313,141)
2028	(308,416)
Thereafter	(138,973)

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

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

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.54%	3.54%	4.54%

Proportionate Share of the Collective Total OPEB Liability	\$ 17,808,811	\$ 16,722,848	\$ 15,690,421
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the LEP, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Curent Rate	1% Increase
	7.37 to 3.5%	8.37 to 4.5%	9.37 to 5.5%

Proportionate Share of the Collective Total OPEB Liability	\$ 15,252,621	\$ 16,722,848	\$ 18,423,133
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Closed Tennessee Plan – Medicare (Discretely Presented School Department)

Plan Description. Employees of the Sullivan County School Department, who were hired prior to July 1, 2015, are provided with post-65 retiree health insurance benefits through the closed Tennessee Plan - Medicare (TNM) administered by the Tennessee Department of Finance and Administration. All eligible post-65 retirees and disability participants of local education agencies, who choose coverage, participate in the TNM. The TNM also includes eligible retirees of the state, certain component units of the state, and certain local governmental entities. This plan is closed to the employees of all participating employers that were hired on or after July 1, 2015. The school department's total OPEB liability for the TNM Plan was measured as of June 30, 2022, and was determined by an actuarial valuation as of that date.

Benefits Provided. The state offers the TNM to help fill most of the coverage gaps created by Medicare for eligible post-65 retired teachers, noncertified employees, and disabled participants of local education agencies. Insurance coverage is the only postemployment benefit provided to retirees. The TNM does not include pharmacy. In accordance with *TCA 8-27-209*, benefits of the TNM are established and amended by cooperation of insurance committees created by *TCA 8-27-201*, *8-27-301* and *8-27-701*. Retirees and disabled employees of the state, component units, local education agencies, and certain local governments who have reached the age of 65, are Medicare eligible and also receives a benefit from the Tennessee Consolidated Retirement System may participate in this plan. All plan members receive the same plan benefits at the same premium rates. Participating employers determine their own policy related to subsidizing the retiree premiums. The Sullivan County School Department provides a direct subsidy to retirees who retired before July 1, 2012. The subsidy amounts to \$141 per month for noncertified retirees and \$91 per month for certified retirees. The school department does not provide a direct subsidy to retirees who retired after July 1, 2012. The state, as a governmental nonemployer contributing entity contributes to the premiums of certain eligible retirees (teachers) of local education agencies based on years of service. The State of Tennessee provided a direct subsidy of \$50 for eligible retirees (teachers) with 30 or more years of service, \$37.50 for eligible retirees with 20-29 years of service, and \$25 for eligible retirees with less than 20 years of service.

Employees Covered by Benefit Terms

At the measurement date of June 30, 2022, the following employees were covered by the benefit terms:

Inactive Employees Currently Receiving Benefit Payments	629
Inactive Employees Entitled to But Not Yet Receiving Benefit Payments	188
Active Employees Eligible For Benefits	722
Total	<u><u>1,539</u></u>

In accordance with *TCA* 8-27-209, the state insurance committees established by *TCA* 8-27-201, 8-27-301 and 8-27-701 determine the required payments to the plan by member employers and employees. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. Administrative costs are allocated to plan participants. Employers contribute towards employee costs based on their own developed policies. During the current reporting period, the school department paid \$567,850 to the TNM for OPEB benefits as they came due.

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

	<u>Share of Collective Liability</u>		
	Sullivan County School Department 83.3819%	State of TN 16.6181%	Total OPEB Liability
Balance July 1, 2021	\$ 27,767,055	\$ 5,226,156	\$ 32,993,211
Changes for the Year:			
Service Cost	\$ 585,495	\$ 116,690	\$ 702,185
Interest	600,941	119,768	720,709
Difference between Expected and Actuarial Experience	(331,230)	(66,015)	(397,245)
Changes in Proportion	(256,687)	256,687	0
Changes in Assumption and Other Inputs	(5,967,411)	(1,189,311)	(7,156,722)
Benefit Payments	(552,022)	(110,019)	(662,041)
Net Changes	<u>\$ (5,920,914)</u>	<u>\$ (872,200)</u>	<u>\$ (6,793,114)</u>
Balance June 30, 2022	<u>\$ 21,846,141</u>	<u>\$ 4,353,956</u>	<u>\$ 26,200,097</u>

The Sullivan County School Department has a special funding situation related to benefits paid by the State of Tennessee for its eligible retired teachers participating in the TNM. The Sullivan County School Department's

proportionate share of the collective total OPEB Liability was based on a projection of the employers long-term share of benefit payments to the OPEB plan relative to the projected share of benefit payments of all participating employers and nonemployer contributing entities, actuarially determined. The school department recognized revenues \$630,688 for subsidies provided by nonemployer contributing entities for benefits paid by the LEP for school department retirees.

During the year, the Sullivan County School Department's proportionate share of the collective OPEB liability for the TNM plan was 83.3819 percent and the State of Tennessee's Share was 16.6181 percent.

OPEB Expense (Negative OPEB Expense) and Deferred Outflows of Resources and Deferred Inflows of Resources. For the year ended June 30, 2023, the school department recognized negative OPEB expense of (\$2,399,401), including the state's share of the expenses. At June 30, 2023, the school department reported deferred outflows of resources and deferred inflows of resources related to its proportionate share of OPEB from the following sources:

	Deferred Outflows of Resources	Deferred Inflows of Resources
Difference Between Expected and Actual Experience	\$ 0	\$ 3,182,730
Changes of Assumptions and Other Inputs	5,550,652	11,322,511
Changes in Proportion	15,509	2,476,455
Benefits Paid After the Measurement Date of June 30, 2022	<u>567,850</u>	<u>0</u>
Total	<u>\$ 6,134,011</u>	<u>\$ 16,981,696</u>

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

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

<u>Year Ending June 30</u>	<u>School Department</u>
2024	\$ (4,095,202)
2025	(2,966,135)
2026	(2,929,656)
2027	(1,424,542)
2028	0
Thereafter	0

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

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

<u>Discount Rate</u>	1% Decrease	Current Discount Rate	1% Increase
	2.54%	3.54%	4.54%

Proportionate Share of the Collective Total OPEB Liability	\$ 25,885,176	\$ 21,846,141	\$ 18,640,401
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Sensitivity of Proportionate Share of the Collective Total OPEB Liability to Changes in the Healthcare Cost Trend Rate. The following presents the school department's proportionate share of the collective total OPEB liability related to the TNM, as well as what the proportionate share of the collective total OPEB liability would be if it were calculated using a healthcare cost trend rate that is one percentage point lower or one percentage point higher than the current healthcare cost trend rate.

<u>Healthcare Cost Trend Rate</u>	1% Decrease	Curent Rate	1% Increase
	7.99 to 3.5%	8.99 to 4.5%	9.99 to 5.5%

Porportionate Share of the Collective Total OPEB Liability	\$ 18,527,802	\$ 21,846,141	\$ 26,130,508
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I. Office of Central Accounting and Budgeting

Sullivan County operates under the provisions of Chapter 46, Private Acts of 2020. This act provides for a central system of accounting, budgeting, and purchasing for all county departments. The act also provides for the creation of a finance department operated under the direction of the finance director.

J. Purchasing Laws

The Office of Purchasing Agent was established by Chapter 46, Private Acts of 2020, which is discussed in the preceding note. This statute provides for the purchasing agent to make all purchases and to enter into all contracts for Sullivan County. The county commission has adopted a resolution pursuant to Section 12-3-1212, *Tennessee Code Annotated*, requiring competitive bids on purchases exceeding \$50,000.

K. Subsequent Events

On June 30, 2023, Evelyn Rafalowski retired from the office of Director of Schools and was succeeded by Charles Carter.

On December 12, 2023, Sullivan County issued \$15,675,000 in general obligation bonds.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit F-1

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
Total Pension Liability									
Service Cost	\$ 2,831,605	\$ 2,806,297	\$ 2,762,316	\$ 2,909,793	\$ 3,111,626	\$ 3,231,201	\$ 3,251,238	\$ 3,328,014	\$ 3,800,598
Interest	11,770,957	12,081,223	12,279,709	12,841,796	13,133,761	13,649,859	14,243,334	14,636,327	15,052,126
Differences Between Actual and Expected Experience	(2,239,987)	(3,669,701)	1,151,421	(1,235,482)	520,288	1,589,385	(1,395,572)	(2,016,459)	5,897,708
Changes in Assumptions	0	0	0	4,414,805	0	0	0	16,005,555	0
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)	(8,721,095)	(8,971,754)	(9,431,004)	(10,102,285)	(10,506,959)	(11,003,413)	(11,620,455)
Net Change in Total Pension Liability	\$ 4,295,414	\$ 2,884,200	\$ 7,472,351	\$ 9,959,158	\$ 7,334,671	\$ 8,368,160	\$ 5,592,041	\$ 20,950,024	\$ 13,129,977
Total Pension Liability, Beginning	158,148,071	162,443,485	165,327,685	172,800,036	182,759,194	190,093,865	198,462,025	204,054,066	225,004,090
Total Pension Liability, Ending (a)	\$ 162,443,485	\$ 165,327,685	\$ 172,800,036	\$ 182,759,194	\$ 190,093,865	\$ 198,462,025	\$ 204,054,066	\$ 225,004,090	\$ 238,134,067
Plan Fiduciary Net Position									
Contributions - Employer	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,250,729	\$ 5,215,093	\$ 5,313,477	\$ 2,717,259
Contributions - Employee	181,889	314,187	411,340	552,979	686,023	825,252	954,131	1,055,827	1,213,423
Net Investment Income	23,440,229	4,990,588	4,355,091	18,784,625	15,094,052	14,445,869	10,152,275	54,238,217	(9,878,770)
Benefit Payments, Including Refunds of Employee Contributions	(8,067,161)	(8,333,619)	(8,721,095)	(8,971,754)	(9,431,004)	(10,102,285)	(10,506,959)	(11,003,413)	(11,620,455)
Administrative Expense	(46,764)	(54,252)	(80,776)	(87,757)	(99,330)	(93,903)	(93,939)	(95,334)	(105,769)
Other	0	0	0	13,231	0	0	0	0	0
Net Change in Plan Fiduciary Net Position	\$ 20,609,259	\$ 2,189,132	\$ 1,488,294	\$ 16,095,750	\$ 12,358,568	\$ 11,325,662	\$ 5,720,601	\$ 49,508,774	\$ (17,674,312)
Plan Fiduciary Net Position, Beginning	142,828,455	163,437,714	165,626,846	167,115,140	183,210,890	195,569,458	206,895,120	212,615,721	262,124,495
Plan Fiduciary Net Position, Ending (b)	\$ 163,437,714	\$ 165,626,846	\$ 167,115,140	\$ 183,210,890	\$ 195,569,458	\$ 206,895,120	\$ 212,615,721	\$ 262,124,495	\$ 244,450,183
Net Pension Liability (Asset), Ending (a - b)	\$ (994,229)	\$ (299,161)	\$ 5,684,896	\$ (451,696)	\$ (5,475,593)	\$ (8,433,095)	\$ (8,561,655)	\$ (37,120,405)	\$ (6,316,116)
Plan Fiduciary Net Position as a Percentage of Total Pension Liability	100.61%	100.18%	96.71%	100.25%	102.88%	104.25%	104.20%	116.50%	102.65%
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,303,498	\$ 39,259,816	\$ 40,145,966	\$ 41,497,832	\$ 42,198,008	\$ 44,733,897
Net Pension Liability (Asset) as a Percentage of Covered Payroll	(2.93)%	(0.88)%	15.96%	(1.21)%	(13.95)%	(21.01)%	(20.63)%	(87.97)%	(14.12)%

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

Note 2: The agent plan is a single plan reported under one account with the Tennessee Consolidated Retirement System. This plan covers employees of the primary government and non-certified employees of the discretely presented school department.

Exhibit F-2

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Actuarially Determined Contribution	\$ 5,101,066	\$ 5,272,228	\$ 5,523,734	\$ 5,804,426	\$ 6,108,827	\$ 6,250,729	\$ 5,215,093	\$ 5,313,477	\$ 2,717,259	\$ 3,119,069
Less: Contributions in Relation to the Actuarially Determined Contribution	(5,101,066)	(5,272,228)	(5,523,734)	(5,804,426)	(6,108,827)	(6,250,729)	(5,215,093)	(5,313,477)	(2,717,259)	(3,119,069)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 33,976,288	\$ 33,926,820	\$ 35,615,606	\$ 37,303,498	\$ 39,259,816	\$ 40,145,966	\$ 41,497,832	\$ 42,198,008	\$ 44,733,897	\$ 47,874,966
Contributions as a Percentage of Covered Payroll	15.01%	15.54%	15.51%	15.56%	15.56%	15.57%	12.57%	12.59%	6.07%	6.52%

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

Exhibit F-3

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

	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 85,668	\$ 112,024	\$ 164,636	\$ 185,741	\$ 113,586	\$ 133,241	\$ 171,491	\$ 205,697	\$ 313,474
Less: Contributions in Relation to the Contractually Required Contribution	(85,668)	(112,024)	(164,636)	(185,741)	(113,586)	(133,241)	(171,491)	(205,697)	(313,474)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519	\$ 5,883,347	\$ 6,528,341	\$ 8,489,592	\$ 10,233,618	\$ 10,931,724
Contributions as a Percentage of Covered Payroll	4.00%	4.00%	4.00%	4.00%	1.93%	2.03%	2.02%	2.01%	2.87%

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

Note 2: Beginning in FY 2019, the school department placed the actuarially determined contribution rate of covered payroll into the pension plan and placed the remainder of the four percent contractually required contribution into the Pension Stabilization Reserve Trust.
 2019: Pension - 1.94%, SRT - 2.02%
 2020: Pension - 2.03%, SRT - 1.97%
 2021: Pension - 2.02%, SRT - 1.98%
 2022: Pension - 2.01%, SRT - 1.99%
 2023: Pension - 2.87%, SRT - 1.13%

Exhibit F-4

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022	2023
Contractually Required Contribution	\$ 3,498,250	\$ 3,295,803	\$ 3,340,997	\$ 3,193,092	\$ 3,105,091	\$ 3,412,056	\$ 3,380,682	\$ 3,272,945	\$ 3,233,133	\$ 2,714,020
Less: Contributions in Relation to the Contractually Required Contribution	(3,498,250)	(3,295,803)	(3,340,997)	(3,193,092)	(3,105,091)	(3,412,056)	(3,380,682)	(3,272,945)	(3,233,133)	(2,714,020)
Contribution Deficiency (Excess)	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999	\$ 32,635,697	\$ 31,803,254	\$ 31,862,562	\$ 31,389,643	\$ 31,247,387
Contributions as a Percentage of Covered Payroll	8.88%	9.04%	9.04%	9.04%	9.09%	10.45%	10.63%	10.27%	10.30%	8.69%

Exhibit F-5

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

	2015	2016	2017	2018	2019	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	1.030791%	0.636495%	0.627100%	0.531369%	0.553292%	0.520129%	0.588242%	0.599268%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (41,468)	\$ (66,261)	\$ (165,450)	\$ (240,991)	\$ (312,326)	\$ (295,767)	\$ (637,191)	\$ (181,533)
Covered Payroll	\$ 2,141,724	\$ 2,800,606	\$ 4,119,746	\$ 4,643,519	\$ 5,883,347	\$ 6,528,341	\$ 8,489,592	\$ 10,233,618
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(1.94)%	(2.37)%	(4.02)%	(5.19)%	(5.31)%	(4.53)%	(7.51)%	(1.77)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	127.46%	121.88%	126.81%	126.97%	123.07%	116.52%	121.53%	104.55%

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

Exhibit F-6

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

	2014	2015	2016	2017	2018	2019	2020	2021	2022
School Department's Proportion of the Net Pension Liability (Asset)	1.003689%	0.973901%	1.023823%	0.999217%	0.976591%	0.972820%	0.955552%	0.970973%	0.953820%
School Department's Proportionate Share of the Net Pension Liability (Asset)	\$ (163,095)	\$ 398,943	\$ 6,398,324	\$ (326,927)	\$ (3,436,541)	\$ (10,002,338)	\$ (7,286,785)	\$ (41,880,388)	\$ (11,697,705)
Covered Payroll	\$ 39,394,704	\$ 36,458,004	\$ 36,957,928	\$ 35,317,964	\$ 34,176,999	\$ 32,635,697	\$ 31,803,254	\$ 31,862,562	\$ 31,389,643
School Department's Proportionate Share of the Net Pension Liability (Asset) as a Percentage of its Covered Payroll	(0.41)%	1.09%	17.31%	(0.93)%	(10.06)%	(30.65)%	(22.91)%	(131.44)%	(37.27)%
Plan Fiduciary Net Position as a Percentage of the Total Pension Liability (Asset)	100.08%	99.81%	97.14%	100.14%	101.49%	104.28%	103.09%	116.13%	104.42%

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

Exhibit F-7

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 674,447	\$ 616,388	\$ 406,514	\$ 595,804	\$ 607,600	\$ 505,187
Interest	388,266	466,207	236,743	458,784	251,329	210,110
Changes in Benefit Terms	0	(195,447)	0	(3,125,910)	0	0
Differences Between Actual and Expected Experience	0	(6,555,370)	6,161,534	(87,455)	(89,718)	304,331
Changes in Assumptions or Other Inputs	(665,298)	(105,484)	188,228	1,064,144	(1,813,345)	(1,301,805)
Benefit Payments	(527,853)	(553,006)	(596,842)	(706,738)	(521,166)	(475,550)
Net Change in Total OPEB Liability	\$ (130,438)	\$ (6,326,712)	\$ 6,396,177	\$ (1,801,371)	\$ (1,565,300)	\$ (757,727)
Total OPEB Liability, Beginning	12,886,263	12,755,825	6,429,113	12,825,290	11,023,919	9,458,619
Total OPEB Liability, Ending	\$ 12,755,825	\$ 6,429,113	\$ 12,825,290	\$ 11,023,919	\$ 9,458,619	\$ 8,700,892
Covered Employee Payroll	\$ 29,584,358	\$ 31,066,331	\$ 32,783,306	\$ 32,453,034	\$ 39,373,767	\$ 40,554,980
Net OPEB Liability as a Percentage of Covered Employee Payroll	43.12%	20.69%	39.12%	33.97%	24.02%	21.45%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%
2022	3.54%

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

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%
2021 plan year	- from 6.03% to 9.02%
2022 plan year	- from 9.02% to 7.36%
2023 plan year	- from 7.36% to 8.37%

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

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

Exhibit F-8

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

	2018	2019	2020	2021	2022	2023
Total OPEB Liability						
Service Cost	\$ 53,667	\$ 55,277	\$ 712,318	\$ 755,238	\$ 973,052	\$ 388,144
Interest	269,599	212,962	330,746	336,203	325,404	431,013
Differences Between Actual and Expected Experience	(1,814,613)	0	(1,303,852)	0	(1,261,627)	0
Changes in Assumptions or Other Inputs	0	0	1,595,442	1,601,045	(3,664,376)	(56,889)
Benefit Payments	(247,972)	(302,641)	(166,058)	(187,758)	(205,011)	(173,041)
Net Change in Total OPEB Liability	\$ (1,739,319)	\$ (34,402)	\$ 1,168,596	\$ 2,504,728	\$ (3,832,558)	\$ 589,227
Total OPEB Liability, Beginning	8,932,964	7,193,645	7,159,243	11,563,556	14,068,284	10,235,726
Prior-period Adjustment	0	0	3,235,717	0	0	0
Total OPEB Liability, Ending	\$ 7,193,645	\$ 7,159,243	\$ 11,563,556	\$ 14,068,284	\$ 10,235,726	\$ 10,824,953
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

Note 2: Changes in assumptions.

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

2017	3.00%
2018	3.00%
2019	3.00%
2020	2.75%
2021	2.18%
2022	4.09%
2023	4.13%

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

- For the 2019 plan - 6.0%
- For the 2020 plan - from 6.0% to 4.5%
- For the 2021 plan - 4.5%
- For the 2022 plan - 4.5%
- For the 2023 plan - 4.5%

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

Exhibit F-9

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 1,381,882	\$ 1,286,273	\$ 1,402,716	\$ 1,028,435	\$ 1,150,890	\$ 1,173,632
Interest	887,727	1,027,885	1,069,766	896,738	570,927	550,579
Changes in Benefit Terms	0	(4,787,153)	(500,918)	0	0	0
Differences Between Actual and Expected Experience	0	4,430,982	(1,596,334)	(2,025,337)	683,754	520,968
Changes in Assumptions or Other Inputs	(1,114,613)	930,622	(1,981,383)	2,244,484	(807,684)	(2,103,313)
Benefit Payments	(2,535,201)	(2,640,476)	(2,030,934)	(2,014,392)	(1,940,987)	(1,988,355)
Net Change in Total OPEB Liability	\$ (1,380,205)	\$ 248,133	\$ (3,637,087)	\$ 129,928	\$ (343,100)	\$ (1,846,489)
Total OPEB Liability, Beginning	30,287,334	28,907,129	29,155,262	25,518,175	25,648,103	25,305,003
Total OPEB Liability, Ending	\$ 28,907,129	\$ 29,155,262	\$ 25,518,175	\$ 25,648,103	\$ 25,305,003	\$ 23,458,514
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 7,281,908	\$ 6,031,582	\$ 6,042,217	\$ 6,557,103	\$ 6,994,985	\$ 6,735,666
Employer Proportionate Share of the Total OPEB Liability	21,625,221	23,123,680	19,475,958	19,091,090	18,310,018	16,722,848
Covered Employee Payroll	\$ 51,009,548	\$ 51,286,184	\$ 50,914,137	\$ 50,952,301	\$ 53,844,166	\$ 54,063,893
Net OPEB Liability as a Percentage of Covered Employee Payroll	42.39%	45.09%	38.25%	37.47%	34.01%	30.93%

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%
2022	3.54%

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

2019 plan year	- from 5.4% to 6.75%
2020 plan year	- from 6.75% to 6.03%
2021 plan year	- from 6.03% to 9.02%
2022 plan year	- from 9.02% to 7.36%
2023 plan year	- from 7.36% to 8.37%

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

Exhibit F-10

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

	2017	2018	2019	2020	2021	2022
Total OPEB Liability						
Service Cost	\$ 2,726,590	\$ 2,209,974	\$ 2,062,040	\$ 1,458,304	\$ 1,097,564	\$ 702,185
Interest	1,535,988	1,783,198	1,762,402	1,778,747	993,774	720,709
Change in Benefit Terms	0	0	0	(17,602,147)	0	0
Differences Between Actual and Expected Experience	0	(1,727,090)	(3,900,724)	(1,997,606)	(1,643,335)	(397,245)
Changes in Assumptions or Other Inputs	(5,404,726)	(2,627,201)	3,624,992	11,865,675	(10,958,144)	(7,156,722)
Benefit Payments	(844,602)	(862,842)	(936,766)	(970,406)	(728,488)	(662,041)
Net Change in Total OPEB Liability	\$ (1,986,750)	\$ (1,223,961)	\$ 2,611,944	\$ (5,467,433)	\$ (11,238,629)	\$ (6,793,114)
Total OPEB Liability, Beginning	50,298,040	48,311,290	47,087,329	49,699,273	44,231,840	32,993,211
Total OPEB Liability, Ending	\$ 48,311,290	\$ 47,087,329	\$ 49,699,273	\$ 44,231,840	\$ 32,993,211	\$ 26,200,097
Nonemployer Contributing Entity Proportionate Share of the Total OPEB Liability	\$ 2,661,131	\$ 2,524,775	\$ 5,469,404	\$ 6,996,989	\$ 5,226,156	\$ 4,353,956
Employer Proportionate Share of the Total OPEB Liability	45,650,159	44,562,554	44,229,869	37,234,851	27,767,055	21,846,141
Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A
Net OPEB Liability as a Percentage of Covered Employee Payroll	N/A	N/A	N/A	N/A	N/A	N/A

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

Note 2: Changes in assumptions.

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

2016	2.92%
2017	3.56%
2018	3.62%
2019	3.51%
2020	2.21%
2021	2.16%
2022	3.54%

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

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

SULLIVAN COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2023

TENNESSEE CONSOLIDATED RETIREMENT SYSTEM

Valuation Date: Actuarially determined contribution rates for fiscal year 2023 were calculated based on the July 1, 2021, actuarial valuation.

Methods and assumptions used to determine contribution rates:

Actuarial Cost Method	Entry Age Normal
Amortization Method	Level Dollar, Closed (Not to Exceed 20 Years)
Remaining Amortization Period	Varies by Year
Asset Valuation	10-Year Smoothed Within a 20% Corridor to Market Value
Inflation	2.25%
Salary Increases	Graded Salary Ranges from 8.72% to 3.44% Based on Age, Including Inflation, Averaging 4%
Investment Rate of Return	6.75%, Net of Investment Expense, Including Inflation
Retirement Age	Pattern of Retirement Determined by Experience Study
Mortality	Customized Table Based on Actual Experience Including an Adjustment for Some Anticipated Improvement
Cost of Living Adjustment	2.125%

Changes of assumptions. In 2021, the following assumptions were changed: decreased inflation rate from 2.5 percent to 2.25 percent; decreased the investment rate of return from 7.25 percent to 6.75 percent; decreased the cost-of-living adjustment from 2.25 percent to 2.125 percent; and modified mortality assumptions. In 2017, the following assumptions were changed: decreased inflation rate from 3 percent to 2.5 percent; decreased the investment rate of return from 7.5 percent to 7.25 percent; decreased the cost-of-living adjustment from 2.5 percent to 2.25 percent; decreased salary growth graded ranges from an average of 4.25 percent to an average of 4 percent; and modified mortality assumptions.

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

Nonmajor Governmental Funds

Special Revenue Funds

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

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

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

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

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

Highway/Public Works Fund – The Highway/Public Works Fund is used to account for transactions of the county’s highway department.

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.

Exhibit G-1

Sullivan County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2023

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitutional - Officers - Fees	Highway / Public Works	Total
<u>ASSETS</u>						
Cash	\$ 300	\$ 0	\$ 0	\$ 188,683	\$ 0	\$ 188,983
Equity in Pooled Cash and Investments	1,057,146	1,762,341	262,228	0	6,566,886	9,648,601
Accounts Receivable	90,023	2,945,743	0	131,045	88,392	3,255,203
Allowance for Uncollectibles	0	(880,956)	0	0	0	(880,956)
Due from Other Governments	2,652	0	0	0	1,064,253	1,066,905
Due from Other Funds	4,489	0	17,306	0	0	21,795
Due from Component Units	14,571	0	0	0	0	14,571
Property Taxes Receivable	1,724,902	0	0	0	3,143,988	4,868,890
Allowance for Uncollectible Property Taxes	(36,188)	0	0	0	(88,555)	(124,743)
Total Assets	<u>\$ 2,857,895</u>	<u>\$ 3,827,128</u>	<u>\$ 279,534</u>	<u>\$ 319,728</u>	<u>\$ 10,774,964</u>	<u>\$ 18,059,249</u>
<u>LIABILITIES</u>						
Accounts Payable	\$ 0	\$ 4,474	\$ 0	\$ 0	\$ 0	\$ 4,474
Accrued Payroll	13,762	109,221	0	0	82,149	205,132
Payroll Deductions Payable	8,456	64,468	0	0	52,077	125,001
Due to Other Funds	2,568	98,145	0	319,728	8,564	429,005
Total Liabilities	<u>\$ 24,786</u>	<u>\$ 276,308</u>	<u>\$ 0</u>	<u>\$ 319,728</u>	<u>\$ 142,790</u>	<u>\$ 763,612</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>						
Deferred Current Property Taxes	\$ 1,672,959	\$ 0	\$ 0	\$ 0	\$ 2,995,353	\$ 4,668,312
Deferred Delinquent Property Taxes	14,284	0	0	0	54,469	68,753

(Continued)

Exhibit G-1

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

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	Total
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>						
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,581,665	\$ 0	\$ 0	\$ 330,748	\$ 1,912,413
Total Deferred Inflows of Resources	\$ 1,687,243	\$ 1,581,665	\$ 0	\$ 0	\$ 3,380,570	\$ 6,649,478
<u>FUND BALANCES</u>						
Restricted:						
Restricted for Public Safety	\$ 0	\$ 0	\$ 279,534	\$ 0	\$ 0	\$ 279,534
Restricted for Capital Projects	0	0	0	0	0	0
Committed:						
Committed for Public Health and Welfare	1,145,866	1,969,155	0	0	0	3,115,021
Committed for Highways/Public Works	0	0	0	0	7,251,604	7,251,604
Total Fund Balances	\$ 1,145,866	\$ 1,969,155	\$ 279,534	\$ 0	\$ 7,251,604	\$ 10,646,159
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 2,857,895	\$ 3,827,128	\$ 279,534	\$ 319,728	\$ 10,774,964	\$ 18,059,249

(Continued)

Exhibit G-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>ASSETS</u>		
Cash	\$ 0	\$ 188,983
Equity in Pooled Cash and Investments	920,011	10,568,612
Accounts Receivable	0	3,255,203
Allowance for Uncollectibles	0	(880,956)
Due from Other Governments	0	1,066,905
Due from Other Funds	0	21,795
Due from Component Units	0	14,571
Property Taxes Receivable	3,898,545	8,767,435
Allowance for Uncollectible Property Taxes	(109,808)	(234,551)
	<u>\$ 4,708,748</u>	<u>\$ 22,767,997</u>
Total Assets		
<u>LIABILITIES</u>		
Accounts Payable	\$ 0	\$ 4,474
Accrued Payroll	0	205,132
Payroll Deductions Payable	0	125,001
Due to Other Funds	8,938	437,943
Total Liabilities	<u>\$ 8,938</u>	<u>\$ 772,550</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 3,714,237	\$ 8,382,549
Deferred Delinquent Property Taxes	67,543	136,296

(Continued)

Exhibit G-1

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
<u>DEFERRED INFLOWS OF RESOURCES (Cont.)</u>		
Other Deferred/Unavailable Revenue	\$ 0	\$ 1,912,413
Total Deferred Inflows of Resources	<u>\$ 3,781,780</u>	<u>\$ 10,431,258</u>
<u>FUND BALANCES</u>		
Restricted:		
Restricted for Public Safety	\$ 0	\$ 279,534
Restricted for Capital Projects	918,030	918,030
Committed:		
Committed for Public Health and Welfare	0	3,115,021
Committed for Highways/Public Works	0	7,251,604
Total Fund Balances	<u>\$ 918,030</u>	<u>\$ 11,564,189</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 4,708,748</u>	<u>\$ 22,767,997</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, 2023

	Special Revenue Funds					
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional - Officers - Fees	Highway / Public Works	Total
<u>Revenues</u>						
Local Taxes	\$ 808,361	\$ 0	\$ 0	\$ 0	\$ 6,161,339	\$ 6,969,700
Licenses and Permits	0	0	0	0	250,000	250,000
Fines, Forfeitures, and Penalties	0	0	85,281	0	0	85,281
Charges for Current Services	500,599	8,894,006	0	28,624	0	9,423,229
Other Local Revenues	280,984	75,536	12,188	0	76,269	444,977
State of Tennessee	165,190	215,730	0	0	4,210,978	4,591,898
Federal Government	0	6,677	23,508	0	0	30,185
Other Governments and Citizens Groups	106,685	23,121	0	0	15,053	144,859
Total Revenues	\$ 1,861,819	\$ 9,215,070	\$ 120,977	\$ 28,624	\$ 10,713,639	\$ 21,940,129
<u>Expenditures</u>						
Current:						
General Government	\$ 0	\$ 0	\$ 0	\$ 455	\$ 0	\$ 455
Finance	0	0	0	1,763	0	1,763
Administration of Justice	0	0	0	25,586	0	25,586
Public Safety	0	0	97,641	820	0	98,461
Public Health and Welfare	2,238,258	9,319,543	0	0	0	11,557,801
Highways	0	0	0	0	10,913,286	10,913,286
Debt Service:						
Principal on Debt	0	0	0	0	86,004	86,004
Interest on Debt	0	0	0	0	3,996	3,996
Capital Projects	0	0	0	0	617,258	617,258
Total Expenditures	\$ 2,238,258	\$ 9,319,543	\$ 97,641	\$ 28,624	\$ 11,620,544	\$ 23,304,610

(Continued)

Exhibit G-2

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

	Special Revenue Funds					Total
	Solid Waste / Sanitation	Ambulance Service	Drug Control	Constitu - tional Officers - Fees	Highway / Public Works	
Excess (Deficiency) of Revenues Over Expenditures	\$ (376,439)	\$ (104,473)	\$ 23,336	\$ 0	\$ (906,905)	\$ (1,364,481)
<u>Other Financing Sources (Uses)</u>						
Transfers In	\$ 0	\$ 95,911	\$ 0	\$ 0	\$ 0	\$ 95,911
Transfers Out	0	0	0	0	0	0
Total Other Financing Sources (Uses)	\$ 0	\$ 95,911	\$ 0	\$ 0	\$ 0	\$ 95,911
Net Change in Fund Balances	\$ (376,439)	\$ (8,562)	\$ 23,336	\$ 0	\$ (906,905)	\$ (1,268,570)
Fund Balance, July 1, 2022	1,522,305	1,977,717	256,198	0	8,158,509	11,914,729
Fund Balance, June 30, 2023	\$ 1,145,866	\$ 1,969,155	\$ 279,534	\$ 0	\$ 7,251,604	\$ 10,646,159

(Continued)

Exhibit G-2

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

	<u>Capital</u> <u>Projects Fund</u>	Total Nonmajor Governmental Funds
	General Capital Projects	
<u>Revenues</u>		
Local Taxes	\$ 3,823,031	\$ 10,792,731
Licenses and Permits	0	250,000
Fines, Forfeitures, and Penalties	0	85,281
Charges for Current Services	0	9,423,229
Other Local Revenues	0	444,977
State of Tennessee	0	4,591,898
Federal Government	0	30,185
Other Governments and Citizens Groups	0	144,859
Total Revenues	<u>\$ 3,823,031</u>	<u>\$ 25,763,160</u>
<u>Expenditures</u>		
Current:		
General Government	\$ 0	\$ 455
Finance	75,658	77,421
Administration of Justice	0	25,586
Public Safety	0	98,461
Public Health and Welfare	0	11,557,801
Highways	0	10,913,286
Debt Service:		
Principal on Debt	0	86,004
Interest on Debt	0	3,996
Capital Projects	0	617,258
Total Expenditures	<u>\$ 75,658</u>	<u>\$ 23,380,268</u>

(Continued)

Exhibit G-2

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

	<u>Capital Projects Fund</u>	<u>Total Nonmajor Governmental Funds</u>
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,747,373	\$ 2,382,892
<u>Other Financing Sources (Uses)</u>		
Transfers In	\$ 0	\$ 95,911
Transfers Out	(3,500,000)	(3,500,000)
Total Other Financing Sources (Uses)	<u>\$ (3,500,000)</u>	<u>\$ (3,404,089)</u>
Net Change in Fund Balances	\$ 247,373	\$ (1,021,197)
Fund Balance, July 1, 2022	<u>670,657</u>	<u>12,585,386</u>
Fund Balance, June 30, 2023	<u>\$ 918,030</u>	<u>\$ 11,564,189</u>

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, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 808,361	\$ 0	\$ 0	\$ 808,361	\$ 786,764	\$ 786,764	\$ 21,597
Charges for Current Services	500,599	0	0	500,599	325,000	325,000	175,599
Other Local Revenues	280,984	0	0	280,984	450,015	450,015	(169,031)
State of Tennessee	165,190	0	0	165,190	140,456	140,456	24,734
Other Governments and Citizens Groups	106,685	0	0	106,685	100,000	100,000	6,685
Total Revenues	<u>\$ 1,861,819</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,861,819</u>	<u>\$ 1,802,235</u>	<u>\$ 1,802,235</u>	<u>\$ 59,584</u>
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Sanitation Education/Information	\$ 6,226	\$ 0	\$ 0	\$ 6,226	\$ 26,000	\$ 26,000	\$ 19,774
Transfer Stations	2,232,032	(384,257)	8,719	1,856,494	1,985,774	2,095,774	239,280
Total Expenditures	<u>\$ 2,238,258</u>	<u>\$ (384,257)</u>	<u>\$ 8,719</u>	<u>\$ 1,862,720</u>	<u>\$ 2,011,774</u>	<u>\$ 2,121,774</u>	<u>\$ 259,054</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (376,439)</u>	<u>\$ 384,257</u>	<u>\$ (8,719)</u>	<u>\$ (901)</u>	<u>\$ (209,539)</u>	<u>\$ (319,539)</u>	<u>\$ 318,638</u>
Net Change in Fund Balance	\$ (376,439)	\$ 384,257	\$ (8,719)	\$ (901)	\$ (209,539)	\$ (319,539)	\$ 318,638
Fund Balance, July 1, 2022	<u>1,522,305</u>	<u>(384,257)</u>	<u>0</u>	<u>1,138,048</u>	<u>1,310,874</u>	<u>1,310,874</u>	<u>(172,826)</u>
Fund Balance, June 30, 2023	<u>\$ 1,145,866</u>	<u>\$ 0</u>	<u>\$ (8,719)</u>	<u>\$ 1,137,147</u>	<u>\$ 1,101,335</u>	<u>\$ 991,335</u>	<u>\$ 145,812</u>

Exhibit G-4

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Ambulance Service Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 8,894,006	\$ 0	\$ 0	\$ 8,894,006	\$ 7,734,712	\$ 7,734,712	\$ 1,159,294
Other Local Revenues	75,536	0	0	75,536	1,500	1,500	74,036
State of Tennessee	215,730	0	0	215,730	375,000	375,000	(159,270)
Federal Government	6,677	0	0	6,677	0	0	6,677
Other Governments and Citizens Groups	23,121	0	0	23,121	1,600	1,600	21,521
Total Revenues	\$ 9,215,070	\$ 0	\$ 0	\$ 9,215,070	\$ 8,112,812	\$ 8,112,812	\$ 1,102,258
<u>Expenditures</u>							
<u>Public Health and Welfare</u>							
Ambulance/Emergency Medical Services	\$ 9,319,543	\$ (202,557)	\$ 9,541	\$ 9,126,527	\$ 9,165,522	\$ 9,180,967	\$ 54,440
Total Expenditures	\$ 9,319,543	\$ (202,557)	\$ 9,541	\$ 9,126,527	\$ 9,165,522	\$ 9,180,967	\$ 54,440
Excess (Deficiency) of Revenues Over Expenditures	\$ (104,473)	\$ 202,557	\$ (9,541)	\$ 88,543	\$ (1,052,710)	\$ (1,068,155)	\$ 1,156,698
<u>Other Financing Sources (Uses)</u>							
Transfers In	\$ 95,911	\$ 0	\$ 0	\$ 95,911	\$ 0	\$ 95,911	\$ 0
Total Other Financing Sources	\$ 95,911	\$ 0	\$ 0	\$ 95,911	\$ 0	\$ 95,911	\$ 0
Net Change in Fund Balance	\$ (8,562)	\$ 202,557	\$ (9,541)	\$ 184,454	\$ (1,052,710)	\$ (972,244)	\$ 1,156,698
Fund Balance, July 1, 2022	1,977,717	(202,557)	0	1,775,160	1,888,994	1,888,994	(113,834)
Fund Balance, June 30, 2023	\$ 1,969,155	\$ 0	\$ (9,541)	\$ 1,959,614	\$ 836,284	\$ 916,750	\$ 1,042,864

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, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Fines, Forfeitures, and Penalties	\$ 85,281	\$ 0	\$ 0	\$ 85,281	\$ 144,263	\$ 144,263	\$ (58,982)
Other Local Revenues	12,188	0	0	12,188	0	0	12,188
Federal Government	23,508	0	0	23,508	50,000	50,000	(26,492)
Total Revenues	<u>\$ 120,977</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 120,977</u>	<u>\$ 194,263</u>	<u>\$ 194,263</u>	<u>\$ (73,286)</u>
<u>Expenditures</u>							
<u>Public Safety</u>							
Sheriff's Department	\$ 97,641	\$ (2,571)	\$ 672	\$ 95,742	\$ 165,000	\$ 165,000	\$ 69,258
Total Expenditures	<u>\$ 97,641</u>	<u>\$ (2,571)</u>	<u>\$ 672</u>	<u>\$ 95,742</u>	<u>\$ 165,000</u>	<u>\$ 165,000</u>	<u>\$ 69,258</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 23,336</u>	<u>\$ 2,571</u>	<u>\$ (672)</u>	<u>\$ 25,235</u>	<u>\$ 29,263</u>	<u>\$ 29,263</u>	<u>\$ (4,028)</u>
Net Change in Fund Balance	\$ 23,336	\$ 2,571	\$ (672)	\$ 25,235	\$ 29,263	\$ 29,263	\$ (4,028)
Fund Balance, July 1, 2022	256,198	(2,571)	0	253,627	246,098	246,098	7,529
Fund Balance, June 30, 2023	<u>\$ 279,534</u>	<u>\$ 0</u>	<u>\$ (672)</u>	<u>\$ 278,862</u>	<u>\$ 275,361</u>	<u>\$ 275,361</u>	<u>\$ 3,501</u>

Exhibit G-6

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,161,339	\$ 0	\$ 0	\$ 6,161,339	\$ 6,042,708	\$ 6,060,708	\$ 100,631
Licenses and Permits	250,000	0	0	250,000	250,000	250,000	0
Other Local Revenues	76,269	0	0	76,269	66,450	66,450	9,819
State of Tennessee	4,210,978	0	0	4,210,978	4,189,792	4,189,792	21,186
Federal Government	0	0	0	0	9,445	9,445	(9,445)
Other Governments and Citizens Groups	15,053	0	0	15,053	280,902	280,902	(265,849)
Total Revenues	\$ 10,713,639	\$ 0	\$ 0	\$ 10,713,639	\$ 10,839,297	\$ 10,857,297	\$ (143,658)
<u>Expenditures</u>							
<u>Highways</u>							
Administration	\$ 384,045	\$ (1,347)	\$ 864	\$ 383,562	\$ 446,589	\$ 446,589	\$ 63,027
Highway and Bridge Maintenance	6,586,437	(25,128)	39,891	6,601,200	7,606,636	7,476,636	875,436
Operation and Maintenance of Equipment	701,866	(3,674)	384	698,576	720,000	850,000	151,424
Asphalt Plant Operations	2,219,055	0	5,400	2,224,455	2,520,000	2,520,000	295,545
Traffic Control	45,719	0	0	45,719	50,000	50,000	4,281
Other Charges	209,789	0	0	209,789	270,000	270,000	60,211
Capital Outlay	766,375	(281,178)	612,709	1,097,906	1,190,000	1,100,000	2,094
<u>Principal on Debt</u>							
Highways and Streets	86,004	0	0	86,004	0	86,004	0
<u>Interest on Debt</u>							
Highways and Streets	3,996	0	0	3,996	0	3,996	0
<u>Capital Projects</u>							
Highway and Street Capital Projects	617,258	(372,649)	0	244,609	800,000	800,000	555,391
Total Expenditures	\$ 11,620,544	\$ (683,976)	\$ 659,248	\$ 11,595,816	\$ 13,603,225	\$ 13,603,225	\$ 2,007,409
Excess (Deficiency) of Revenues							
Over Expenditures	\$ (906,905)	\$ 683,976	\$ (659,248)	\$ (882,177)	\$ (2,763,928)	\$ (2,745,928)	\$ 1,863,751
Net Change in Fund Balance							
Fund Balance, July 1, 2022	\$ 8,158,509	(683,976)	0	7,474,533	8,037,930	8,037,930	(563,397)
Fund Balance, June 30, 2023	\$ 7,251,604	\$ 0	\$ (659,248)	\$ 6,592,356	\$ 5,274,002	\$ 5,292,002	\$ 1,300,354

Exhibit G-7

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Capital Projects Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 3,823,031	\$ 3,756,798	\$ 3,756,798	\$ 66,233
Total Revenues	\$ 3,823,031	\$ 3,756,798	\$ 3,756,798	\$ 66,233
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 75,658	\$ 85,000	\$ 85,000	\$ 9,342
Total Expenditures	\$ 75,658	\$ 85,000	\$ 85,000	\$ 9,342
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,747,373	\$ 3,671,798	\$ 3,671,798	\$ 75,575
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (3,500,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 0
Total Other Financing Sources	\$ (3,500,000)	\$ (3,500,000)	\$ (3,500,000)	\$ 0
Net Change in Fund Balance	\$ 247,373	\$ 171,798	\$ 171,798	\$ 75,575
Fund Balance, July 1, 2022	670,657	663,700	663,700	6,957
Fund Balance, June 30, 2023	\$ 918,030	\$ 835,498	\$ 835,498	\$ 82,532

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, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 15,735,777	\$ 14,874,940	\$ 14,874,940	\$ 860,837
Other Local Revenues	2,793,546	632,826	632,826	2,160,720
Other Governments and Citizens Groups	611,327	440,592	611,327	0
Total Revenues	<u>\$ 19,140,650</u>	<u>\$ 15,948,358</u>	<u>\$ 16,119,093</u>	<u>\$ 3,021,557</u>
<u>Expenditures</u>				
<u>Finance</u>				
Other Finance	\$ 312,795	\$ 325,000	\$ 325,000	\$ 12,205
<u>Principal on Debt</u>				
General Government	6,720,000	6,815,000	6,720,000	0
Education	4,862,479	4,698,131	4,862,479	0
<u>Interest on Debt</u>				
General Government	3,004,395	3,074,171	3,004,396	1
Education	5,381,415	5,375,028	5,381,415	0
<u>Other Debt Service</u>				
General Government	166,875	6,000	170,775	3,900
Education	19,938	20,539	20,539	601
Total Expenditures	<u>\$ 20,467,897</u>	<u>\$ 20,313,869</u>	<u>\$ 20,484,604</u>	<u>\$ 16,707</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,327,247)</u>	<u>\$ (4,365,511)</u>	<u>\$ (4,365,511)</u>	<u>\$ 3,038,264</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 4,695,308	\$ 4,445,939	\$ 4,445,939	\$ 249,369
Total Other Financing Sources	<u>\$ 4,695,308</u>	<u>\$ 4,445,939</u>	<u>\$ 4,445,939</u>	<u>\$ 249,369</u>
Net Change in Fund Balance	\$ 3,368,061	\$ 80,428	\$ 80,428	\$ 3,287,633
Fund Balance, July 1, 2022	<u>4,375,726</u>	<u>3,445,739</u>	<u>3,445,739</u>	<u>929,987</u>
Fund Balance, June 30, 2023	<u>\$ 7,743,787</u>	<u>\$ 3,526,167</u>	<u>\$ 3,526,167</u>	<u>\$ 4,217,620</u>

Proprietary Funds

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

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 employee dental program.

Exhibit I-1

Sullivan County, Tennessee
Combining Statement of Net Position
Proprietary Funds
June 30, 2023

	<u>Internal Service Funds</u>		
	Self-	Employee	Total
	Insurance	Insurance -	Proprietary
		General	Funds
<u>ASSETS</u>			
Current Assets:			
Cash	\$ 323,265	\$ 33,013	\$ 356,278
Equity in Pooled Cash and Investments	784,174	553,939	1,338,113
Accounts Receivable	23,065	0	23,065
Due from Other Funds	125,760	0	125,760
Due from Component Units	28,977	0	28,977
Total Assets	<u>\$ 1,285,241</u>	<u>\$ 586,952</u>	<u>\$ 1,872,193</u>
<u>LIABILITIES</u>			
Current Liabilities:			
Accounts Payable	\$ 13,703	\$ 17,038	\$ 30,741
Claims and Judgments Payable	762,028	0	762,028
Total Liabilities	<u>\$ 775,731</u>	<u>\$ 17,038</u>	<u>\$ 792,769</u>
<u>NET POSITION</u>			
Unrestricted	<u>\$ 509,510</u>	<u>\$ 569,914</u>	<u>\$ 1,079,424</u>
Total Net Position	<u>\$ 509,510</u>	<u>\$ 569,914</u>	<u>\$ 1,079,424</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, 2023

	Internal Service Funds		
	Self- Insurance	Employee Insurance - General	Total Proprietary Funds
<u>Operating Revenues</u>			
Self-Insurance Premiums	\$ 328,190	\$ 342,164	\$ 670,354
Cobra Insurance Payments	0	930	930
Total Operating Revenues	\$ 328,190	\$ 343,094	\$ 671,284
<u>Operating Expenses</u>			
Handling Charges and Administrative Costs	\$ 0	\$ 26,461	\$ 26,461
Dental Insurance	0	281,501	281,501
Audit Services	79,675	0	79,675
Liability Insurance	289,251	0	289,251
Bank Charges	0	848	848
Trustee's Commission	6,250	1,955	8,205
Workers' Compensation Insurance	875,274	0	875,274
Total Operating Expenses	\$ 1,250,450	\$ 310,765	\$ 1,561,215
Operating Income (Loss)	\$ (922,260)	\$ 32,329	\$ (889,931)
Income (Loss) before Transfers	\$ (922,260)	\$ 32,329	\$ (889,931)
Transfers In	749,000	0	749,000
Change in Net Position	\$ (173,260)	\$ 32,329	\$ (140,931)
Net Position, July 1, 2022	682,770	537,585	1,220,355
Net Position, June 30, 2023	\$ 509,510	\$ 569,914	\$ 1,079,424

Exhibit I-3

Sullivan County, Tennessee
Combining Statement of Cash Flows
All Proprietary Funds
For the Year Ended June 30, 2023

	<u>Internal Service Funds</u>		
	<u>Self- Insurance</u>	<u>Employee Insurance - General</u>	<u>Total Proprietary Funds</u>
<u>Cash Flows from Operating Activities</u>			
Receipts for Self-Insurance Premiums	\$ 532,122	\$ 343,183	\$ 875,305
Excess Risk Insurance Recovery	614,532	0	614,532
Payments to Insurers and Claims Payments	(1,526,681)	(294,885)	(1,821,566)
Payments for Administrative Costs	(85,925)	(29,264)	(115,189)
Net Cash Provided By (Used In) Operating Activities	<u>\$ (465,952)</u>	<u>\$ 19,034</u>	<u>\$ (446,918)</u>
<u>Cash Flows from Noncapital Financing Activities</u>			
Transfers In	<u>\$ 1,125,000</u>	<u>\$ 0</u>	<u>\$ 1,125,000</u>
Net Cash Provided By (Used In) Noncapital Financing Activities	<u>\$ 1,125,000</u>	<u>\$ 0</u>	<u>\$ 1,125,000</u>
Increase (Decrease) in Cash	<u>\$ 659,048</u>	<u>\$ 19,034</u>	<u>\$ 678,082</u>
Cash, July 1, 2022	<u>448,391</u>	<u>567,918</u>	<u>1,016,309</u>
Cash, June 30, 2023	<u><u>\$ 1,107,439</u></u>	<u><u>\$ 586,952</u></u>	<u><u>\$ 1,694,391</u></u>
<u>Reconciliation of Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities</u>			
Operating Income (Loss)	\$ (922,260)	\$ 32,329	\$ (889,931)
Adjustments to Reconcile Net Operating Income (Loss) to Net Cash Provided By (Used In) Operating Activities:			
Changes in Assets and Liabilities:			
(Increase) Decrease in Receivable for Excess Risk Insurance Recovery	(23,065)	0	(23,065)
(Increase) Decrease in Operating Receivables	203,932	89	204,021
Increase (Decrease) in Current Liabilities	<u>275,441</u>	<u>(13,384)</u>	<u>262,057</u>
Net Cash Provided By (Used In) Operating Activities	<u>\$ (465,952)</u>	<u>\$ 19,034</u>	<u>\$ (446,918)</u>
<u>Reconciliation of Cash With the Statement of Net Position</u>			
Cash Per Net Position	\$ 323,265	\$ 33,013	\$ 356,278
Equity in Pooled Cash and Investments Per Net Position	<u>784,174</u>	<u>553,939</u>	<u>1,338,113</u>
Cash, June 30, 2023	<u><u>\$ 1,107,439</u></u>	<u><u>\$ 586,952</u></u>	<u><u>\$ 1,694,391</u></u>

Custodial Funds

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

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

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

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

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

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

Exhibit J-1

Sullivan County, Tennessee
Combining Statement of Net Position
Custodial Funds
June 30, 2023

	Custodial Funds				
	Cities - Sales Tax	City School ADA - Bristol	City School ADA - Kingsport	City School ADA - Johnson City	Constitu- tional Officers - Custodial
<u>ASSETS</u>					
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,780,281
Equity in Pooled Cash and Investments	0	17,478	30,947	369	0
Accounts Receivable	0	198	351	4	0
Due from Other Governments	5,462,521	1,334,798	2,374,151	28,395	0
Property Taxes Receivable	0	9,381,312	16,609,612	197,432	0
Allowance for Uncollectible Property Taxes	0	(289,922)	(513,306)	(6,101)	0
Total Assets	<u>\$ 5,462,521</u>	<u>\$ 10,443,864</u>	<u>\$ 18,501,755</u>	<u>\$ 220,099</u>	<u>\$ 13,780,281</u>
<u>LIABILITIES</u>					
Accounts Payable	\$ 0	\$ 30,374	\$ 50,232	\$ 692	\$ 0
Accrued Payroll	0	0	0	0	0
Payroll Deductions Payable	0	0	0	0	0
Due to Other Taxing Units	5,462,521	1,537,025	2,735,743	32,599	0
Total Liabilities	<u>\$ 5,462,521</u>	<u>\$ 1,567,399</u>	<u>\$ 2,785,975</u>	<u>\$ 33,291</u>	<u>\$ 0</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>					
Deferred Current Property Taxes	\$ 0	\$ 8,876,465	\$ 15,715,780	\$ 186,808	\$ 0
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 8,876,465</u>	<u>\$ 15,715,780</u>	<u>\$ 186,808</u>	<u>\$ 0</u>
<u>NET POSITION</u>					
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,780,281</u>
Total Net Position	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 13,780,281</u>

(Continued)

Exhibit J-1

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

	<u>Custodial Funds (Cont.)</u>		
	<u>Judicial District Drug</u>	<u>District Attorney General</u>	<u>Total</u>
<u>ASSETS</u>			
Cash	\$ 0	\$ 0	\$ 13,780,281
Equity in Pooled Cash and Investments	180,577	59,945	289,316
Accounts Receivable	0	0	553
Due from Other Governments	815	0	9,200,680
Property Taxes Receivable	0	0	26,188,356
Allowance for Uncollectible Property Taxes	0	0	(809,329)
Total Assets	<u>\$ 181,392</u>	<u>\$ 59,945</u>	<u>\$ 48,649,857</u>
<u>LIABILITIES</u>			
Accounts Payable	\$ 1,328	\$ 0	\$ 82,626
Accrued Payroll	848	0	848
Payroll Deductions Payable	1,391	0	1,391
Due to Other Taxing Units	0	0	9,767,888
Total Liabilities	<u>\$ 3,567</u>	<u>\$ 0</u>	<u>\$ 9,852,753</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>			
Deferred Current Property Taxes	\$ 0	\$ 0	\$ 24,779,053
Total Deferred Inflows of Resources	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 24,779,053</u>
<u>NET POSITION</u>			
Restricted for Individuals, Organizations, and Other Governments	<u>\$ 177,825</u>	<u>\$ 59,945</u>	<u>\$ 14,018,051</u>
Total Net Position	<u>\$ 177,825</u>	<u>\$ 59,945</u>	<u>\$ 14,018,051</u>

Exhibit J-2

Sullivan County, Tennessee
Combining Statement of Changes in Net Position
Custodial Funds
For the Year Ended June 30, 2023

	Custodial Funds							
	Cities -	City	City	City	Constitu -	Judicial	District	
	Sales	School	School	School	tional	District	Attorney	Total
	Tax	ADA -	ADA -	ADA -	Officers -	Drug	General	
		Bristol	Kingsport	Johnson City	Custodial			
<u>Additions</u>								
Sales Tax Collections for Other Governments	\$ 32,967,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,967,564
ADA - Educational Funds Collected for Cities	0	18,618,702	33,967,869	403,434	0	0	0	52,990,005
Fines/Fees and Other Collections	0	0	0	0	29,097,754	0	0	29,097,754
Drug Task Force Collections	0	0	0	0	0	197,323	0	197,323
District Attorney General Collections	0	0	0	0	0	0	16,195	16,195
Total Additions	\$ 32,967,564	\$ 18,618,702	\$ 33,967,869	\$ 403,434	\$ 29,097,754	\$ 197,323	\$ 16,195	\$ 115,268,841
<u>Deductions</u>								
Payment of Sales Tax Collections for Other Governments	\$ 32,967,564	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,967,564
Payments to City School System	0	18,618,702	33,967,869	403,434	0	0	0	52,990,005
Payments to State	0	0	0	0	20,208,605	0	0	20,208,605
Payments to Individuals and Others	0	0	0	0	8,802,824	0	0	8,802,824
Payment of Drug Task Force Expenses	0	0	0	0	0	261,486	0	261,486
Payment of District Attorney General Expenses	0	0	0	0	0	0	21,816	21,816
Total Deductions	\$ 32,967,564	\$ 18,618,702	\$ 33,967,869	\$ 403,434	\$ 29,011,429	\$ 261,486	\$ 21,816	\$ 115,252,300
Change in Net Position	\$ 0	\$ 0	\$ 0	\$ 0	\$ 86,325	\$ (64,163)	\$ (5,621)	\$ 16,541
Net Position July 1, 2022	0	0	0	0	13,693,956	241,988	65,566	14,001,510
Net Position June 30, 2023	\$ 0	\$ 0	\$ 0	\$ 0	\$ 13,780,281	\$ 177,825	\$ 59,945	\$ 14,018,051

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, five Special Revenue Funds, and a Fiduciary Fund.

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

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

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

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

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

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

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, 2023

Functions/Programs	Expenses	Program Revenues			Net (Expense)
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Revenue and Changes in Net Position Total Governmental Activities
Governmental Activities:					
Instruction	\$ 53,128,070	\$ 52,000	\$ 11,359,595	\$ 2,037,053	\$ (39,679,422)
Support Services	34,315,415	22,339	1,566,262	0	(32,726,814)
Operation of Non-instructional Services	9,397,075	951,252	8,198,252	0	(247,571)
Interest on Lease Obligations	7,221	0	0	0	(7,221)
Total Governmental Activities	\$ 96,847,781	\$ 1,025,591	\$ 21,124,109	\$ 2,037,053	\$ (72,661,028)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes					\$ 22,609,105
Local Option Sales Tax					16,719,639
Grants and Contributions Not Restricted for Specific Programs					45,219,239
Miscellaneous					172,681
Gain on Sale of Capital Assets					1,899,063
Total General Revenues					\$ 86,619,727
Change in Net Position					\$ 13,958,699
Net Position, July 1, 2022					145,048,298
Net Position, June 30, 2023					<u>\$ 159,006,997</u>

Exhibit K-2

Sullivan County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2023

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Funds</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Other</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>Funds</u>	<u>Funds</u>
<u>ASSETS</u>				
Cash	\$ 22,553	\$ 0	\$ 2,945,214	\$ 2,967,767
Equity in Pooled Cash and Investments	21,120,343	2,605,330	5,789,942	29,515,615
Inventories	94,151	0	30,188	124,339
Accounts Receivable	16,372	0	14,305	30,677
Due from Other Governments	4,450,931	2,267,570	132,906	6,851,407
Due from Other Funds	3,793,143	167,278	0	3,960,421
Due from Primary Government	63,000	22,766	0	85,766
Property Taxes Receivable	19,331,603	0	0	19,331,603
Allowance for Uncollectible Property Taxes	(597,427)	0	0	(597,427)
Prepaid Items	0	0	3,377	3,377
Restricted Assets	819,170	0	0	819,170
Total Assets	<u>\$ 49,113,839</u>	<u>\$ 5,062,944</u>	<u>\$ 8,915,932</u>	<u>\$ 63,092,715</u>
<u>LIABILITIES</u>				
Accounts Payable	\$ 82,187	\$ 52,548	\$ 5,017	\$ 139,752
Accrued Payroll	180,693	0	0	180,693
Payroll Deductions Payable	592,914	29,985	3,476	626,375
Contracts Payable	0	202,350	0	202,350
Retainage Payable	0	38,097	0	38,097
Claims and Judgments Payable	20,000	0	0	20,000
Due to Other Funds	167,278	2,680,322	1,112,821	3,960,421
Due to Primary Government	214,063	0	0	214,063
Due to State of Tennessee	30,652	0	0	30,652
Other Current Liabilities	0	0	53,245	53,245
Total Liabilities	<u>\$ 1,287,787</u>	<u>\$ 3,003,302</u>	<u>\$ 1,174,559</u>	<u>\$ 5,465,648</u>

(Continued)

Exhibit K-2

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

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Federal</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>Projects</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	
<u>DEFERRED INFLOWS OF RESOURCES</u>				
Deferred Current Property Taxes	\$ 18,291,290	\$ 0	\$ 0	\$ 18,291,290
Deferred Delinquent Property Taxes	401,528	0	0	401,528
Other Deferred/Unavailable Revenue	1,422,331	871,335	0	2,293,666
Total Deferred Inflows of Resources	<u>\$ 20,115,149</u>	<u>\$ 871,335</u>	<u>\$ 0</u>	<u>\$ 20,986,484</u>
<u>FUND BALANCES</u>				
Nonspendable:				
Inventory	\$ 94,151	\$ 0	\$ 30,188	\$ 124,339
Prepaid Items	0	0	3,377	3,377
Restricted:				
Restricted for Education	0	988,307	7,357,576	8,345,883
Restricted for Hybrid Retirement Stabilization Funds	819,170	0	0	819,170
Committed:				
Committed for Education	500,000	200,000	350,232	1,050,232
Assigned:				
Assigned for Education	493,595	0	0	493,595
Assigned for Capital Outlay	313,569	0	0	313,569
Unassigned	25,490,418	0	0	25,490,418
Total Fund Balances	<u>\$ 27,710,903</u>	<u>\$ 1,188,307</u>	<u>\$ 7,741,373</u>	<u>\$ 36,640,583</u>
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	<u>\$ 49,113,839</u>	<u>\$ 5,062,944</u>	<u>\$ 8,915,932</u>	<u>\$ 63,092,715</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, 2023

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)		\$	36,640,583
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$	5,890,838	
Add: construction in progress		1,779,449	
Add: buildings and improvements net of accumulated depreciation		133,678,855	
Add: other capital assets net of accumulated depreciation		3,634,260	
Add: intangible right-to-use assets net of accumulated amortization		<u>296,396</u>	145,279,798
(2) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			2,695,194
(3) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: leases payable	\$	(296,396)	
Less: compensated absences payable		(2,264,556)	
Less: OPEB liability		<u>(38,568,989)</u>	(41,129,941)
(4) Amounts reported as deferred outflows of resources and deferred inflows of resources related to pensions/OPEB will be amortized and recognized as components of pension/OPEB expense in future years.			
Add: deferred outflows of resources related to pensions	\$	15,855,180	
Less: deferred inflows of resources related to pensions		(2,424,980)	
Add: deferred outflows of resources related to OPEB		11,314,259	
Less: deferred inflows of resources related to OPEB		<u>(22,238,603)</u>	2,505,856
(5) Net pension assets are not current financial resources and therefore are not reported in the governmental funds.			
Add: net pension asset - agent plan	\$	1,136,269	
Add: net pension asset - teacher retirement plan		181,533	
Add: net pension asset - teacher legacy pension plan		<u>11,697,705</u>	<u>13,015,507</u>
Net position of governmental activities (Exhibit A)			<u>\$ 159,006,997</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, 2023

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Other Governmental Funds	
<u>Revenues</u>				
Local Taxes	\$ 39,347,966	\$ 0	\$ 0	\$ 39,347,966
Licenses and Permits	5,113	0	0	5,113
Charges for Current Services	12,602	0	1,004,585	1,017,187
Other Local Revenues	369,592	0	3,766,233	4,135,825
State of Tennessee	45,149,180	0	46,435	45,195,615
Federal Government	155,396	13,643,030	4,475,338	18,273,764
Other Governments and Citizens Groups	6,470	0	2,000	8,470
Total Revenues	<u>\$ 85,046,319</u>	<u>\$ 13,643,030</u>	<u>\$ 9,294,591</u>	<u>\$ 107,983,940</u>
<u>Expenditures</u>				
Current:				
Instruction	\$ 47,602,595	\$ 5,690,283	\$ 0	\$ 53,292,878
Support Services	31,954,221	5,271,067	0	37,225,288
Operation of Non-Instructional Services	956,901	0	8,591,480	9,548,381
Capital Outlay	1,186,851	2,525,664	670	3,713,185
Debt Service:				
Principal on Debt	17,779	0	0	17,779
Interest on Debt	7,221	0	0	7,221
Other Debt Service	611,328	0	0	611,328
Total Expenditures	<u>\$ 82,336,896</u>	<u>\$ 13,487,014</u>	<u>\$ 8,592,150</u>	<u>\$ 104,416,060</u>
Excess (Deficiency) of Revenues				
Over Expenditures	<u>\$ 2,709,423</u>	<u>\$ 156,016</u>	<u>\$ 702,441</u>	<u>\$ 3,567,880</u>

(Continued)

Exhibit K-4

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

	Major Funds		Nonmajor	Total
	General Purpose School	School Federal Projects	Funds Other Governmental Funds	
<u>Other Financing Sources (Uses)</u>				
Proceeds from Sale of Capital Assets	\$ 2,299,200	\$ 0	\$ 0	\$ 2,299,200
Insurance Recovery	111,910	0	0	111,910
Transfers In	48,710	0	0	48,710
Transfers Out	0	(48,710)	0	(48,710)
Total Other Financing Sources (Uses)	<u>\$ 2,459,820</u>	<u>\$ (48,710)</u>	<u>\$ 0</u>	<u>\$ 2,411,110</u>
Net Change in Fund Balances	\$ 5,169,243	\$ 107,306	\$ 702,441	\$ 5,978,990
Fund Balance, July 1, 2022	<u>22,541,660</u>	<u>1,081,001</u>	<u>7,038,932</u>	<u>30,661,593</u>
Fund Balance, June 30, 2023	<u>\$ 27,710,903</u>	<u>\$ 1,188,307</u>	<u>\$ 7,741,373</u>	<u>\$ 36,640,583</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, 2023

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)		\$ 5,978,990
(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	\$ 6,160,415	
Less: current-year depreciation expense	(4,484,240)	
Less: current-year amortization	<u>(17,779)</u>	1,658,396
(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		(403,636)
(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, 2022	\$ (2,322,073)	
Add: deferred delinquent property taxes/other deferred June 30, 2023	<u>2,695,194</u>	373,121
(4) The issuance of long-term debt (e.g., bonds, notes, 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.		
Add: principal payments on leases		17,779
(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	\$ 115,232	
Change in OPEB liability	7,508,084	
Change in net pension asset/liability	(36,944,713)	
Change in deferred outflows related to pensions	(2,194,274)	
Change in deferred inflows related to pensions	41,323,144	
Change in deferred outflows related to OPEB	(3,034,545)	
Change in deferred inflows related to OPEB	<u>(438,879)</u>	<u>6,334,049</u>
Change in net position of governmental activities (Exhibit B)		<u>\$ 13,958,699</u>

Exhibit K-6

Sullivan County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Sullivan County School Department
June 30, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School	
<u>ASSETS</u>					
Cash	\$ 1,865	\$ 0	\$ 0	\$ 2,943,349	\$ 2,945,214
Equity in Pooled Cash and Investments	5,265,555	150,232	374,155	0	5,789,942
Inventories	30,188	0	0	0	30,188
Accounts Receivable	10,580	0	0	3,725	14,305
Due from Other Governments	132,906	0	0	0	132,906
Prepaid Items	0	0	0	3,377	3,377
Total Assets	\$ 5,441,094	\$ 150,232	\$ 374,155	\$ 2,950,451	\$ 8,915,932
<u>LIABILITIES</u>					
Accounts Payable	\$ 82	\$ 0	\$ 0	\$ 4,935	\$ 5,017
Payroll Deductions Payable	3,476	0	0	0	3,476
Due to Other Funds	776,799	0	336,022	0	1,112,821
Other Current Liabilities	53,245	0	0	0	53,245
Total Liabilities	\$ 833,602	\$ 0	\$ 336,022	\$ 4,935	\$ 1,174,559
<u>FUND BALANCES</u>					
Nonspendable:					
Inventory	\$ 30,188	\$ 0	\$ 0	\$ 0	\$ 30,188
Prepaid Items	0	0	0	3,377	3,377
Restricted:					
Restricted for Education	4,377,304	0	38,133	2,942,139	7,357,576
Committed:					
Committed for Education	200,000	150,232	0	0	350,232
Total Fund Balances	\$ 4,607,492	\$ 150,232	\$ 38,133	\$ 2,945,516	\$ 7,741,373
Total Liabilities and Fund Balances	\$ 5,441,094	\$ 150,232	\$ 374,155	\$ 2,950,451	\$ 8,915,932

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, 2023

	Special Revenue Funds				Total Nonmajor Governmental Funds
	Central Cafeteria	Other Education Special Revenue	School Improvement	Internal School	
<u>Revenues</u>					
Charges for Current Services	\$ 952,585	\$ 52,000	\$ 0	\$ 0	\$ 1,004,585
Other Local Revenues	89,754	0	0	3,676,479	3,766,233
State of Tennessee	46,435	0	0	0	46,435
Federal Government	4,475,338	0	0	0	4,475,338
Other Governments and Citizens Groups	2,000	0	0	0	2,000
Total Revenues	<u>\$ 5,566,112</u>	<u>\$ 52,000</u>	<u>\$ 0</u>	<u>\$ 3,676,479</u>	<u>\$ 9,294,591</u>
<u>Expenditures</u>					
Current:					
Operation of Non-Instructional Services	\$ 4,975,704	\$ 639	\$ 0	\$ 3,615,137	\$ 8,591,480
Capital Outlay	0	0	670	0	670
Total Expenditures	<u>\$ 4,975,704</u>	<u>\$ 639</u>	<u>\$ 670</u>	<u>\$ 3,615,137</u>	<u>\$ 8,592,150</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 590,408</u>	<u>\$ 51,361</u>	<u>\$ (670)</u>	<u>\$ 61,342</u>	<u>\$ 702,441</u>
Net Change in Fund Balances	\$ 590,408	\$ 51,361	\$ (670)	\$ 61,342	\$ 702,441
Fund Balance, July 1, 2022	4,017,084	98,871	38,803	2,884,174	7,038,932
Fund Balance, June 30, 2023	<u>\$ 4,607,492</u>	<u>\$ 150,232</u>	<u>\$ 38,133</u>	<u>\$ 2,945,516</u>	<u>\$ 7,741,373</u>

Exhibit K-8

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
General Purpose School Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 39,347,966	\$ 0	\$ 0	\$ 39,347,966	\$ 35,659,718	\$ 35,659,718	\$ 3,688,248
Licenses and Permits	5,113	0	0	5,113	4,000	4,000	1,113
Charges for Current Services	12,602	0	0	12,602	16,000	316,000	(303,398)
Other Local Revenues	369,592	0	0	369,592	365,350	1,100,426	(730,834)
State of Tennessee	45,149,180	0	0	45,149,180	42,978,712	43,618,363	1,530,817
Federal Government	155,396	0	0	155,396	180,000	180,000	(24,604)
Other Governments and Citizens Groups	6,470	0	0	6,470	5,000	5,000	1,470
Total Revenues	\$ 85,046,319	\$ 0	\$ 0	\$ 85,046,319	\$ 79,208,780	\$ 80,883,507	\$ 4,162,812
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 39,184,552	\$ (34,014)	\$ 153,080	\$ 39,303,618	\$ 41,486,341	\$ 40,925,711	\$ 1,622,093
Special Education Program	5,428,098	(5,676)	24,960	5,447,382	6,072,600	6,113,807	666,425
Career and Technical Education Program	2,989,945	(9,828)	0	2,980,117	3,384,000	3,384,000	403,883
<u>Support Services</u>							
Health Services	1,179,663	0	0	1,179,663	1,268,598	1,287,647	107,984
Other Student Support	2,253,056	0	224	2,253,280	2,480,700	2,487,841	234,561
Regular Instruction Program	2,995,430	(67,337)	18,819	2,946,912	3,162,939	3,368,714	421,802
Special Education Program	402,685	0	0	402,685	422,800	542,932	140,247
Career and Technical Education Program	142,497	0	0	142,497	158,675	159,815	17,318
Other Programs	639,652	0	0	639,652	0	639,652	0
Board of Education	1,762,952	0	450	1,763,402	1,802,034	2,077,334	313,932
Director of Schools	490,540	(125)	0	490,415	488,045	541,180	50,765
Office of the Principal	5,723,855	0	0	5,723,855	5,920,800	5,951,589	227,734
Fiscal Services	405,679	0	500	406,179	61,500	440,825	34,646
Human Services/Personnel	214,559	0	0	214,559	337,400	256,811	42,252
Operation of Plant	6,987,775	(57,191)	65,609	6,996,193	7,217,500	7,299,497	303,304
Maintenance of Plant	3,175,835	(9,807)	155,537	3,321,565	3,646,030	3,684,240	362,675
Transportation	5,580,043	0	0	5,580,043	5,707,775	5,742,221	162,178

(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 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 77,225	\$ 0	\$ 0	\$ 77,225	\$ 0	\$ 0	(77,225)
Community Services	19,101	0	0	19,101	30,798	30,798	11,697
Early Childhood Education	860,575	(957)	0	859,618	904,070	910,592	50,974
<u>Capital Outlay</u>							
Regular Capital Outlay	1,186,851	(637,740)	128,950	678,061	300,000	1,035,076	357,015
<u>Principal on Debt</u>							
Education	17,779	0	0	17,779	600,000	17,779	0
<u>Interest on Debt</u>							
Education	7,221	0	0	7,221	20,000	7,221	0
<u>Other Debt Service</u>							
Education	611,328	0	0	611,328	0	620,000	8,672
Total Expenditures	\$ 82,336,896	\$ (822,675)	\$ 548,129	\$ 82,062,350	\$ 85,472,605	\$ 87,525,282	\$ 5,462,932
Excess (Deficiency) of Revenues							
Over Expenditures	\$ 2,709,423	\$ 822,675	\$ (548,129)	\$ 2,983,969	\$ (6,263,825)	\$ (6,641,775)	\$ 9,625,744
<u>Other Financing Sources (Uses)</u>							
Proceeds from Sale of Capital Assets	\$ 2,299,200	\$ 0	\$ 0	\$ 2,299,200	\$ 0	\$ 0	2,299,200
Insurance Recovery	111,910	0	0	111,910	0	0	111,910
Transfers In	48,710	0	0	48,710	200,000	200,000	(151,290)
Transfers Out	0	0	0	0	(379,325)	0	0
Total Other Financing Sources	\$ 2,459,820	\$ 0	\$ 0	\$ 2,459,820	\$ (179,325)	\$ 200,000	\$ 2,259,820
Net Change in Fund Balance							
Fund Balance, July 1, 2022	\$ 5,169,243	\$ 822,675	\$ (548,129)	\$ 5,443,789	\$ (6,443,150)	\$ (6,441,775)	\$ 11,885,564
	22,541,660	(822,675)	0	21,718,985	16,725,383	16,725,383	4,993,602
Fund Balance, June 30, 2023	\$ 27,710,903	\$ 0	\$ (548,129)	\$ 27,162,774	\$ 10,282,233	\$ 10,283,608	\$ 16,879,166

Exhibit K-9

Sullivan County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Sullivan County School Department
 School Federal Projects Fund
 For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Federal Government	\$ 13,643,030	\$ 0	\$ 0	\$ 13,643,030	\$ 37,266,883	\$ 37,268,861	\$ (23,625,831)
Total Revenues	\$ 13,643,030	\$ 0	\$ 0	\$ 13,643,030	\$ 37,266,883	\$ 37,268,861	\$ (23,625,831)
Expenditures							
<u>Instruction</u>							
Regular Instruction Program	\$ 3,343,370	\$ (328,347)	\$ 1,111,037	\$ 4,126,060	\$ 4,821,929	\$ 5,541,146	\$ 1,415,086
Special Education Program	2,151,754	0	25,242	2,176,996	3,142,658	3,188,033	1,011,037
Career and Technical Education Program	195,159	0	0	195,159	187,903	195,162	3
<u>Support Services</u>							
Health Services	933,677	(151,166)	476,206	1,258,717	1,137,650	1,294,116	35,399
Other Student Support	535,633	0	0	535,633	819,922	764,830	229,197
Regular Instruction Program	1,230,565	0	0	1,230,565	1,678,940	1,638,940	408,375
Special Education Program	673,460	0	0	673,460	1,127,254	1,082,255	408,795
Career and Technical Education Program	3,372	0	0	3,372	4,100	3,372	0
Technology	12,679	0	95,507	108,186	35,000	110,000	1,814
Transportation	1,881,681	(1,517,172)	0	364,509	2,138,188	2,024,428	1,659,919
<u>Capital Outlay</u>							
Regular Capital Outlay	2,525,664	(272,554)	13,962,665	16,215,775	22,101,339	21,369,369	5,153,594
Total Expenditures	\$ 13,487,014	\$ (2,269,239)	\$ 15,670,657	\$ 26,888,432	\$ 37,194,883	\$ 37,211,651	\$ 10,323,219
Excess (Deficiency) of Revenues Over Expenditures	\$ 156,016	\$ 2,269,239	\$ (15,670,657)	\$ (13,245,402)	\$ 72,000	\$ 57,210	\$ (13,302,612)
Other Financing Sources (Uses)							
Transfers Out	\$ (48,710)	\$ 0	\$ 0	\$ (48,710)	\$ (72,000)	\$ (71,625)	\$ 22,915
Total Other Financing Sources	\$ (48,710)	\$ 0	\$ 0	\$ (48,710)	\$ (72,000)	\$ (71,625)	\$ 22,915
Net Change in Fund Balance	\$ 107,306	\$ 2,269,239	\$ (15,670,657)	\$ (13,294,112)	\$ 0	\$ (14,415)	\$ (13,279,697)
Fund Balance, July 1, 2022	1,081,001	(2,269,239)	0	(1,188,238)	0	0	(1,188,238)
Fund Balance, June 30, 2023	\$ 1,188,307	\$ 0	\$ (15,670,657)	\$ (14,482,350)	\$ 0	\$ (14,415)	\$ (14,467,935)

Exhibit K-10

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Sullivan County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2023

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2022	Add: Encumbrances 6/30/2023	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Charges for Current Services	\$ 952,585	\$ 0	\$ 0	\$ 952,585	\$ 1,203,740	\$ 1,203,740	\$ (251,155)
Other Local Revenues	89,754	0	0	89,754	3,500	3,500	86,254
State of Tennessee	46,435	0	0	46,435	50,000	50,000	(3,565)
Federal Government	4,475,338	0	0	4,475,338	3,804,989	3,830,989	644,349
Other Governments and Citizens Groups	2,000	0	0	2,000	2,000	2,000	0
Total Revenues	\$ 5,566,112	\$ 0	\$ 0	\$ 5,566,112	\$ 5,064,229	\$ 5,090,229	\$ 475,883
<u>Expenditures</u>							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 4,975,704	\$ (14,543)	\$ 3,952	\$ 4,965,113	\$ 5,064,229	\$ 5,390,229	\$ 425,116
Total Expenditures	\$ 4,975,704	\$ (14,543)	\$ 3,952	\$ 4,965,113	\$ 5,064,229	\$ 5,390,229	\$ 425,116
Excess (Deficiency) of Revenues Over Expenditures	\$ 590,408	\$ 14,543	\$ (3,952)	\$ 600,999	\$ 0	\$ (300,000)	\$ 900,999
Net Change in Fund Balance	\$ 590,408	\$ 14,543	\$ (3,952)	\$ 600,999	\$ 0	\$ (300,000)	\$ 900,999
Fund Balance, July 1, 2022	4,017,084	(14,543)	0	4,002,541	751,420	751,420	3,251,121
Fund Balance, June 30, 2023	\$ 4,607,492	\$ 0	\$ (3,952)	\$ 4,603,540	\$ 751,420	\$ 451,420	\$ 4,152,120

Exhibit K-11

Sullivan County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Sullivan County School Department
Other Education Special Revenue Fund
For the Year Ended June 30, 2023

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 52,000	\$ 200,000	\$ 200,000	\$ (148,000)
State of Tennessee	0	40,000	40,000	(40,000)
Total Revenues	<u>\$ 52,000</u>	<u>\$ 240,000</u>	<u>\$ 240,000</u>	<u>\$ (188,000)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Early Childhood Education	\$ 639	\$ 235,896	\$ 235,896	\$ 235,257
Total Expenditures	<u>\$ 639</u>	<u>\$ 235,896</u>	<u>\$ 235,896</u>	<u>\$ 235,257</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 51,361</u>	<u>\$ 4,104</u>	<u>\$ 4,104</u>	<u>\$ 47,257</u>
Net Change in Fund Balance	\$ 51,361	\$ 4,104	\$ 4,104	\$ 47,257
Fund Balance, July 1, 2022	<u>98,871</u>	<u>50,462</u>	<u>50,462</u>	<u>48,409</u>
Fund Balance, June 30, 2023	<u>\$ 150,232</u>	<u>\$ 54,566</u>	<u>\$ 54,566</u>	<u>\$ 95,666</u>

Sullivan County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Sullivan County School Department
Fiduciary Fund
June 30, 2023

	Private- Purpose Trust Fund
	<u>Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ <u>99,995</u>
Total Assets	\$ <u>99,995</u>
<u>LIABILITIES</u>	
Accounts Payable	\$ <u>2,500</u>
Total Liabilities	\$ <u>2,500</u>
<u>NET POSITION</u>	
Unrestricted	\$ <u>97,495</u>
Total Net Position	\$ <u><u>97,495</u></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, 2023

	Private- Purpose Trust Fund
	<u>Endowment Fund</u>
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	\$ 2,200
Total Deductions	<u>\$ 2,200</u>
Change in Net Position	\$ (2,200)
Net Position, July 1, 2022	<u>99,695</u>
Net Position, June 30, 2023	<u><u>\$ 97,495</u></u>

MISCELLANEOUS SCHEDULES

Exhibit L-1

Sullivan County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, Bonds, and Nonexchange Financial Guarantee
For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-22	Issued or Other Increases During Period	Matured During Period	Outstanding 6-30-23
NOTES PAYABLE								
<u>Payable through General Debt Service Fund</u>								
School Roof	\$ 1,500,000	2.65	% 10-12-15	10-16-23	\$ 321,007	\$ 0	\$ 164,348	\$ 156,659
Total Payable through General Debt Service Fund					\$ 321,007	\$ 0	\$ 164,348	\$ 156,659
<u>Payable through General Fund</u>								
Sheriff Vehicles, Series 2023	1,550,000	3.10	1-24-23	1-24-27	\$ 0	\$ 1,550,000	\$ 0	\$ 1,550,000
Total Payable through General Fund					\$ 0	\$ 1,550,000	\$ 0	\$ 1,550,000
Total Notes Payable					\$ 321,007	\$ 1,550,000	\$ 164,348	\$ 1,706,659
OTHER LOANS PAYABLE								
<u>Payable through General Fund</u>								
Court System Computers 2018	33,501	6.5	8-15-18	6-15-23	\$ 7,556	\$ 0	\$ 7,556	\$ 0
Circuit Servers 2018	28,899	6.5	10-16-18	8-16-22	1,352	0	1,352	0
Sheriff Vehicles 2020	133,275	3.79	12-23-20	4-17-24	67,397	0	33,072	34,325
Circuit Computers 2021	58,826	6	3-4-21	1-4-25	38,880	0	15,410	23,470
Sheriff Vehicles 2021	690,579	3.43	10-22-21	3-28-25	516,428	0	166,366	350,062
Total Payable through General Fund					\$ 631,613	\$ 0	\$ 223,756	\$ 407,857
<u>Payable through Highway/Public Works Fund</u>								
Dump Trucks 2018	494,574	4.26	11-30-17	11-1-23	\$ 93,806	\$ 0	\$ 86,004	\$ 7,802
Total Payable through Highway/Public Works Fund					\$ 93,806	\$ 0	\$ 86,004	\$ 7,802
<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	\$ 4,049,854	\$ 0	\$ 965,927	\$ 3,083,927
Qualified School Construction Bonds, Series 2010 (1)	5,073,000	0	10-7-10	8-1-27	1,643,739	0	316,548	1,327,191
Energy Efficient Schools Initiative	5,054,635	0	5-16-11	12-1-25	1,521,517	0	430,656	1,090,861
Total Payable through General Debt Service Fund					\$ 7,215,110	\$ 0	\$ 1,713,131	\$ 5,501,979
Total Other Loans Payable					\$ 7,940,529	\$ 0	\$ 2,022,891	\$ 5,917,638

(Continued)

Exhibit L-1

Sullivan County, Tennessee

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-22	Issued or Other Increases During Period	Matured During Period	Outstanding 6-30-23
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
General Obligation Refunding Bonds, Series 2015A	\$ 24,870,000	2 to 5	% 3-30-15	4-1-26	\$ 9,195,000	\$ 0	\$ 3,200,000	\$ 5,995,000
General Obligation Refunding Bonds, Series 2015C	6,265,000	2 to 3.35	3-30-15	4-1-28	3,455,000	0	545,000	2,910,000
General Obligation Bonds, Series 2017	135,740,000	3 to 5	3-30-17	5-1-47	125,155,000	0	2,985,000	122,170,000
General Obligation Bonds, Series 2019	3,745,000	2.25 to 5	12-5-19	6-1-39	3,370,000	0	145,000	3,225,000
General Obligation Bonds, Series 2020	76,190,000	2 to 5	10-28-20	5-1-41	73,655,000	0	2,660,000	70,995,000
General Obligation Bonds, Series 2021	4,000,000	1.85 to 2.625	10-22-21	5-1-41	3,900,000	0	170,000	3,730,000
Total Bonds Payable					<u>\$ 218,730,000</u>	<u>\$ 0</u>	<u>\$ 9,705,000</u>	<u>\$ 209,025,000</u>
<u>NONEXCHANGE FINANCIAL GUARANTEE</u>								
<u>Payable through General Debt Service Fund</u>								
Airport Authority 2018 Aerospace Park Bonds	2,290,750	3 to 4.5	3-29-18	5-1-38	\$ 1,981,629	\$ 69,063	\$ 164,775	\$ 1,885,917
Total Nonexchange Financial Guarantee					<u>\$ 1,981,629</u>	<u>\$ 69,063</u>	<u>\$ 164,775</u>	<u>\$ 1,885,917</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
2024	\$ 526,387	\$ 50,793	\$ 577,180
2025	381,247	37,198	418,445
2026	393,331	25,114	418,445
2027	405,694	12,751	418,445
Total	\$ 1,706,659	\$ 125,856	\$ 1,832,515

Year Ending June 30	Other Loans			Total
	Principal	Interest	Other Fees	
2024	\$ 1,946,935	\$ 501,770	\$ 19,538	\$ 2,468,243
2025	1,904,730	490,110	19,539	2,414,379
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	\$ 5,917,638	\$ 1,762,515	\$ 67,557	\$ 7,747,710

(Continued)

Exhibit L-2

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

Year Ending June 30	Bonds		
	Principal	Interest	Total
2024	\$ 10,235,000	\$ 7,421,956	\$ 17,656,956
2025	8,660,000	6,927,831	15,587,831
2026	8,510,000	6,512,271	15,022,271
2027	7,825,000	6,126,371	13,951,371
2028	8,110,000	5,825,821	13,935,821
2029	7,830,000	5,475,204	13,305,204
2030	8,180,000	5,130,439	13,310,439
2031	8,495,000	4,813,881	13,308,881
2032	8,790,000	4,521,181	13,311,181
2033	9,050,000	4,258,269	13,308,269
2034	9,320,000	3,986,644	13,306,644
2035	9,565,000	3,740,613	13,305,613
2036	9,820,000	3,487,781	13,307,781
2037	10,085,000	3,221,025	13,306,025
2038	10,400,000	2,914,412	13,314,412
2039	10,715,000	2,596,663	13,311,663
2040	10,785,000	2,268,262	13,053,262
2041	11,125,000	1,934,963	13,059,963
2042	6,280,000	1,590,100	7,870,100
2043	6,530,000	1,338,900	7,868,900
2044	6,770,000	1,102,188	7,872,188
2045	7,040,000	831,388	7,871,388
2046	7,320,000	549,787	7,869,787
2047	7,585,000	284,438	7,869,438
Total	\$ 209,025,000	\$ 86,860,388	\$ 295,885,388

(Continued)

Exhibit L-2

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

Year Ending June 30	Nonexchange Financial Guarantee		
	Principal	Interest	Total
Principal and Interest Requirements on Outstanding Aerospace Park Bonds:			
2024	\$ 95,000	\$ 65,500	\$ 160,500
2025	100,000	61,225	161,225
2026	105,000	56,725	161,725
2027	110,000	53,575	163,575
2028	115,000	50,138	165,138
2029	115,000	46,400	161,400
2030	120,000	42,663	162,663
2031	125,000	38,763	163,763
2032	130,000	34,700	164,700
2033	135,000	30,312	165,312
2034	135,000	25,756	160,756
2035	140,000	21,031	161,031
2036	145,000	16,131	161,131
2037	150,000	11,056	161,056
2038	155,000	5,619	160,619
Total	<u>\$ 1,875,000</u>	<u>\$ 559,594</u>	<u>\$ 2,434,594</u>

Calculation of Nonexchange Financial Guarantee Liability:

Principal Balance	\$ 1,875,000
Add: Accrued Interest	<u>10,917</u>
Sullivan County's Nonexchange Financial Guarantee Liability 6-30-23	<u><u>\$ 1,885,917</u></u>

Exhibit L-3

Sullivan County, Tennessee
Schedule of Changes in Lease Obligations - Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2023

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Maturity Date	Outstanding 7-1-22	Paid and/or Matured During Period	Outstanding 6-30-23
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>							
<u>LEASES PAYABLE</u>							
<u>Payable through General Purpose School Fund</u>							
Central Office Building Rental	\$ 339,175	2.2984 %	12-3-96	12-3-36	\$ 314,175	\$ 17,779	\$ 296,396
Total Leases Payable					<u>\$ 314,175</u>	<u>\$ 17,779</u>	<u>\$ 296,396</u>

Exhibit L-4

Sullivan County, Tennessee
Schedule of Lease Requirements by Year -
Discretely Presented Sullivan County School Department

Year Ending June 30	Leases		Total
	Principal	Interest	
2024	\$ 18,188	\$ 6,812	\$ 25,000
2025	18,606	6,394	25,000
2026	19,033	5,967	25,000
2027	19,471	5,529	25,000
2028	19,918	5,082	25,000
2029	20,376	4,624	25,000
2030	20,844	4,156	25,000
2031	21,323	3,677	25,000
2032	21,814	3,186	25,000
2033	22,315	2,685	25,000
2034	22,828	2,172	25,000
2035	23,353	1,647	25,000
2036	23,889	1,111	25,000
2037	24,438	562	25,000
Total	\$ 296,396	\$ 53,604	\$ 350,000

Sullivan County, Tennessee
Schedule of Leases Receivable
Primary Government
June 30, 2023

Description	Debtor	Original Amount of Lease	Date of Issue	Date of Maturity	Interest Rate	Outstanding 7-1-22	Deductions	Balance 6-30-23
<u>PRIMARY GOVERNMENT</u>								
<u>General Fund</u>								
Building Rental	Sullivan County School Department	\$ 339,175	12-3-96	12-3-36	2.2984 %	\$ 314,175	\$ 17,779	\$ 296,396
Total General Fund						<u>\$ 314,175</u>	<u>\$ 17,779</u>	<u>\$ 296,396</u>
Total Leases Receivable						<u>\$ 314,175</u>	<u>\$ 17,779</u>	<u>\$ 296,396</u>

Exhibit L-6

Sullivan County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2023

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	General Debt Service	Tax credit rebate	\$ 245,939
"	"	Debt retirement	949,369
"	Self-Insurance	Operations	749,000
Other General Government	General	Operations - American Rescue Plan Act Funds	45,504
"	Ambulance Service	Operations - American Rescue Plan Act Funds	95,911
General Capital Projects	General Debt Service	Debt retirement	<u>3,500,000</u>
Total Transfers Primary Government			<u>\$ 5,585,723</u>
<u>DISCRETELY PRESENTED SULLIVAN COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	<u>\$ 48,710</u>
Total Transfers Discretely Presented Sullivan County School Department			<u>\$ 48,710</u>

Sullivan County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Sullivan County School Department
 For the Year Ended June 30, 2023

Official		Authorization	Bond	Surety
County Mayor		Section 8-24-102, TCA	\$ 100,000	Cincinnati Insurance Company
Base salary	\$ 137,220			
Vehicle allowance	7,800			
Total compensation	<u>\$ 145,020</u>			
Highway Commissioner		Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 130,686</u>			
Director of Schools		State Board of Education and County Board of Education	100,000	Cincinnati Insurance Company
Base salary	\$ 157,813			
Vehicle allowance	9,600			
Home office allowance	2,400			
Chief executive officer training supplement	1,000			
Total compensation	<u>\$ 170,813</u>			
Trustee - Susan Ramsey (7/1/22-8/31/22)		Section 8-24-102, TCA	5,200,598	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 18,765</u>			
Trustee - Angela Taylor (9/1/22-6/30/23)		Section 8-24-102, TCA	6,171,053	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 93,827</u>			
Total Trustee Compensation	<u>\$ 112,592</u>			
Assessor of Property		Section 8-24-102, TCA	50,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 112,592</u>			
County Clerk		Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 112,592</u>			
Circuit, General Sessions and Law Courts Clerk		Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 112,592</u>			
Clerk and Master - Katherine Priester (7/1/22-8/31/22)		Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary	\$ 18,765			
Special commissioner fees	24,000			
Total compensation	<u>\$ 42,765</u>			
Clerk and Master - Katharine Jennelle (9/1/22-6/30/23)			100,000	Cincinnati Insurance Company
Base salary	\$ 93,827			
Special commissioner fees	3,690			
Total compensation	<u>\$ 97,517</u>			
Total Clerk and Master Compensation	<u>\$ 140,282</u>			
Register of Deeds		Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 112,592</u>			
Sheriff		Section 8-24-102, TCA	100,000	Cincinnati Insurance Company
Base salary	\$ 123,851			
Superintendent of workhouse	6,835			
Law enforcement training supplement	800			
Total compensation	<u>\$ 131,486</u>			
Finance Director		County Commission	100,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 112,592</u>			
Purchasing Agent		County Commission	100,000	Cincinnati Insurance Company
Base salary/Total compensation	<u>\$ 112,592</u>			
Employee Blanket Bonds - All County and School Department Employees: Public Employee Dishonesty (self-insured to \$25,000 through county Self-Insurance Fund)			250,000	Princeton Excess and Surplus Lines Insurance Company

Exhibit L-8

Sullivan County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2023

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 31,095,281	\$ 755,198	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	763,830	18,461	0	0	0	0
Circuit Clerk/Clerk and Master Collections - Prior Years	272,805	5,868	0	0	0	0
Interest and Penalty	234,166	6,426	0	0	0	0
Pickup Taxes	798,453	19,392	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	5,905	0	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	764,250	0	0	0	0	0
<u>County Local Option Taxes</u>						
Local Option Sales Tax	4,049,159	0	0	0	0	0
Litigation Tax - General	385,925	0	0	0	0	0
Litigation Tax - Office of Public Defender	137,161	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	14,453	0	0	0	0	0
Litigation Tax - Courthouse Security	366,913	0	0	0	0	0
Business Tax	3,562,636	0	0	0	0	0
Mixed Drink Tax	17,541	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0
<u>Statutory Local Taxes</u>						
Bank Excise Tax	124,171	3,016	0	0	0	0
Wholesale Beer Tax	0	0	0	0	0	0
Total Local Taxes	\$ 42,592,649	\$ 808,361	\$ 0	\$ 0	\$ 0	0
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Cable TV Franchise	\$ 354,682	\$ 0	\$ 0	\$ 0	\$ 0	0

(Continued)

Exhibit L-8

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Licenses and Permits (Cont.)</u>						
<u>Permits</u>						
Beer Permits	\$ 1,188	\$ 0	\$ 0	\$ 0	\$ 0	0
Building Permits	146,445	0	0	0	0	0
Other Permits	100	0	0	0	0	0
Total Licenses and Permits	\$ 502,415	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	\$ 17,268	\$ 0	\$ 0	\$ 0	\$ 0	0
Officers Costs	70,499	0	0	0	0	0
Drug Court Fees	6,567	0	0	0	0	0
Jail Fees	53,238	0	0	0	0	0
Data Entry Fee - Circuit Court	53,520	0	0	0	0	0
<u>Criminal Court</u>						
DUI Treatment Fines	28,773	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	60,112	0	0	0	0	0
Fines for Littering	104	0	0	0	0	0
Officers Costs	159,297	0	0	0	0	0
Game and Fish Fines	277	0	0	0	0	0
Drug Control Fines	0	0	0	13,138	0	0
Drug Court Fees	18,233	0	0	0	0	0
Victims Assistance Assessments	73,367	0	0	0	0	0
<u>Juvenile Court</u>						
Fines	1,099	0	0	0	0	0

(Continued)

Exhibit L-8

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Fines, Forfeitures, and Penalties (Cont.)</u>						
<u>Chancery Court</u>						
Officers Costs	\$ 2,161	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Data Entry Fee - Chancery Court	19,049	0	0	0	0	0
<u>Judicial District Drug Program</u>						
Drug Task Force Forfeitures and Seizures	0	0	0	72,143	0	0
<u>Other Fines, Forfeitures, and Penalties</u>						
Other Fines, Forfeitures, and Penalties	1,980	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	\$ 565,544	\$ 0	\$ 0	\$ 85,281	\$ 0	\$ 0
<u>Charges for Current Services</u>						
<u>General Service Charges</u>						
Tipping Fees	\$ 0	\$ 500,599	\$ 0	\$ 0	\$ 0	\$ 0
Patient Charges	228,302	0	8,893,986	0	0	0
Zoning Studies	4,540	0	0	0	0	0
Work Release Charges for Board	7,705	0	0	0	0	0
Health Department Collections	541,650	0	0	0	0	0
Other General Service Charges	74,503	0	0	0	0	0
Service Charges	319,967	0	0	0	0	0
<u>Fees</u>						
Recreation Fees	431,889	0	0	0	0	0
Copy Fees	438	0	20	0	0	0
Library Fees	4,494	0	0	0	0	0
Archives and Records Management Fee	217,877	0	0	0	0	0
Greenbelt Late Application Fee	850	0	0	0	0	0
Telephone Commissions	239,451	0	0	0	0	0
Additional Fees - Titling and Registration	169,425	0	0	0	0	0

(Continued)

Exhibit L-8

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	7,474
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	21,150
Data Processing Fee - Register	45,621	0	0	0	0	0
Data Processing Fee - Sheriff	2,760	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	13,200	0	0	0	0	0
Data Processing Fee - County Clerk	22,038	0	0	0	0	0
Subscription and Electronic Filing Fee - Circuit and General Sessi	4,500	0	0	0	0	0
Vehicle Registration Reinstatement Fees	7,320	0	0	0	0	0
Total Charges for Current Services	\$ 2,336,530	\$ 500,599	\$ 8,894,006	\$ 0	\$ 0	28,624
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 1,429,296	\$ 0	\$ 72,823	\$ 0	\$ 0	0
Lease/Rentals/PPP	46,980	0	0	0	0	0
Lease/PPP Interest	7,221	0	0	0	0	0
Sale of Materials and Supplies	3,644	0	0	0	0	0
Commissary Sales	44,251	0	0	0	0	0
Sale of Gasoline	0	0	0	0	0	0
Sale of Recycled Materials	36	280,984	0	0	0	0
Miscellaneous Refunds	18,398	0	2,713	0	0	0
<u>Nonrecurring Items</u>						
Revenue from Joint Ventures	0	0	0	0	0	0
Sale of Equipment	35,815	0	0	12,188	0	0
Sale of Property	30,454	0	0	0	0	0
Damages Recovered from Individuals	3,555	0	0	0	0	0
Contributions and Gifts	51,009	0	0	0	0	0

(Continued)

Exhibit L-8

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitu - tional Officers - Fees
<u>Other Local Revenues (Cont.)</u>						
<u>Other Local Revenues</u>						
Other Local Revenues	\$ 39,913	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Total Other Local Revenues	\$ 1,710,572	\$ 280,984	\$ 75,536	\$ 12,188	\$ 0	\$ 0
<u>Fees Received From County Officials</u>						
<u>Fees In-Lieu-of Salary</u>						
County Clerk	\$ 2,008,035	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Circuit Court Clerk	513,301	0	0	0	0	0
General Sessions Court Clerk	832,912	0	0	0	0	0
Clerk and Master	560,672	0	0	0	0	0
Register	752,801	0	0	0	0	0
Sheriff	1,332	0	0	0	0	0
Trustee	3,334,274	0	0	0	0	0
Total Fees Received From County Officials	\$ 8,003,327	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	\$ 53,010	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other General Government Grants	114,995	0	0	0	0	0
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	105,600	0	0	0	0	0
Other Public Safety Grants	588,059	0	0	0	0	0
<u>Health and Welfare Grants</u>						
Health Department Programs	300,787	0	0	0	0	0
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	0

(Continued)

Exhibit L-8

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>State of Tennessee (Cont.)</u>						
<u>Public Works Grants (Cont.)</u>						
Litter Program	\$ 62,618	\$ 25,037	\$ 0	\$ 0	\$ 0	0
Other Public Works Grants	658,710	0	0	0	0	0
<u>Other State Revenues</u>						
Income Tax	2,166	0	0	0	0	0
Beer Tax	19,200	0	0	0	0	0
Vehicle Certificate of Title Fees	24,091	0	0	0	0	0
Alcoholic Beverage Tax	291,494	0	0	0	0	0
Opioid Settlement Funds - TN Abatement Council	735,949	0	0	0	0	0
State Revenue Sharing - Telecommunications	296,223	0	0	0	0	0
State Shared Sports Gaming Privilege Tax	124,888	0	0	0	0	0
Prisoner Transportation	11,545	0	0	0	0	0
Contracted Prisoner Boarding	1,532,127	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0	0
Other State Grants	1,205,479	0	0	0	0	0
Other State Revenues	585,159	140,153	215,730	0	0	0
Total State of Tennessee	\$ 6,727,264	\$ 165,190	\$ 215,730	\$ 0	\$ 0	0
<u>Federal Government</u>						
<u>Federal Through State</u>						
COVID-19 Grant #5	\$ 1,010,338	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Federal through State	2,937,948	0	6,677	0	0	0
<u>Direct Federal Revenue</u>						
Forest Service	114,795	0	0	0	0	0

(Continued)

Exhibit L-8

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Ambulance Service	Drug Control	Other General Government Fund	Constitutional Officers - Fees
<u>Federal Government (Cont.)</u>						
<u>Direct Federal Revenue (Cont.)</u>						
Asset Forfeiture Funds	\$ 0	\$ 0	\$ 0	\$ 23,508	\$ 0	\$ 0
Tax Credit Bond Rebate	231,921	0	0	0	0	0
American Rescue Plan Act Grant #6	0	0	0	0	2,651,936	0
Other Direct Federal Revenue	182,965	0	0	0	0	0
Total Federal Government	\$ 4,477,967	\$ 0	\$ 6,677	\$ 23,508	\$ 2,651,936	\$ 0
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Paving and Maintenance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Contributions	476,738	0	0	0	0	0
Contracted Services	771,104	106,685	0	0	0	0
<u>Citizens Groups</u>						
Donations	2,503	0	23,121	0	0	0
<u>Other</u>						
Other	4,000	0	0	0	0	0
Opioid Settlement Funds - Past Remediation	281,992	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 1,536,337	\$ 106,685	\$ 23,121	\$ 0	\$ 0	\$ 0
Total	\$ 68,452,605	\$ 1,861,819	\$ 9,215,070	\$ 120,977	\$ 2,651,936	\$ 28,624

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,880,032	\$ 14,636,447	\$ 3,571,164	\$ 0	\$ 52,938,122
Trustee's Collections - Prior Year	70,721	333,539	87,693	0	1,274,244
Circuit Clerk/Clerk and Master Collections - Prior Years	25,266	123,186	31,330	0	458,455
Interest and Penalty	21,687	106,854	24,810	0	393,943
Pickup Taxes	73,952	369,098	93,773	0	1,354,668
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	764,250
<u>County Local Option Taxes</u>					
Local Option Sales Tax	2,500,000	0	0	0	6,549,159
Litigation Tax - General	0	0	0	0	385,925
Litigation Tax - Office of Public Defender	0	0	0	0	137,161
Litigation Tax - Jail, Workhouse, or Courthouse	0	109,253	0	0	123,706
Litigation Tax - Courthouse Security	0	0	0	0	366,913
Business Tax	0	0	0	0	3,562,636
Mixed Drink Tax	0	0	0	0	17,541
Mineral Severance Tax	162,477	0	0	0	162,477
<u>Statutory Local Taxes</u>					
Bank Excise Tax	11,500	57,400	14,261	0	210,348
Wholesale Beer Tax	415,704	0	0	0	415,704
Total Local Taxes	\$ 6,161,339	\$ 15,735,777	\$ 3,823,031	\$ 0	\$ 69,121,157
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Cable TV Franchise	\$ 250,000	\$ 0	\$ 0	\$ 0	\$ 604,682

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Licenses and Permits (Cont.)</u>					
<u>Permits</u>					
Beer Permits	\$ 0	\$ 0	\$ 0	\$ 0	1,188
Building Permits	0	0	0	0	146,445
Other Permits	0	0	0	0	100
Total Licenses and Permits	<u>\$ 250,000</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>752,415</u>
<u>Fines, Forfeitures, and Penalties</u>					
<u>Circuit Court</u>					
Fines	\$ 0	\$ 0	\$ 0	\$ 0	17,268
Officers Costs	0	0	0	0	70,499
Drug Court Fees	0	0	0	0	6,567
Jail Fees	0	0	0	0	53,238
Data Entry Fee - Circuit Court	0	0	0	0	53,520
<u>Criminal Court</u>					
DUI Treatment Fines	0	0	0	0	28,773
<u>General Sessions Court</u>					
Fines	0	0	0	0	60,112
Fines for Littering	0	0	0	0	104
Officers Costs	0	0	0	0	159,297
Game and Fish Fines	0	0	0	0	277
Drug Control Fines	0	0	0	0	13,138
Drug Court Fees	0	0	0	0	18,233
Victims Assistance Assessments	0	0	0	0	73,367
<u>Juvenile Court</u>					
Fines	0	0	0	0	1,099

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Chancery Court</u>					
Officers Costs	\$ 0	\$ 0	\$ 0	\$ 0	2,161
Data Entry Fee - Chancery Court	0	0	0	0	19,049
<u>Judicial District Drug Program</u>					
Drug Task Force Forfeitures and Seizures	0	0	0	0	72,143
<u>Other Fines, Forfeitures, and Penalties</u>					
Other Fines, Forfeitures, and Penalties	0	0	0	0	1,980
Total Fines, Forfeitures, and Penalties	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>650,825</u>
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	500,599
Patient Charges	0	0	0	0	9,122,288
Zoning Studies	0	0	0	0	4,540
Work Release Charges for Board	0	0	0	0	7,705
Health Department Collections	0	0	0	0	541,650
Other General Service Charges	0	0	0	0	74,503
Service Charges	0	0	0	0	319,967
<u>Fees</u>					
Recreation Fees	0	0	0	0	431,889
Copy Fees	0	0	0	0	458
Library Fees	0	0	0	0	4,494
Archives and Records Management Fee	0	0	0	0	217,877
Greenbelt Late Application Fee	0	0	0	0	850
Telephone Commissions	0	0	0	0	239,451
Additional Fees - Titling and Registration	0	0	0	0	169,425

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Charges for Current Services (Cont.)</u>					
<u>Fees (Cont.)</u>					
Constitutional Officers' Fees and Commissions	\$ 0	\$ 0	\$ 0	\$ 0	7,474
Special Commissioner Fees/Special Master Fees	0	0	0	0	21,150
Data Processing Fee - Register	0	0	0	0	45,621
Data Processing Fee - Sheriff	0	0	0	0	2,760
Sexual Offender Registration Fee - Sheriff	0	0	0	0	13,200
Data Processing Fee - County Clerk	0	0	0	0	22,038
Subscription and Electronic Filing Fee - Circuit and General Sessions	0	0	0	0	4,500
Vehicle Registration Reinstatement Fees	0	0	0	0	7,320
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	11,759,759
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 60,027	\$ 2,351,700	\$ 0	\$ 2	3,913,848
Lease/Rentals/PPP	0	0	0	0	46,980
Lease/PPP Interest	0	0	0	0	7,221
Sale of Materials and Supplies	14,385	0	0	0	18,029
Commissary Sales	0	0	0	0	44,251
Sale of Gasoline	289	0	0	0	289
Sale of Recycled Materials	0	0	0	0	281,020
Miscellaneous Refunds	38	0	0	0	21,149
<u>Nonrecurring Items</u>					
Revenue from Joint Ventures	0	441,846	0	0	441,846
Sale of Equipment	0	0	0	0	48,003
Sale of Property	0	0	0	0	30,454
Damages Recovered from Individuals	1,530	0	0	0	5,085
Contributions and Gifts	0	0	0	0	51,009

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>Other Local Revenues (Cont.)</u>					
<u>Other Local Revenues</u>					
Other Local Revenues	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,913
Total Other Local Revenues	\$ 76,269	\$ 2,793,546	\$ 0	\$ 2	\$ 4,949,097
<u>Fees Received From County Officials</u>					
<u>Fees In-Lieu-of Salary</u>					
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,008,035
Circuit Court Clerk	0	0	0	0	513,301
General Sessions Court Clerk	0	0	0	0	832,912
Clerk and Master	0	0	0	0	560,672
Register	0	0	0	0	752,801
Sheriff	0	0	0	0	1,332
Trustee	0	0	0	0	3,334,274
Total Fees Received From County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 8,003,327
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 53,010
Other General Government Grants	0	0	0	0	114,995
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	0	0	0	0	105,600
Other Public Safety Grants	0	0	0	0	588,059
<u>Health and Welfare Grants</u>					
Health Department Programs	0	0	0	0	300,787
<u>Public Works Grants</u>					
State Aid Program	351,918	0	0	0	351,918

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		Total
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	
<u>State of Tennessee (Cont.)</u>					
<u>Public Works Grants (Cont.)</u>					
Litter Program	\$ 0	\$ 0	\$ 0	\$ 0	87,655
Other Public Works Grants	0	0	0	0	658,710
<u>Other State Revenues</u>					
Income Tax	0	0	0	0	2,166
Beer Tax	0	0	0	0	19,200
Vehicle Certificate of Title Fees	0	0	0	0	24,091
Alcoholic Beverage Tax	0	0	0	0	291,494
Opioid Settlement Funds - TN Abatement Council	0	0	0	0	735,949
State Revenue Sharing - Telecommunications	0	0	0	0	296,223
State Shared Sports Gaming Privilege Tax	0	0	0	0	124,888
Prisoner Transportation	0	0	0	0	11,545
Contracted Prisoner Boarding	0	0	0	0	1,532,127
Gasoline and Motor Fuel Tax	3,754,265	0	0	0	3,754,265
Petroleum Special Tax	104,795	0	0	0	104,795
Registrar's Salary Supplement	0	0	0	0	15,164
Other State Grants	0	0	0	1,000,000	2,205,479
Other State Revenues	0	0	0	0	941,042
Total State of Tennessee	<u>\$ 4,210,978</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,000,000</u>	<u>\$ 12,319,162</u>
<u>Federal Government</u>					
<u>Federal Through State</u>					
COVID-19 Grant #5	\$ 0	\$ 0	\$ 0	\$ 0	1,010,338
Other Federal through State	0	0	0	0	2,944,625
<u>Direct Federal Revenue</u>					
Forest Service	0	0	0	0	114,795

(Continued)

Exhibit L-8

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

	Special Revenue Fund	Debt Service Fund	Capital Projects Funds		
	Highway / Public Works	General Debt Service	General Capital Projects	Other Capital Projects	Total
<u>Federal Government (Cont.)</u>					
<u>Direct Federal Revenue (Cont.)</u>					
Asset Forfeiture Funds	\$ 0	\$ 0	\$ 0	\$ 0	23,508
Tax Credit Bond Rebate	0	0	0	0	231,921
American Rescue Plan Act Grant #6	0	0	0	0	2,651,936
Other Direct Federal Revenue	0	0	0	0	182,965
Total Federal Government	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>7,160,088</u>
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Paving and Maintenance	\$ 15,053	\$ 0	\$ 0	\$ 0	15,053
Contributions	0	611,327	0	0	1,088,065
Contracted Services	0	0	0	0	877,789
<u>Citizens Groups</u>					
Donations	0	0	0	0	25,624
<u>Other</u>					
Other	0	0	0	0	4,000
Opioid Settlement Funds - Past Remediation	0	0	0	0	281,992
Total Other Governments and Citizens Groups	<u>\$ 15,053</u>	<u>\$ 611,327</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>2,292,523</u>
Total	<u>\$ 10,713,639</u>	<u>\$ 19,140,650</u>	<u>\$ 3,823,031</u>	<u>\$ 1,000,002</u>	<u>\$ 117,008,353</u>

Exhibit L-9

Sullivan County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 Discretely Presented Sullivan County School Department
 For the Year Ended June 30, 2023

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 21,241,212	\$ 0	\$ 0	\$ 0	\$ 0	\$ 21,241,212
Trustee's Collections - Prior Year	524,188	0	0	0	0	524,188
Circuit Clerk/Clerk and Master Collections - Prior Years	185,851	0	0	0	0	185,851
Interest and Penalty	159,741	0	0	0	0	159,741
Pickup Taxes	545,192	0	0	0	0	545,192
<u>County Local Option Taxes</u>						
Local Option Sales Tax	16,605,598	0	0	0	0	16,605,598
<u>Statutory Local Taxes</u>						
Bank Excise Tax	86,184	0	0	0	0	86,184
Total Local Taxes	\$ 39,347,966	\$ 0	\$ 0	\$ 0	\$ 0	\$ 39,347,966
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 5,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,113
Total Licenses and Permits	\$ 5,113	\$ 0	\$ 0	\$ 0	\$ 0	\$ 5,113
<u>Charges for Current Services</u>						
<u>Fees</u>						
Copy Fees	\$ 71	\$ 0	\$ 0	\$ 0	\$ 0	\$ 71
<u>Education Charges</u>						
Tuition - Other	0	0	0	52,000	0	52,000
Lunch Payments - Children	0	0	585,954	0	0	585,954
Income from Breakfast	0	0	2	0	0	2
A la Carte Sales	0	0	352,540	0	0	352,540

(Continued)

Exhibit L-9

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Receipts from Individual Schools	\$ 11,463	\$ 0	\$ 1,333	\$ 0	\$ 0	\$ 12,796
TBI Criminal Background Fee	1,068	0	0	0	0	1,068
Other Charges for Services	0	0	12,756	0	0	12,756
Total Charges for Current Services	\$ 12,602	\$ 0	\$ 952,585	\$ 52,000	\$ 0	\$ 1,017,187
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 49,024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 49,024
Sale of Recycled Materials	8,404	0	0	0	0	8,404
Rebates	0	0	82,448	0	0	82,448
Miscellaneous Refunds	12,591	0	0	0	0	12,591
Expenditure Credits	6,020	0	0	0	0	6,020
<u>Nonrecurring Items</u>						
Sale of Equipment	63,988	0	7,306	0	0	71,294
Contributions and Gifts	229,237	0	0	0	0	229,237
<u>Other Local Revenues</u>						
Other Local Revenues	328	0	0	0	3,676,479	3,676,807
Total Other Local Revenues	\$ 369,592	\$ 0	\$ 89,754	\$ 0	\$ 3,676,479	\$ 4,135,825
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-behalf Contributions for OPEB	\$ 639,652	\$ 0	\$ 0	\$ 0	\$ 0	\$ 639,652
<u>State Education Funds</u>						
Basic Education Program	39,834,769	0	0	0	0	39,834,769

(Continued)

Exhibit L-9

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>State of Tennessee (Cont.)</u>						
<u>State Education Funds (Cont.)</u>						
Early Childhood Education	\$ 672,915	\$ 0	\$ 0	\$ 0	\$ 0	\$ 672,915
School Food Service	0	0	46,435	0	0	46,435
Other State Education Funds	1,816,165	0	0	0	0	1,816,165
Career Ladder Program	92,614	0	0	0	0	92,614
Other Vocational	145,158	0	0	0	0	145,158
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	1,947,907	0	0	0	0	1,947,907
Total State of Tennessee	\$ 45,149,180	\$ 0	\$ 46,435	\$ 0	\$ 0	\$ 45,195,615
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 2,544,262	\$ 0	\$ 0	\$ 2,544,262
USDA - Commodities	0	0	359,239	0	0	359,239
Breakfast	0	0	959,988	0	0	959,988
USDA - Other	0	0	448,202	0	0	448,202
Vocational Education - Basic Grants to States	0	250,251	0	0	0	250,251
Title I Grants to Local Education Agencies	0	3,121,678	0	0	0	3,121,678
Special Education - Grants to States	0	2,580,338	0	0	0	2,580,338
Special Education Preschool Grants	0	40,650	0	0	0	40,650
Education for Homeless Children and Youth	0	48,630	0	0	0	48,630
Eisenhower Professional Development State Grants	0	450,537	0	0	0	450,537
COVID-19 Grant #1	0	134,660	0	0	0	134,660
COVID-19 Grant B	0	1,772,412	0	0	0	1,772,412
COVID-19 Grant D	0	145,891	0	0	0	145,891

(Continued)

Exhibit L-9

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

	Special Revenue Funds					Total
	General Purpose School	School Federal Projects	Central Cafeteria	Other Education Special Revenue	Internal School	
<u>Federal Government (Cont.)</u>						
<u>Federal Through State (Cont.)</u>						
American Rescue Plan Act Grant #1	\$ 0	\$ 3,068,138	\$ 0	\$ 0	\$ 0	\$ 3,068,138
American Rescue Plan Act Grant #2	0	312,455	0	0	0	312,455
American Rescue Plan Act Grant #3	0	6,784	0	0	0	6,784
American Rescue Plan Act Grant #4	0	90,839	0	0	0	90,839
Other Federal through State	0	1,619,767	0	0	0	1,619,767
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	155,396	0	0	0	0	155,396
Other Direct Federal Revenue	0	0	163,647	0	0	163,647
Total Federal Government	\$ 155,396	\$ 13,643,030	\$ 4,475,338	\$ 0	\$ 0	\$ 18,273,764
<u>Other Governments and Citizens Groups</u>						
<u>Citizens Groups</u>						
Donations	\$ 6,470	\$ 0	\$ 2,000	\$ 0	\$ 0	\$ 8,470
Total Other Governments and Citizens Groups	\$ 6,470	\$ 0	\$ 2,000	\$ 0	\$ 0	\$ 8,470
Total	\$ 85,046,319	\$ 13,643,030	\$ 5,566,112	\$ 52,000	\$ 3,676,479	\$ 107,983,940

Exhibit L-10

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2023

General Fund

General Government

County Commission

Assistant(s)	\$	36,369	
Board and Committee Members Fees		229,004	
Social Security		16,247	
Pensions		2,434	
Life Insurance		21	
Medical Insurance		4,260	
Dental Insurance		141	
Employer Medicare		3,799	
Advertising		427	
Audit Services		66,428	
Communication		1,326	
Contracts with Government Agencies		73,830	
Data Processing Services		140	
Dues and Memberships		270	
Freight Expenses		10	
Legal Notices, Recording, and Court Costs		4,998	
Maintenance and Repair Services - Office Equipment		8,211	
Postal Charges		25	
Printing, Stationery, and Forms		1,386	
Travel		38,712	
Tuition		4,750	
Other Contracted Services		4,422	
Data Processing Supplies		13	
Food Supplies		1,027	
Office Supplies		3,894	
Other Supplies and Materials		2,460	
Total County Commission			\$ 504,604

County Mayor/Executive

County Official/Administrative Officer	\$	137,220	
Secretary(ies)		46,042	
Social Security		11,592	
Pensions		12,078	
Life Insurance		51	
Medical Insurance		21,022	
Dental Insurance		855	
Employer Medicare		2,711	
Communication		4,439	
Maintenance and Repair Services - Office Equipment		1,093	
Postal Charges		64	
Travel		9,017	
Tuition		175	
Office Supplies		79	
Periodicals		723	
Total County Mayor/Executive			247,161

(Continued)

Exhibit L-10

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$	144,081	
Secretary(ies)		37,980	
Social Security		11,132	
Pensions		12,004	
Life Insurance		62	
Medical Insurance		23,849	
Dental Insurance		669	
Employer Medicare		2,604	
Communication		3,525	
Data Processing Services		3,886	
Dues and Memberships		1,498	
Maintenance and Repair Services - Office Equipment		736	
Postal Charges		415	
Printing, Stationery, and Forms		402	
Travel		1,982	
Tuition		265	
Data Processing Supplies		218	
Office Supplies		945	
Periodicals		902	
Total County Attorney			\$ 247,155

Election Commission

County Official/Administrative Officer	\$	119,592	
Clerical Personnel		206,141	
Temporary Personnel		104,548	
Election Commission		18,000	
Election Workers		48,549	
Social Security		27,980	
Pensions		21,674	
Life Insurance		164	
Medical Insurance		55,588	
Dental Insurance		1,932	
Employer Medicare		6,544	
Communication		11,269	
Data Processing Services		35,672	
Dues and Memberships		100	
Legal Notices, Recording, and Court Costs		9,202	
Maintenance and Repair Services - Office Equipment		1,362	
Postal Charges		9,822	
Printing, Stationery, and Forms		3,217	
Travel		6,863	
Disposal Fees		625	
Data Processing Supplies		1,124	
Food Supplies		2,109	
Office Supplies		12,508	
Other Supplies and Materials		50	
Other Charges		2,855	
Data Processing Equipment		28,542	
Total Election Commission			736,032

(Continued)

Exhibit L-10

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

General Fund (Cont.)

General Government (Cont.)

Register of Deeds

County Official/Administrative Officer	\$	112,592	
Clerical Personnel		238,744	
Social Security		21,751	
Pensions		23,380	
Life Insurance		187	
Medical Insurance		33,223	
Dental Insurance		1,303	
Employer Medicare		5,087	
Communication		5,829	
Data Processing Services		40,154	
Dues and Memberships		1,238	
Maintenance and Repair Services - Office Equipment		971	
Postal Charges		441	
Travel		1,943	
Tuition		1,550	
Maintenance and Repair Services - Records		625	
Food Supplies		361	
Office Supplies		3,242	
Total Register of Deeds			\$ 492,621

Planning

Supervisor/Director	\$	68,135
Clerical Personnel		34,873
Other Salaries and Wages		225,355
Board and Committee Members Fees		2,650
Social Security		20,263
Pensions		21,984
Life Insurance		208
Medical Insurance		71,989
Dental Insurance		1,770
Employer Medicare		4,739
Communication		7,600
Data Processing Services		10,297
Dues and Memberships		2,195
Legal Notices, Recording, and Court Costs		2,365
Licenses		109
Maintenance and Repair Services - Office Equipment		4,329
Maintenance and Repair Services - Vehicles		838
Matching Share		12,456
Postal Charges		563
Travel		1,315
Tuition		1,833
Permits		3,460
Other Contracted Services		7,325
Data Processing Supplies		3,952
Food Supplies		603
Gasoline		4,914

(Continued)

Exhibit L-10

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

General Fund (Cont.)

General Government (Cont.)

Planning (Cont.)

Office Supplies	\$	3,451	
Periodicals		138	
Tires and Tubes		789	
Vehicle Parts		1,244	
Other Supplies and Materials		318	
Office Equipment		5,445	
Total Planning			\$ 527,505

County Buildings

Supervisor/Director	\$	70,503
Mechanic(s)		89,206
Guards		85,613
Custodial Personnel		99,224
Maintenance Personnel		283,489
Social Security		38,183
Pensions		40,476
Life Insurance		491
Medical Insurance		187,905
Dental Insurance		5,488
Employer Medicare		8,930
Communication		14,095
Contracts with Private Agencies		5,662
Data Processing Services		2,270
Dues and Memberships		100
Evaluation and Testing		3,928
Freight Expenses		1,044
Legal Services		39
Licenses		1,164
Maintenance Agreements		1,298
Maintenance and Repair Services - Buildings		113,638
Maintenance and Repair Services - Equipment		52,448
Maintenance and Repair Services - Office Equipment		751
Maintenance and Repair Services - Vehicles		4,493
Pest Control		7,930
Rentals		771
Disposal Fees		9,647
Permits		235
Other Contracted Services		26,486
Custodial Supplies		20,229
Data Processing Supplies		16,305
Electricity		499,762
Equipment and Machinery Parts		8,991
Food Supplies		637
Garage Supplies		963
Gasoline		18,406
General Construction Materials		42,432
Natural Gas		31,952

(Continued)

Exhibit L-10

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Office Supplies	\$	3,460	
Small Tools		2,801	
Tires and Tubes		937	
Vehicle Parts		5,067	
Water and Sewer		35,964	
Chemicals		460	
Other Supplies and Materials		472	
Building Improvements		88,728	
Data Processing Equipment		6,209	
Furniture and Fixtures		5,521	
Heating and Air Conditioning Equipment		9,547	
Disabilities Act Improvements		9,695	
Other Capital Outlay		9,900	
Total County Buildings			\$ 1,973,945

Other Facilities

Contracts with Government Agencies	\$	182,686	
Total Other Facilities			182,686

Preservation of Records

Supervisor/Director	\$	55,191	
Clerical Personnel		14,944	
Part-time Personnel		30,507	
Social Security		6,100	
Pensions		4,647	
Life Insurance		39	
Medical Insurance		21,675	
Dental Insurance		722	
Employer Medicare		1,427	
Architects		18,250	
Communication		6,146	
Data Processing Services		568	
Maintenance and Repair Services - Office Equipment		1,352	
Postal Charges		21	
Rentals		188	
Travel		345	
Tuition		800	
Disposal Fees		200	
Other Contracted Services		1,500	
Electricity		2,616	
Food Supplies		451	
Office Supplies		9,877	
Other Supplies and Materials		1,774	
Data Processing Equipment		370	
Total Preservation of Records			179,710

(Continued)

Exhibit L-10

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

General Fund (Cont.)

General Government (Cont.)

Risk Management

Communication	\$	213	
Legal Notices, Recording, and Court Costs		17	
Postal Charges		3	
Office Supplies		2,000	
Building and Contents Insurance		80,834	
Liability Insurance		184,225	
Premiums on Corporate Surety Bonds		34,494	
Vehicle and Equipment Insurance		655,970	
Workers' Compensation Insurance		69,987	
Total Risk Management			\$ 1,027,743

Finance

Accounting and Budgeting

County Official/Administrative Officer	\$	112,592	
Supervisor/Director		337,171	
Clerical Personnel		482,486	
Social Security		56,969	
Pensions		54,892	
Life Insurance		509	
Medical Insurance		146,353	
Dental Insurance		5,853	
Employer Medicare		13,323	
Communication		14,186	
Dues and Memberships		150	
Freight Expenses		10	
Licenses		262	
Maintenance and Repair Services - Office Equipment		1,657	
Postal Charges		7,704	
Printing, Stationery, and Forms		3,386	
Travel		1,503	
Tuition		1,864	
Disposal Fees		854	
Other Contracted Services		6,597	
Data Processing Supplies		5,832	
Food Supplies		1,654	
Office Supplies		4,803	
Other Charges		9,463	
Office Equipment		849	
Total Accounting and Budgeting			1,270,922

Purchasing

County Official/Administrative Officer	\$	112,592
Assistant(s)		129,168
Purchasing Personnel		167,215
Clerical Personnel		88,670
Social Security		30,883
Pensions		33,142

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Finance (Cont.)

Purchasing (Cont.)

Life Insurance	\$	283	
Medical Insurance		70,185	
Dental Insurance		2,220	
Employer Medicare		7,223	
Bank Charges		39	
Communication		13,825	
Data Processing Services		6,337	
Dues and Memberships		975	
Freight Expenses		693	
Legal Notices, Recording, and Court Costs		18,235	
Licenses		75	
Maintenance and Repair Services - Equipment		748	
Maintenance and Repair Services - Office Equipment		1,112	
Postal Charges		198	
Printing, Stationery, and Forms		18	
Rentals		454	
Travel		2,872	
Tuition		2,592	
Disposal Fees		210	
Custodial Supplies		80	
Data Processing Supplies		5,992	
Duplicating Supplies		283	
Equipment and Machinery Parts		928	
Food Supplies		1,131	
Gasoline		2,724	
General Construction Materials		756	
Office Supplies		12,557	
Periodicals		244	
Propane Gas		24	
Tires and Tubes		1,143	
Uniforms		359	
Vehicle Parts		854	
Other Supplies and Materials		170	
Data Processing Equipment		2,466	
Total Purchasing			\$ 719,675

Property Assessor's Office

County Official/Administrative Officer	\$	112,592
Assistant(s)		66,638
Supervisor/Director		56,340
Deputy(ies)		415,376
Clerical Personnel		488,666
Board and Committee Members Fees		668
Social Security		73,017
Pensions		79,890
Life Insurance		746
Medical Insurance		251,310

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Dental Insurance	\$	7,523	
Employer Medicare		17,077	
Audit Services		65,605	
Communication		21,071	
Data Processing Services		50,174	
Dues and Memberships		2,915	
Legal Services		4,665	
Legal Notices, Recording, and Court Costs		207	
Licenses		24	
Maintenance and Repair Services - Office Equipment		9,295	
Maintenance and Repair Services - Vehicles		3,083	
Postal Charges		7,398	
Printing, Stationery, and Forms		3,488	
Travel		17,882	
Tuition		3,600	
Other Contracted Services		530	
Data Processing Supplies		43	
Food Supplies		1,193	
Gasoline		10,791	
Office Supplies		1,295	
Tires and Tubes		1,215	
Vehicle Parts		1,222	
Other Supplies and Materials		846	
Furniture and Fixtures		694	
Motor Vehicles		24,622	
Office Equipment		245	
Total Property Assessor's Office			\$ 1,801,946

County Trustee's Office

County Official/Administrative Officer	\$	112,592
Assistant(s)		13,260
Deputy(ies)		201,353
Part-time Personnel		40,369
Social Security		22,779
Pensions		20,612
Life Insurance		166
Medical Insurance		70,616
Dental Insurance		1,624
Employer Medicare		5,327
Accounting Services		16,908
Communication		8,464
Data Processing Services		3,921
Dues and Memberships		2,398
Freight Expenses		147
Legal Notices, Recording, and Court Costs		761
Maintenance Agreements		37,351
Maintenance and Repair Services - Office Equipment		194

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Postal Charges	\$	44,956	
Printing, Stationery, and Forms		16,748	
Rentals		294	
Travel		5,111	
Tuition		405	
Other Contracted Services		104	
Data Processing Supplies		8,656	
Office Supplies		11,710	
Total County Trustee's Office			\$ 646,826

County Clerk's Office

County Official/Administrative Officer	\$	112,592	
Deputy(ies)		889,295	
Part-time Personnel		34,990	
Board and Committee Members Fees		480	
Social Security		63,433	
Pensions		67,108	
Life Insurance		712	
Medical Insurance		224,541	
Dental Insurance		7,667	
Employer Medicare		14,835	
Communication		17,100	
Data Processing Services		2,181	
Dues and Memberships		835	
Freight Expenses		146	
Janitorial Services		10,757	
Legal Services		84	
Legal Notices, Recording, and Court Costs		757	
Maintenance Agreements		53,497	
Maintenance and Repair Services - Buildings		805	
Maintenance and Repair Services - Equipment		665	
Maintenance and Repair Services - Office Equipment		1,261	
Postal Charges		99,664	
Travel		1,468	
Other Contracted Services		2,015	
Custodial Supplies		358	
Data Processing Supplies		14,700	
Food Supplies		1,262	
Office Supplies		7,362	
Total County Clerk's Office			1,630,570

Data Processing

Communication	\$	643	
Data Processing Services		18,705	
Licenses		34,143	
Maintenance Agreements		72,739	
Maintenance and Repair Services - Office Equipment		877	

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Finance (Cont.)

Data Processing (Cont.)

Other Contracted Services	\$	4,410	
Data Processing Supplies		15,955	
Office Supplies		1,801	
Total Data Processing			\$ 149,273

Other Finance

Refunds	\$	22,409	
Trustee's Commission		791,860	
Total Other Finance			814,269

Administration of Justice

Circuit Court Judge

Communication	\$	6,477	
Postal Charges		150	
Printing, Stationery, and Forms		1,242	
Data Processing Supplies		86	
Office Supplies		2,437	
Total Circuit Court Judge			10,392

Circuit Court Clerk

County Official/Administrative Officer	\$	112,592	
Clerical Personnel		1,233,950	
Part-time Personnel		100,592	
Social Security		88,958	
Pensions		89,923	
Life Insurance		970	
Medical Insurance		261,268	
Dental Insurance		9,708	
Employer Medicare		20,805	
Bank Charges		88	
Communication		26,534	
Contracts with Other Public Agencies		5,743	
Data Processing Services		55,024	
Dues and Memberships		1,388	
Freight Expenses		380	
Maintenance and Repair Services - Office Equipment		16,657	
Postal Charges		13,181	
Printing, Stationery, and Forms		5,264	
Travel		3,296	
Data Processing Supplies		890	
Food Supplies		741	
Office Supplies		34,848	
Total Circuit Court Clerk			2,082,800

General Sessions Court

Judge(s)	\$	368,968	
Secretary(ies)		88,773	

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Social Security	\$	24,034	
Pensions		30,168	
Life Insurance		125	
Medical Insurance		53,480	
Dental Insurance		1,128	
Employer Medicare		6,461	
Communication		5,632	
Data Processing Services		76	
Dues and Memberships		2,162	
Maintenance and Repair Services - Office Equipment		910	
Postal Charges		663	
Printing, Stationery, and Forms		3,950	
Travel		2,988	
Tuition		525	
Food Supplies		240	
Library Books/Media		904	
Office Supplies		3,057	
Periodicals		5,737	
Communication Equipment		166	
Total General Sessions Court			\$ 600,147

General Sessions Judge

Judge(s)	\$	368,997	
Assistant(s)		81,282	
Secretary(ies)		42,714	
Social Security		28,269	
Pensions		32,549	
Life Insurance		156	
Medical Insurance		50,809	
Dental Insurance		2,291	
Employer Medicare		7,056	
Communication		5,633	
Data Processing Services		511	
Dues and Memberships		2,060	
Maintenance and Repair Services - Office Equipment		2,961	
Postal Charges		558	
Printing, Stationery, and Forms		4,953	
Travel		5,522	
Tuition		1,067	
Data Processing Supplies		233	
Library Books/Media		743	
Office Supplies		4,270	
Periodicals		1,315	
Total General Sessions Judge			643,949

Drug Court

Supervisor/Director	\$	52,162	
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(Continued)

Exhibit L-10

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

General Fund (Cont.)

Administration of Justice (Cont.)

Drug Court (Cont.)

Social Security	\$	3,306	
Pensions		3,492	
Life Insurance		31	
Employer Medicare		773	
Communication		3,226	
Data Processing Services		1	
Rentals		300	
Travel		10,237	
Tuition		1,260	
Drug Treatment		28,298	
Other Contracted Services		2,497	
Data Processing Supplies		194	
Office Supplies		3,649	
Other Supplies and Materials		13,470	
Total Drug Court			\$ 122,896

Chancery Court

County Official/Administrative Officer	\$	112,592	
Clerical Personnel		361,099	
Part-time Personnel		16,689	
Social Security		29,655	
Pensions		31,617	
Life Insurance		302	
Medical Insurance		65,383	
Dental Insurance		2,660	
Employer Medicare		6,935	
Communication		11,754	
Data Processing Services		26,164	
Dues and Memberships		1,212	
Freight Expenses		128	
Legal Notices, Recording, and Court Costs		150	
Licenses		20	
Maintenance and Repair Services - Office Equipment		4,349	
Postal Charges		3,607	
Printing, Stationery, and Forms		416	
Rentals		213	
Travel		805	
Tuition		1,274	
Other Contracted Services		227	
Data Processing Supplies		5,458	
Food Supplies		415	
Office Supplies		7,956	
Periodicals		393	
Data Processing Equipment		20,610	
Office Equipment		4,180	
Total Chancery Court			716,263

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Probation Officer(s)	\$	32,503	
Guidance Personnel		365,490	
Secretary(ies)		86,734	
Clerical Personnel		44,092	
Social Security		32,457	
Pensions		33,391	
Life Insurance		302	
Medical Insurance		119,412	
Dental Insurance		3,339	
Employer Medicare		7,591	
Communication		1,063	
Data Processing Services		1,012	
Dues and Memberships		950	
Legal Services		18,000	
Licenses		164	
Maintenance and Repair Services - Office Equipment		575	
Maintenance and Repair Services - Vehicles		111	
Printing, Stationery, and Forms		373	
Tuition		570	
Other Contracted Services		53,683	
Data Processing Supplies		3,287	
Drugs and Medical Supplies		998	
Food Supplies		562	
Gasoline		448	
Library Books/Media		118	
Office Supplies		2,089	
Periodicals		255	
Total Juvenile Court			\$ 809,569

Juvenile Court Judge

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

District Attorney General

Assistant(s)	\$	164,859	
Supervisor/Director		40,939	
Salary Supplements		4,245	
Secretary(ies)		30,797	
Social Security		14,637	
Pensions		16,136	
Life Insurance		148	
Medical Insurance		45,462	
Dental Insurance		1,477	
Employer Medicare		3,423	
Data Processing Services		1,920	
Freight Expenses		10	
Travel		5,352	

(Continued)

Exhibit L-10

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

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

Tuition	\$	50	
Office Supplies		234	
Total District Attorney General			\$ 329,689

Office of Public Defender

Paraprofessionals	\$	78,505	
Social Security		4,509	
Pensions		5,301	
Life Insurance		31	
Medical Insurance		14,231	
Dental Insurance		382	
Employer Medicare		1,055	
Licenses		400	
Travel		1,064	
Total Office of Public Defender			105,478

Judicial Commissioners

Other Salaries and Wages	\$	78,187	
Social Security		4,848	
Employer Medicare		1,134	
Dues and Memberships		400	
Office Supplies		314	
Total Judicial Commissioners			84,883

Other Administration of Justice

Jury and Witness Expense	\$	56,247	
Legal Services		6,651	
Data Processing Supplies		11,160	
Total Other Administration of Justice			74,058

Courtroom Security

Deputy(ies)	\$	244,037	
Part-time Personnel		51,757	
Social Security		18,125	
Pensions		16,269	
Life Insurance		166	
Medical Insurance		60,388	
Dental Insurance		2,088	
Employer Medicare		4,239	
Office Supplies		109	
Uniforms		3,646	
Total Courtroom Security			400,824

Victim Assistance Programs

Remittance of Revenue Collected	\$	78,747	
Total Victim Assistance Programs			78,747

(Continued)

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

General Fund (Cont.)

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	131,486
Assistant(s)		260,333
Deputy(ies)		2,631,203
Captain(s)		402,095
Lieutenant(s)		677,404
Sergeant(s)		1,771,181
Mechanic(s)		153,164
Dispatchers/Radio Operators		690,732
Secretary(ies)		553,617
School Resource Officer		682,453
Social Security		490,453
Pensions		522,272
Life Insurance		4,659
Medical Insurance		1,649,738
Dental Insurance		48,079
Unemployment Compensation		1,301
Employer Medicare		114,329
Advertising		6,002
Bank Charges		454
Communication		85,563
Data Processing Services		119,541
Dues and Memberships		12,936
Evaluation and Testing		1,625
Freight Expenses		857
Lease/SBITA Payments		23,280
Licenses		25,118
Maintenance and Repair Services - Equipment		81,715
Maintenance and Repair Services - Office Equipment		12,288
Maintenance and Repair Services - Vehicles		11,122
Medical and Dental Services		11,663
Postal Charges		6,383
Printing, Stationery, and Forms		2,590
Rentals		1,929
Towing Services		4,546
Transportation - Other than Students		256,650
Travel		51,766
Tuition		34,939
Veterinary Services		3,307
Disposal Fees		1,824
Permits		150
Other Contracted Services		17,353
Animal Food and Supplies		3,533
Custodial Supplies		14,623
Data Processing Supplies		59,055
Electricity		52,783
Equipment and Machinery Parts		3,670
Food Supplies		5,330

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Garage Supplies	\$	7,013	
Gasoline		547,984	
General Construction Materials		7,126	
Instructional Supplies and Materials		3,264	
Law Enforcement Supplies		165,340	
Lubricants		7,452	
Office Supplies		44,111	
Periodicals		749	
Tires and Tubes		29,985	
Uniforms		62,858	
Vehicle Parts		78,880	
Water and Sewer		2,869	
Software		100,126	
Other Supplies and Materials		7,579	
Law Enforcement Equipment		185,843	
Motor Vehicles		1,500	
Total Sheriff's Department			\$ 12,949,773

Administration of the Sexual Offender Registry

Communication	\$	443	
Maintenance and Repair Services - Office Equipment		994	
Other Contracted Services		4,455	
Data Processing Supplies		530	
Office Supplies		794	
Total Administration of the Sexual Offender Registry			7,216

Jail

Assistant(s)	\$	162,768
Deputy(ies)		4,820,550
Captain(s)		135,129
Lieutenant(s)		423,137
Sergeant(s)		350,575
Psychological Personnel		50,932
Medical Personnel		534,439
Secretary(ies)		23,779
Cafeteria Personnel		265,032
Board and Committee Members Fees		7,625
Social Security		417,837
Pensions		452,359
Life Insurance		4,165
Medical Insurance		1,067,105
Dental Insurance		36,851
Employer Medicare		97,720
Advertising		161
Communication		24,595
Contracts with Private Agencies		171,021
Data Processing Services		212,651

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Dues and Memberships	\$	15,076	
Evaluation and Testing		12,614	
Freight Expenses		359	
Licenses		3,360	
Maintenance and Repair Services - Buildings		21,048	
Maintenance and Repair Services - Equipment		115,459	
Maintenance and Repair Services - Office Equipment		10,559	
Maintenance and Repair Services - Vehicles		145	
Medical and Dental Services		839,737	
Pest Control		2,509	
Postal Charges		41	
Printing, Stationery, and Forms		1,920	
Rentals		2,744	
Transportation - Other than Students		25,247	
Travel		21,579	
Tuition		7,615	
Disposal Fees		15,649	
Permits		685	
Other Contracted Services		97,848	
Custodial Supplies		61,529	
Data Processing Supplies		15,487	
Diesel Fuel		2,000	
Drugs and Medical Supplies		67,991	
Electricity		307,215	
Equipment and Machinery Parts		46,165	
Food Preparation Supplies		59,179	
Food Supplies		1,532,353	
Garage Supplies		435	
Gasoline		85,402	
General Construction Materials		16,295	
Law Enforcement Supplies		28,198	
Lubricants		1,248	
Natural Gas		76,498	
Office Supplies		70,448	
Prisoners Clothing		95,040	
Tires and Tubes		1,595	
Uniforms		43,437	
Vehicle Parts		7,475	
Water and Sewer		268,423	
Software		4,611	
Other Supplies and Materials		33,532	
Data Processing Equipment		22,640	
Furniture and Fixtures		7,245	
Law Enforcement Equipment		10,685	
Motor Vehicles		1,500	
Total Jail			\$ 13,319,251

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Public Safety (Cont.)

Workhouse

Deputy(ies)	\$	85,671	
Social Security		5,224	
Pensions		5,651	
Life Insurance		57	
Medical Insurance		16,273	
Dental Insurance		420	
Employer Medicare		1,222	
Disposal Fees		2,209	
Custodial Supplies		1,894	
Total Workhouse			\$ 118,621

Juvenile Services

Contracts with Government Agencies	\$	516,250	
Contributions		307,180	
Total Juvenile Services			823,430

Fire Prevention and Control

Contributions	\$	2,281,153	
Total Fire Prevention and Control			2,281,153

Civil Defense

Supervisor/Director	\$	71,259	
Medical Personnel		432,714	
Secretary(ies)		37,146	
Part-time Personnel		45,164	
Social Security		36,030	
Pensions		36,318	
Life Insurance		294	
Medical Insurance		90,006	
Dental Insurance		3,224	
Employer Medicare		8,426	
Bank Charges		42	
Communication		5,219	
Dues and Memberships		10,366	
Licenses		50	
Maintenance and Repair Services - Vehicles		270	
Medical and Dental Services		495	
Travel		350	
Data Processing Supplies		107	
Food Supplies		419	
Gasoline		3,780	
Office Supplies		8,111	
Uniforms		6,416	
Vehicle Parts		254	
Other Supplies and Materials		717	
Other Equipment		4,095	
Total Civil Defense			801,272

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Public Safety (Cont.)

Rescue Squad

Contributions	\$ 1,433,943	
Total Rescue Squad		\$ 1,433,943

Disaster Relief

Other Supplies and Materials	\$ 7,661	
Total Disaster Relief		7,661

County Coroner/Medical Examiner

Other Per Diem and Fees	\$ 91,070	
Communication	765	
Contributions	375,795	
Licenses	24	
Maintenance and Repair Services - Vehicles	2,061	
Printing, Stationery, and Forms	208	
Other Contracted Services	147,525	
Data Processing Supplies	48	
Drugs and Medical Supplies	3,556	
Gasoline	6,186	
Uniforms	145	
Vehicle Parts	3,361	
Other Charges	4,290	
Motor Vehicles	45,506	
Total County Coroner/Medical Examiner		680,540

Other Public Safety

Communication	\$ 2,746	
Maintenance and Repair Services - Equipment	26,116	
Postal Charges	20,935	
Travel	452	
Electricity	13,413	
Equipment Parts - Light	4,321	
Gasoline	1,503	
Natural Gas	659	
Tires and Tubes	515	
Vehicle Parts	555	
Other Supplies and Materials	16,699	
Motor Vehicles	51,500	
Total Other Public Safety		139,414

Public Health and Welfare

Local Health Center

County Official/Administrative Officer	\$ 93,121
Assistant(s)	483,468
Supervisor/Director	364,235
Teachers	774,902
Data Processing Personnel	57,877
Medical Personnel	1,650,950

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Clerical Personnel	\$	635,700
Custodial Personnel		47,781
Social Security		247,656
Pensions		262,443
Life Insurance		2,135
Medical Insurance		655,190
Dental Insurance		22,280
Unemployment Compensation		2,750
Employer Medicare		59,092
Advertising		94,182
Architects		72,336
Bank Charges		30,241
Communication		76,089
Contracts with Government Agencies		94,566
Contracts with Private Agencies		38,610
Data Processing Services		17,113
Freight Expenses		12
Licenses		1,458
Maintenance and Repair Services - Buildings		6,194
Maintenance and Repair Services - Equipment		112,573
Maintenance and Repair Services - Vehicles		108
Medical and Dental Services		72,004
Pest Control		2,265
Postal Charges		9,578
Printing, Stationery, and Forms		14,775
Rentals		34,186
Travel		15,171
Tuition		10,717
Disposal Fees		7,201
Other Contracted Services		476,553
Custodial Supplies		5,641
Data Processing Supplies		230,479
Drugs and Medical Supplies		372,822
Electricity		88,918
Equipment and Machinery Parts		6,511
Food Supplies		3,560
Gasoline		2,715
General Construction Materials		7,565
Instructional Supplies and Materials		56,595
Natural Gas		8,694
Office Supplies		35,821
Periodicals		1,400
Tires and Tubes		516
Uniforms		744
Vehicle Parts		451
Water and Sewer		24,437
Other Supplies and Materials		55,985

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Building Improvements	\$	315,913	
Motor Vehicles		31,788	
Health Equipment		130,237	
Other Capital Outlay		6,462	
Total Local Health Center			\$ 7,932,766

Rabies and Animal Control

Truck Drivers	\$	68,990	
Laborers		61,979	
Clerical Personnel		100,550	
Part-time Personnel		109,954	
Social Security		21,932	
Pensions		15,970	
Life Insurance		190	
Medical Insurance		35,495	
Dental Insurance		1,815	
Unemployment Compensation		53	
Employer Medicare		5,130	
Bank Charges		1,787	
Communication		4,913	
Contributions		75,000	
Licenses		632	
Maintenance and Repair Services - Buildings		24,031	
Maintenance and Repair Services - Equipment		1,075	
Maintenance and Repair Services - Vehicles		2,237	
Pest Control		1,030	
Postal Charges		1,118	
Printing, Stationery, and Forms		454	
Travel		975	
Veterinary Services		20,330	
Disposal Fees		2,084	
Other Contracted Services		1,194	
Animal Food and Supplies		5,831	
Crushed Stone		2,563	
Custodial Supplies		12,504	
Data Processing Supplies		580	
Drugs and Medical Supplies		46,712	
Electricity		11,529	
Food Supplies		1,032	
Gasoline		9,037	
General Construction Materials		1,748	
Natural Gas		5,259	
Office Supplies		5,096	
Tires and Tubes		132	
Vehicle Parts		485	
Water and Sewer		2,817	
Total Rabies and Animal Control			664,243

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Ambulance/Emergency Medical Services

Architects	\$	7,849	
Other Capital Outlay		<u>315,000</u>	
Total Ambulance/Emergency Medical Services	\$		322,849

Other Local Health Services

Contributions	\$	<u>37,500</u>	
Total Other Local Health Services			37,500

Regional Mental Health Center

Contracts with Government Agencies	\$	25,000	
Contributions		<u>89,000</u>	
Total Regional Mental Health Center			114,000

Aid to Dependent Children

Contributions	\$	<u>28,850</u>	
Total Aid to Dependent Children			28,850

Other Local Welfare Services

Pauper Burials	\$	<u>24,600</u>	
Total Other Local Welfare Services			24,600

Other Public Health and Welfare

Contributions	\$	<u>3,610,051</u>	
Total Other Public Health and Welfare			3,610,051

Social, Cultural, and Recreational Services

Libraries

Supervisor/Director	\$	109,207	
Clerical Personnel		304,054	
Custodial Personnel		8,974	
Part-time Personnel		198,135	
Social Security		38,673	
Pensions		26,671	
Life Insurance		309	
Medical Insurance		88,679	
Dental Insurance		2,783	
Unemployment Compensation		2,847	
Employer Medicare		9,044	
Advertising		376	
Communication		23,979	
Contributions		30,000	
Data Processing Services		5,994	
Dues and Memberships		599	
Janitorial Services		112	
Licenses		267	
Maintenance and Repair Services - Buildings		1,507	
Maintenance and Repair Services - Equipment		519	

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries (Cont.)

Maintenance and Repair Services - Office Equipment	\$	3,529	
Matching Share		10,821	
Pest Control		1,144	
Postal Charges		603	
Printing, Stationery, and Forms		751	
Rentals		294	
Travel		6,909	
Tuition		430	
Disposal Fees		246	
Other Contracted Services		64	
Custodial Supplies		1,745	
Data Processing Supplies		30,764	
Electricity		24,253	
Food Supplies		1,008	
General Construction Materials		3,076	
Instructional Supplies and Materials		21,460	
Library Books/Media		25,119	
Natural Gas		4,209	
Office Supplies		26,563	
Periodicals		229	
Water and Sewer		1,690	
Other Supplies and Materials		1,244	
Other Charges		139	
Total Libraries			\$ 1,019,019

Parks and Fair Boards

Supervisor/Director	\$	42,048
Temporary Personnel		86,356
Social Security		8,190
Pensions		2,842
Life Insurance		31
Medical Insurance		14,273
Dental Insurance		458
Unemployment Compensation		1,361
Employer Medicare		1,915
Communication		2,932
Contributions		181,470
Data Processing Services		157
Maintenance and Repair Services - Equipment		30,431
Maintenance and Repair Services - Vehicles		1,262
Postal Charges		24
Printing, Stationery, and Forms		2,406
Rentals		370
Disposal Fees		3,332
Permits		230
Custodial Supplies		2,816
Data Processing Supplies		38

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Parks and Fair Boards (Cont.)

Diesel Fuel	\$	1,500	
Electricity		70,414	
Equipment Parts - Light		2,071	
Garage Supplies		783	
Gasoline		4,356	
General Construction Materials		4,126	
Ice		3,260	
Office Supplies		603	
Propane Gas		1,262	
Small Tools		285	
Vehicle Parts		897	
Water and Sewer		63,132	
Gravel and Chert		1,294	
Other Supplies and Materials		2,437	
Refunds		1,765	
Other Charges		1,007	
Other Equipment		940	
Other Construction		1,904	
Total Parks and Fair Boards			\$ 544,978

Agriculture and Natural Resources

Agricultural Extension Service

Communication	\$	960	
Contributions		2,450	
Matching Share		175,028	
Total Agricultural Extension Service			178,438

Forest Service

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

Soil Conservation

Secretary(ies)	\$	43,651	
Social Security		3,973	
Pensions		4,262	
Life Insurance		57	
Medical Insurance		6,411	
Dental Insurance		211	
Employer Medicare		929	
Total Soil Conservation			59,494

Other Operations

Tourism

Contributions	\$	12,500	
Total Tourism			12,500

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Other Operations (Cont.)

Industrial Development

Contributions	\$	353,940	
Electricity		447	
Site Development		32,006	
Total Industrial Development			\$ 386,393

Other Economic and Community Development

Contributions	\$	19,987	
Total Other Economic and Community Development			19,987

Veterans' Services

Supervisor/Director	\$	25,278	
Clerical Personnel		27,846	
Social Security		3,230	
Pensions		3,545	
Life Insurance		44	
Medical Insurance		10,009	
Dental Insurance		326	
Employer Medicare		755	
Communication		2,176	
Contributions		11,662	
Legal Notices, Recording, and Court Costs		342	
Licenses		449	
Postal Charges		9	
Printing, Stationery, and Forms		269	
Travel		766	
Data Processing Supplies		1,105	
Office Supplies		4,658	
Road Signs		2,957	
Uniforms		113	
Total Veterans' Services			95,539

Employee Benefits

Employee and Dependent Insurance	\$	128,599	
Medical Insurance		25,907	
Other Fringe Benefits		5,480	
Consultants		8,250	
Medical and Dental Services		33,340	
Total Employee Benefits			201,576

Miscellaneous

Contracts with Other Public Agencies	\$	17,325	
Contributions		63,000	
Dues and Memberships		49,292	
Other Charges		2,492	
Total Miscellaneous			132,109

(Continued)

Exhibit L-10

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

General Fund (Cont.)

Instruction

Career and Technical Education Program

Contributions	\$ 10,339	
Total Career and Technical Education Program		\$ 10,339

Other

Contracts with Other Public Agencies	\$ 177,801	
Total Other		177,801

Principal on Debt

General Government

Principal on Other Loans	\$ 223,756	
Total General Government		223,756

Interest on Debt

General Government

Interest on Other Loans	\$ 22,427	
Total General Government		22,427

Capital Projects

Public Utility Projects

Other Construction	\$ 97,075	
Total Public Utility Projects		97,075

Capital Projects - Donated

Capital Projects Donated to Other Entities

Other Supplies and Materials	\$ 68,264	
Total Capital Projects Donated to Other Entities		<u>68,264</u>

Total General Fund		\$ 67,763,166
--------------------	--	---------------

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Education/Information

Communication	\$ 4,168	
Travel	949	
Office Supplies	<u>1,109</u>	
Total Sanitation Education/Information		\$ 6,226

Transfer Stations

Supervisor/Director	\$ 95,971
Mechanic(s)	8,488
Truck Drivers	252,554
Guards	35,364
Clerical Personnel	14,714
Maintenance Personnel	209,476
Part-time Personnel	143,464
Social Security	47,385
Pensions	39,407

(Continued)

Exhibit L-10

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.)

Employee and Dependent Insurance	\$	8,368	
Life Insurance		425	
Medical Insurance		122,036	
Dental Insurance		3,837	
Unemployment Compensation		91	
Employer Medicare		11,082	
Communication		8,396	
Dues and Memberships		8,967	
Evaluation and Testing		9,180	
Licenses		900	
Maintenance Agreements		36	
Maintenance and Repair Services - Buildings		12,197	
Maintenance and Repair Services - Equipment		23,406	
Maintenance and Repair Services - Office Equipment		430	
Maintenance and Repair Services - Vehicles		61,708	
Medical and Dental Services		215	
Postal Charges		162	
Printing, Stationery, and Forms		1,224	
Rentals		5,062	
Travel		1,858	
Tuition		700	
Disposal Fees		285,182	
Permits		3,650	
Other Contracted Services		86	
Custodial Supplies		835	
Data Processing Supplies		2,989	
Electricity		29,400	
Food Supplies		68	
Fuel Oil		14,641	
Garage Supplies		8,536	
Gasoline		11,904	
Lubricants		127,701	
Office Supplies		3,078	
Propane Gas		3,948	
Tires and Tubes		23,914	
Uniforms		750	
Vehicle Parts		11,397	
Water and Sewer		2,633	
Other Supplies and Materials		25,975	
Trustee's Commission		23,836	
Workers' Compensation Insurance		2,869	
Motor Vehicles		338,258	
Solid Waste Equipment		182,053	
Other Capital Outlay		1,226	
Total Transfer Stations			\$ 2,232,032
Total Solid Waste/Sanitation Fund			\$ 2,238,258

(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)	\$	318,064
Lieutenant(s)		232,003
Medical Personnel		4,444,247
Clerical Personnel		241,590
Part-time Personnel		318,959
Social Security		345,101
Pensions		354,007
Employee and Dependent Insurance		979
Life Insurance		2,387
Medical Insurance		817,177
Dental Insurance		26,381
Unemployment Compensation		593
Employer Medicare		80,709
Bank Charges		8,136
Communication		67,373
Consultants		18,000
Data Processing Services		365,155
Dues and Memberships		2,521
Evaluation and Testing		4,043
Freight Expenses		1,393
Legal Services		794
Licenses		6,381
Maintenance Agreements		665
Maintenance and Repair Services - Buildings		6,796
Maintenance and Repair Services - Equipment		38,824
Maintenance and Repair Services - Vehicles		10,167
Medical and Dental Services		5,977
Pest Control		2,970
Postal Charges		985
Printing, Stationery, and Forms		1,058
Rentals		376
Towing Services		2,382
Travel		3,839
Tuition		2,479
Disposal Fees		12,798
Other Contracted Services		172,069
Custodial Supplies		1,071
Data Processing Supplies		20,492
Diesel Fuel		275,578
Drugs and Medical Supplies		296,289
Electricity		55,400
Equipment Parts - Light		4,095
Equipment and Machinery Parts		30,826
Food Supplies		3,707
Gasoline		40,121
Instructional Supplies and Materials		4,491
Lubricants		9,409

(Continued)

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.)

Natural Gas	\$	7,078	
Office Supplies		1,428	
Tires and Tubes		28,539	
Uniforms		123,791	
Vehicle Parts		114,949	
Water and Sewer		8,165	
Other Supplies and Materials		22,421	
Refunds		41,861	
Trustee's Commission		91,634	
Vehicle and Equipment Insurance		428	
Workers' Compensation Insurance		103,681	
Building Improvements		16,050	
Communication Equipment		504	
Other Capital Outlay		100,157	
Total Ambulance/Emergency Medical Services			\$ 9,319,543

Total Ambulance Service Fund \$ 9,319,543

Drug Control Fund

Public Safety

Sheriff's Department

Communication	\$	7,804	
Data Processing Services		9,744	
Dues and Memberships		9,000	
Freight Expenses		90	
Matching Share		9,800	
Rentals		3,000	
Towing Services		350	
Travel		10,533	
Tuition		1,793	
Data Processing Supplies		452	
Law Enforcement Supplies		9,015	
Office Supplies		353	
Uniforms		1,604	
Trustee's Commission		846	
Motor Vehicles		33,257	
Total Sheriff's Department			\$ 97,641

Total Drug Control Fund 97,641

Other General Government Special Revenue Fund

Other Operations

American Rescue Plan Act Grant #1

Architects	\$	163,316	
Engineering Services		69,213	
Asphalt		40,510	
Heating and Air Conditioning Equipment		602,777	

(Continued)

Exhibit L-10

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

Other General Government Special Revenue Fund (Cont.)

Other Operations (Cont.)

American Rescue Plan Act Grant #1 (Cont.)

Motor Vehicles	\$	280,591	
Solid Waste Equipment		584,664	
Health Equipment		176,306	
Other Equipment		<u>1,594,705</u>	
Total American Rescue Plan Act Grant #1	\$		<u>3,512,082</u>

Total Other General Government Special Revenue Fund \$ 3,512,082

Constitutional Officers - Fees Fund

General Government

Register of Deeds

Constitutional Officers' Operating Expenses	\$	<u>455</u>	
Total Register of Deeds			\$ 455

Finance

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	<u>1,763</u>	
Total County Clerk's Office			1,763

Administration of Justice

Circuit Court

Constitutional Officers' Operating Expenses	\$	<u>517</u>	
Total Circuit Court			517

General Sessions Court

Constitutional Officers' Operating Expenses	\$	<u>3,113</u>	
Total General Sessions Court			3,113

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	21,150	
Constitutional Officers' Operating Expenses		<u>806</u>	
Total Chancery Court			21,956

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$	<u>820</u>	
Total Sheriff's Department			<u>820</u>

Total Constitutional Officers - Fees Fund 28,624

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	130,686	
Social Security		7,996	
Pensions		8,560	
Life Insurance		31	

(Continued)

Exhibit L-10

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Administration (Cont.)

Medical Insurance	\$	14,487	
Dental Insurance		211	
Employer Medicare		1,870	
Communication		24,904	
Data Processing Services		1,896	
Dues and Memberships		5,012	
Evaluation and Testing		5,405	
Licenses		191	
Maintenance and Repair Services - Buildings		50	
Maintenance and Repair Services - Office Equipment		2,589	
Postal Charges		308	
Printing, Stationery, and Forms		83	
Travel		679	
Other Contracted Services		420	
Data Processing Supplies		109	
Electricity		32,704	
Natural Gas		7,830	
Office Supplies		482	
Water and Sewer		4,353	
Trustee's Commission		133,189	
Total Administration			\$ 384,045

Highway and Bridge Maintenance

Assistant(s)	\$	226,020
Supervisor/Director		457,957
Paraprofessionals		48,343
Foremen		492,809
Mechanic(s)		313,633
Equipment Operators		16,127
Equipment Operators - Heavy		710,896
Equipment Operators - Light		856,006
Truck Drivers		779,502
Dispatchers/Radio Operators		42,500
Laborers		99,481
Clerical Personnel		11,368
Custodial Personnel		35,716
Temporary Personnel		20,783
Part-time Personnel		164,359
Social Security		261,540
Pensions		270,583
Employee and Dependent Insurance		41,334
Life Insurance		2,751
Medical Insurance		1,166,046
Dental Insurance		30,960
Employer Medicare		61,167
Dues and Memberships		40
Evaluation and Testing		865

(Continued)

Exhibit L-10

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Licenses	\$	844	
Maintenance and Repair Services - Buildings		2,456	
Maintenance and Repair Services - Equipment		80	
Postal Charges		356	
Rentals		1,675	
Permits		1,000	
Contracts for Landfill Facilities		280	
Other Contracted Services		3,640	
Concrete		2,578	
Crushed Stone		119,376	
Custodial Supplies		1,194	
Data Processing Supplies		1,871	
Drugs and Medical Supplies		335	
Equipment Parts - Light		15,744	
Fertilizer, Lime, and Seed		5,580	
General Construction Materials		25,589	
Instructional Supplies and Materials		120	
Office Supplies		5,624	
Other Road Materials		47,304	
Pipe		69,166	
Pipe - Metal		26,557	
Road Signs		4,540	
Salt		14,346	
Sand		177	
Small Tools		1,992	
T&I Construction Materials		11,625	
Uniforms		22,620	
Wood Products		769	
Chemicals		86,341	
Other Supplies and Materials		1,872	
Total Highway and Bridge Maintenance			\$ 6,586,437

Operation and Maintenance of Equipment

Maintenance and Repair Services - Equipment	\$	10,468
Maintenance and Repair Services - Vehicles		6,439
Rentals		6,212
Disposal Fees		3,483
Custodial Supplies		1,511
Diesel Fuel		205,643
Equipment Parts - Heavy		38,900
Equipment Parts - Light		29,582
Equipment and Machinery Parts		19,874
Garage Supplies		33,943
Gasoline		192,836
General Construction Materials		1,497
Lubricants		28,330
Small Tools		8,002

(Continued)

Exhibit L-10

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.)

Structural Steel	\$	3,056	
Tires and Tubes		47,758	
Vehicle Parts		62,753	
Other Supplies and Materials		1,579	
Total Operation and Maintenance of Equipment	\$		701,866

Asphalt Plant Operations

Licenses	\$	100	
Maintenance and Repair Services - Equipment		2,662	
Rentals		550	
Asphalt		1,324,455	
Asphalt - Cold Mix		5,632	
Crushed Stone		659,286	
Electricity		67,508	
Equipment Parts - Heavy		7,164	
Equipment Parts - Light		3,595	
Lubricants		13,067	
Natural Gas		131,677	
Water and Sewer		2,889	
Chemicals		470	
Total Asphalt Plant Operations			2,219,055

Traffic Control

Road Signs	\$	45,719	
Total Traffic Control			45,719

Other Charges

Vehicle and Equipment Insurance	\$	153,561	
Workers' Compensation Insurance		56,228	
Total Other Charges			209,789

Capital Outlay

Communication Equipment	\$	7,533	
Highway Equipment		276,102	
Maintenance Equipment		17,220	
Motor Vehicles		426,486	
Other Capital Outlay		39,034	
Total Capital Outlay			766,375

Principal on DebtHighways and Streets

Principal on Other Loans	\$	86,004	
Total Highways and Streets			86,004

Interest on DebtHighways and Streets

Interest on Other Loans	\$	3,996	
Total Highways and Streets			3,996

(Continued)

Exhibit L-10

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

Highway/Public Works Fund (Cont.)

Capital Projects

Highway and Street Capital Projects

State Aid Projects	\$ 617,258	
Total Highway and Street Capital Projects		\$ 617,258

Total Highway/Public Works Fund \$ 11,620,544

General Debt Service Fund

Finance

Other Finance

Trustee's Commission	\$ 312,795	
Total Other Finance		\$ 312,795

Principal on Debt

General Government

Principal on Bonds	\$ 6,720,000	
Total General Government		6,720,000

Education

Principal on Bonds	\$ 2,985,000	
Principal on Notes	164,348	
Principal on Other Loans	<u>1,713,131</u>	
Total Education		4,862,479

Interest on Debt

General Government

Interest on Bonds	\$ 3,004,395	
Total General Government		3,004,395

Education

Interest on Bonds	\$ 4,884,631	
Interest on Notes	6,387	
Interest on Other Loans	<u>490,397</u>	
Total Education		5,381,415

Other Debt Service

General Government

Nonexchange Financial Guarantees	\$ 164,775	
Other Debt Service	<u>2,100</u>	
Total General Government		166,875

Education

Other Debt Service	\$ 19,938	
Total Education		<u>19,938</u>

Total General Debt Service Fund 20,467,897

(Continued)

Exhibit L-10

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

General Capital Projects Fund

Finance

Other Finance

Trustee's Commission	\$ 75,658	
Total Other Finance		\$ 75,658

Total General Capital Projects Fund \$ 75,658

Other Capital Projects Fund

Capital Projects

Public Safety Projects

Architects	\$ 717,824	
Evaluation and Testing	111,127	
Building Construction	<u>40,665,992</u>	
Total Public Safety Projects		\$ 41,494,943

Public Health and Welfare Projects

Architects	\$ 2,531	
Building Construction	93,937	
Furniture and Fixtures	<u>3,047</u>	
Total Public Health and Welfare Projects		99,515

Other General Government Projects

Site Development	\$ 4,127,114	
Total Other General Government Projects		<u>4,127,114</u>

Total Other Capital Projects Fund 45,721,572

Total Governmental Funds - Primary Government \$ 160,844,985

Exhibit L-11

Sullivan County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Sullivan County School Department
For the Year Ended June 30, 2023

General Purpose School Fund

Instruction

Regular Instruction Program

ADA Coordinator	\$ 222,288	
Teachers	26,420,612	
Career Ladder Program	54,800	
Homebound Teachers	91,150	
Salary Supplements	809,386	
Educational Assistants	872,024	
Other Salaries and Wages	314,976	
Social Security	1,693,215	
Pensions	2,320,881	
Life Insurance	13,345	
Medical Insurance	4,570,211	
Dental Insurance	85,476	
Employer Medicare	399,584	
Contracts with Government Agencies	491,800	
Evaluation and Testing	21,974	
Travel	797	
Other Contracted Services	571,092	
Equipment and Machinery Parts	3,709	
Instructional Supplies and Materials	88,706	
Other Supplies and Materials	116	
Other Charges	114,416	
Regular Instruction Equipment	22,895	
Other Equipment	1,099	
Total Regular Instruction Program		\$ 39,184,552

Special Education Program

Teachers	\$ 2,786,166	
Career Ladder Program	4,000	
Homebound Teachers	37,330	
Educational Assistants	509,962	
Speech Pathologist	702,290	
Other Salaries and Wages	25	
Non-certified Substitute Teachers	12,304	
Social Security	234,557	
Pensions	315,963	
Life Insurance	2,247	
Medical Insurance	728,438	
Dental Insurance	12,807	
Employer Medicare	54,930	
Evaluation and Testing	6,855	
Maintenance and Repair Services - Equipment	1,237	
Other Contracted Services	2,570	
Instructional Supplies and Materials	16,136	
Other Supplies and Materials	281	
Total Special Education Program		5,428,098

(Continued)

Exhibit L-11

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.)

Career and Technical Education Program

Teachers	\$	2,127,090	
Social Security		123,749	
Pensions		188,656	
Life Insurance		1,138	
Medical Insurance		387,115	
Dental Insurance		8,150	
Employer Medicare		28,941	
Maintenance and Repair Services - Equipment		642	
Travel		755	
Other Contracted Services		17,152	
General Construction Materials		4,527	
Instructional Supplies and Materials		95,556	
Other Supplies and Materials		677	
Vocational Instruction Equipment		5,797	
Total Career and Technical Education Program			\$ 2,989,945

Support Services

Health Services

Supervisor/Director	\$	119,278	
Medical Personnel		658,892	
Social Security		45,740	
Pensions		66,292	
Life Insurance		533	
Medical Insurance		103,801	
Dental Insurance		1,702	
Employer Medicare		10,697	
Communication		1,021	
Travel		3,713	
Other Supplies and Materials		716	
In Service/Staff Development		1,689	
Health Equipment		16,846	
Other Equipment		148,743	
Total Health Services			1,179,663

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		1,656,319	
Secretary(ies)		26,960	
Social Security		98,616	
Pensions		146,983	
Life Insurance		915	
Medical Insurance		291,828	
Dental Insurance		5,986	
Employer Medicare		23,132	
Other Contracted Services		1,317	
Total Other Student Support			2,253,056

(Continued)

Exhibit L-11

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

Supervisor/Director	\$	656,232	
Career Ladder Program		3,000	
Librarians		962,790	
Secretary(ies)		64,466	
Clerical Personnel		1,000	
Other Salaries and Wages		188,216	
Social Security		109,225	
Pensions		149,169	
Life Insurance		855	
Medical Insurance		305,458	
Dental Insurance		4,706	
Employer Medicare		25,856	
Communication		3,748	
Lease/SBITA Payments		29,383	
Maintenance Agreements		315,357	
Maintenance and Repair Services - Equipment		1,585	
Printing, Stationery, and Forms		578	
Travel		5,618	
Other Contracted Services		10,033	
Gasoline		16,163	
Instructional Supplies and Materials		2,306	
Office Supplies		5,073	
Propane Gas		134	
Other Supplies and Materials		33	
In Service/Staff Development		22,392	
Administration Equipment		22,798	
Data Processing Equipment		2,945	
Motor Vehicles		85,701	
Other Equipment		610	
Total Regular Instruction Program			\$ 2,995,430

Special Education Program

Other Salaries and Wages	\$	226,623	
Social Security		12,318	
Pensions		16,548	
Life Insurance		145	
Medical Insurance		54,280	
Dental Insurance		1,236	
Employer Medicare		2,881	
Communication		3,231	
Maintenance and Repair Services - Equipment		568	
Travel		15,774	
Other Contracted Services		68,266	
Other Supplies and Materials		215	
In Service/Staff Development		600	
Total Special Education Program			402,685

(Continued)

Exhibit L-11

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.)

Career and Technical Education Program

Supervisor/Director	\$	68,644	
Secretary(ies)		39,762	
Social Security		6,522	
Pensions		8,570	
Life Insurance		62	
Medical Insurance		15,304	
Dental Insurance		420	
Employer Medicare		1,525	
Printing, Stationery, and Forms		10	
Travel		1,282	
Propane Gas		396	
Total Career and Technical Education Program	\$		142,497

Other Programs

On-behalf Payments to OPEB	\$	639,652	
Total Other Programs			639,652

Board of Education

Board and Committee Members Fees	\$	65,885	
Social Security		2,865	
Unemployment Compensation		16,196	
Employer Medicare		955	
Advertising		266	
Audit Services		72,050	
Dues and Memberships		15,023	
Legal Services		112,863	
Maintenance Agreements		7,500	
Travel		19,024	
Other Contracted Services		10,550	
Other Supplies and Materials		2,561	
Building and Contents Insurance		352,601	
Liability Insurance		113,173	
Trustee's Commission		732,779	
Workers' Compensation Insurance		238,661	
Total Board of Education			1,762,952

Director of Schools

County Official/Administrative Officer	\$	195,729	
Assistant(s)		8,465	
Secretary(ies)		45,940	
Other Salaries and Wages		16,000	
Social Security		13,812	
Pensions		28,500	
Life Insurance		398	
Medical Insurance		48,213	
Dental Insurance		606	

(Continued)

Exhibit L-11

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Employer Medicare	\$	3,706	
Communication		80,612	
Dues and Memberships		5,228	
Lease/SBITA Payments		4,295	
Postal Charges		14,489	
Travel		5,037	
Other Contracted Services		15,699	
Equipment and Machinery Parts		1,447	
Office Supplies		1,954	
Other Supplies and Materials		410	
Total Director of Schools			\$ 490,540

Office of the Principal

Principals	\$	1,489,123	
Career Ladder Program		8,000	
Accountants/Bookkeepers		464,552	
Assistant Principals		1,456,123	
Secretary(ies)		733,693	
Social Security		241,026	
Pensions		303,454	
Life Insurance		2,397	
Medical Insurance		795,777	
Dental Insurance		14,559	
Employer Medicare		56,369	
Travel		510	
Other Contracted Services		149,218	
Office Supplies		4,278	
Data Processing Equipment		4,776	
Total Office of the Principal			5,723,855

Fiscal Services

Medical Insurance	\$	18,181	
Accounting Services		379,325	
Other Contracted Services		2,618	
Other Charges		5,555	
Total Fiscal Services			405,679

Human Services/Personnel

Supervisor/Director	\$	7,691	
Secretary(ies)		39,672	
Clerical Personnel		84,162	
Social Security		7,265	
Pensions		8,615	
Life Insurance		96	
Medical Insurance		40,821	
Dental Insurance		260	

(Continued)

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Human Services/Personnel (Cont.)

Employer Medicare	\$	1,699	
Data Processing Services		12,023	
Lease/SBITA Payments		597	
Other Contracted Services		9,639	
Office Supplies		519	
Office Equipment		1,500	
Total Human Services/Personnel			\$ 214,559

Operation of Plant

Custodial Personnel	\$	2,190,975	
Social Security		127,060	
Pensions		141,627	
Life Insurance		2,327	
Medical Insurance		677,806	
Dental Insurance		12,397	
Employer Medicare		29,715	
Licenses		5,751	
Maintenance and Repair Services - Buildings		70,027	
Maintenance and Repair Services - Equipment		2,349	
Disposal Fees		87,636	
Custodial Supplies		199,706	
Diesel Fuel		3,826	
Electricity		2,477,148	
Equipment Parts - Light		19,746	
Fuel Oil		90,305	
Garage Supplies		634	
Natural Gas		188,232	
Propane Gas		124,242	
Uniforms		3,690	
Water and Sewer		524,284	
Plant Operation Equipment		8,292	
Total Operation of Plant			6,987,775

Maintenance of Plant

Supervisor/Director	\$	90,578	
Foremen		94,779	
Secretary(ies)		62,362	
Maintenance Personnel		1,554,226	
Social Security		102,835	
Pensions		115,287	
Life Insurance		1,320	
Medical Insurance		472,338	
Dental Insurance		7,120	
Employer Medicare		24,525	
Communication		8,370	
Dues and Memberships		400	

(Continued)

Exhibit L-11

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.)

Freight Expenses	\$	41	
Maintenance Agreements		38,599	
Maintenance and Repair Services - Buildings		68,684	
Maintenance and Repair Services - Equipment		9,216	
Maintenance and Repair Services - Vehicles		6,178	
Rentals		7,050	
Towing Services		65	
Travel		2,724	
Disposal Fees		50	
Other Contracted Services		13,490	
Asphalt		816	
Concrete		3,671	
Equipment Parts - Light		7,916	
Equipment and Machinery Parts		75,817	
Garage Supplies		3,671	
Gasoline		139,468	
General Construction Materials		144,593	
Office Supplies		1,950	
Small Tools		423	
Tires and Tubes		12,251	
Uniforms		16,036	
Vehicle Parts		51,015	
Chemicals		5,322	
In Service/Staff Development		1,265	
Administration Equipment		21,184	
Plant Operation Equipment		10,200	
Total Maintenance of Plant			\$ 3,175,835

Transportation

Mechanic(s)	\$	10,291
Bus Drivers		284,190
Social Security		17,516
Pensions		674
Life Insurance		10
Medical Insurance		5,744
Dental Insurance		57
Employer Medicare		4,231
Contracts with Private Agencies		135,294
Contracts with Parents		669
Contracts with Vehicle Owners		4,956,781
Maintenance and Repair Services - Vehicles		2,783
Garage Supplies		4,470
Gasoline		92,148
Small Tools		196
Tires and Tubes		6,224
Vehicle Parts		31,153

(Continued)

Exhibit L-11

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.)

Maintenance Equipment	\$	2,342	
Motor Vehicles		25,270	
Total Transportation			\$ 5,580,043

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	1,000	
Accountants/Bookkeepers		1,000	
Truck Drivers		1,000	
Cafeteria Personnel		66,912	
Social Security		4,260	
Pensions		2,057	
Employer Medicare		996	
Total Food Service			77,225

Community Services

Other Salaries and Wages	\$	16,538	
Social Security		1,002	
Pensions		1,327	
Employer Medicare		234	
Total Community Services			19,101

Early Childhood Education

Teachers	\$	495,086	
Educational Assistants		146,144	
Social Security		37,257	
Pensions		43,389	
Life Insurance		319	
Medical Insurance		88,499	
Dental Insurance		2,014	
Employer Medicare		8,713	
Dues and Memberships		621	
Travel		207	
Instructional Supplies and Materials		13,150	
In Service/Staff Development		125	
Regular Instruction Equipment		25,051	
Total Early Childhood Education			860,575

Capital Outlay

Regular Capital Outlay

Other Contracted Services	\$	48,673	
Furniture and Fixtures		347,789	
Other Construction		225,864	
Other Capital Outlay		564,525	
Total Regular Capital Outlay			1,186,851

(Continued)

Exhibit L-11

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

General Purpose School Fund (Cont.)

Principal on Debt

Education

Principal on Leases	\$ 17,779	
Total Education		\$ 17,779

Interest on Debt

Education

Interest on Leases	\$ 7,221	
Total Education		7,221

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 611,328	
Total Education		<u>611,328</u>

Total General Purpose School Fund		\$ 82,336,896
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School Federal Projects Fund

Instruction

Regular Instruction Program

Educational Assistants	\$ 660,510	
Other Salaries and Wages	507,019	
Social Security	63,167	
Pensions	35,256	
Life Insurance	163	
Medical Insurance	51,899	
Dental Insurance	1,261	
Employer Medicare	16,574	
Other Contracted Services	7,739	
Instructional Supplies and Materials	738,238	
Regular Instruction Equipment	<u>1,261,544</u>	
Total Regular Instruction Program		\$ 3,343,370

Special Education Program

Teachers	\$ 543,322	
Educational Assistants	923,209	
Social Security	85,139	
Pensions	79,931	
Life Insurance	1,049	
Medical Insurance	219,846	
Dental Insurance	5,315	
Employer Medicare	19,911	
Contracts with Private Agencies	76,435	
Instructional Supplies and Materials	52,304	
Other Supplies and Materials	2,104	
Special Education Equipment	<u>143,189</u>	
Total Special Education Program		2,151,754

(Continued)

Exhibit L-11

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Career and Technical Education Program

Instructional Supplies and Materials	\$	29,181	
Other Supplies and Materials		15,222	
Other Charges		1,500	
Vocational Instruction Equipment		149,256	
Total Career and Technical Education Program			\$ 195,159

Support Services

Health Services

Medical Personnel	\$	109,750	
Social Security		6,140	
Pensions		7,459	
Life Insurance		73	
Medical Insurance		17,514	
Dental Insurance		429	
Employer Medicare		1,436	
Communication		930	
Travel		4,377	
Other Contracted Services		3,865	
Drugs and Medical Supplies		187,757	
Health Equipment		272,377	
Other Equipment		321,570	
Total Health Services			933,677

Other Student Support

Secretary(ies)	\$	27,688	
Other Salaries and Wages		262,368	
Social Security		17,532	
Pensions		23,095	
Life Insurance		142	
Medical Insurance		28,356	
Dental Insurance		687	
Employer Medicare		4,100	
Communication		1,514	
Travel		37,237	
Other Supplies and Materials		45,948	
In Service/Staff Development		40,890	
Other Charges		500	
Other Equipment		45,576	
Total Other Student Support			535,633

Regular Instruction Program

Supervisor/Director	\$	83,839	
Clerical Personnel		31,196	
Other Salaries and Wages		492,605	
Social Security		36,598	
Pensions		50,163	

(Continued)

Exhibit L-11

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Life Insurance	\$	172	
Medical Insurance		46,197	
Dental Insurance		786	
Employer Medicare		8,560	
Communication		500	
Travel		2,242	
Other Contracted Services		235,689	
Other Supplies and Materials		329	
In Service/Staff Development		223,064	
Other Equipment		18,625	
Total Regular Instruction Program			\$ 1,230,565

Special Education Program

Psychological Personnel	\$	144,742	
Other Salaries and Wages		336,015	
Social Security		22,445	
Pensions		29,517	
Life Insurance		187	
Medical Insurance		71,215	
Dental Insurance		1,140	
Employer Medicare		6,397	
Evaluation and Testing		1,529	
In Service/Staff Development		23,034	
Other Equipment		37,239	
Total Special Education Program			673,460

Career and Technical Education Program

In Service/Staff Development	\$	3,372	
Total Career and Technical Education Program			3,372

Technology

Internet Connectivity	\$	12,679	
Total Technology			12,679

Transportation

Contracts with Parents	\$	10,857	
Travel		3,621	
Gasoline		2,918	
In Service/Staff Development		1,486	
Transportation Equipment		1,862,799	
Total Transportation			1,881,681

Capital Outlay

Regular Capital Outlay

Architects	\$	446,372	
Building Improvements		2,079,292	
Total Regular Capital Outlay			2,525,664

Total School Federal Projects Fund \$ 13,487,014

(Continued)

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	70,700	
Accountants/Bookkeepers		34,385	
Truck Drivers		36,593	
Secretary(ies)		19,326	
Cafeteria Personnel		1,200,464	
Other Salaries and Wages		131,989	
Social Security		89,172	
Pensions		43,218	
Life Insurance		697	
Medical Insurance		305,035	
Dental Insurance		3,854	
Employer Medicare		20,855	
Communication		1,056	
Contracts with Other School Systems		15,352	
Data Processing Services		27,337	
Dues and Memberships		1,306	
Licenses		1,800	
Maintenance and Repair Services - Equipment		7,861	
Travel		12,157	
Other Contracted Services		1,336	
Equipment and Machinery Parts		35,294	
Food Preparation Supplies		268,193	
Food Supplies		2,222,062	
Gasoline		4,487	
Office Supplies		3,038	
USDA - Commodities		359,239	
Other Supplies and Materials		229	
In Service/Staff Development		13,148	
Administration Equipment		1,624	
Data Processing Equipment		8,420	
Food Service Equipment		35,477	
Total Food Service			\$ 4,975,704
Total Central Cafeteria Fund			\$ 4,975,704

Other Education Special Revenue Fund

Operation of Non-Instructional Services

Early Childhood Education

Instructional Supplies and Materials	\$	639	
Total Early Childhood Education			\$ 639

Total Other Education Special Revenue Fund 639

(Continued)

Exhibit L-11

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

<u>School Improvement Fund</u>		
<u>Capital Outlay</u>		
<u>Regular Capital Outlay</u>		
Building Improvements	\$ 670	
Total Regular Capital Outlay		<u>\$ 670</u>
Total School Improvement Fund		\$ 670
 <u>Internal School Fund</u>		
<u>Operation of Non-Instructional Services</u>		
<u>Community Services</u>		
Other Charges	\$ 3,615,137	
Total Community Services		<u>\$ 3,615,137</u>
Total Internal School Fund		<u> 3,615,137</u>
Total Governmental Funds - Sullivan County School Department		<u><u>\$ 104,416,060</u></u>

SINGLE AUDIT SECTION



JASON E. MUMPOWER
Comptroller

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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Sullivan County, Tennessee, as of and for the year ended June 30, 2023, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements, as listed in the table of contents, and have issued our report thereon dated February 6, 2024. Our report includes a reference to other auditors who audited the financial statements of the Internal School Fund of the discretely presented Sullivan County School Department, as described in our report on Sullivan County's financial statements. This report does not include the results of the other auditor's testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Report on Internal Control Over Financial Reporting

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

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

that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify the following deficiencies in internal control, described in the accompanying Schedule of Findings and Questioned Costs, that we consider to be significant deficiencies: 2023-002, 2023-003, and 2023-004.

Report on Compliance and Other Matters

As part of obtaining reasonable assurance about whether Sullivan County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the financial statements. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2023-001 and 2023-002.

Sullivan County's Responses to the Findings

Government Auditing Standards requires the auditor to perform limited procedures on Sullivan County's responses to the findings identified in our audit and 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 the responses.

Purpose of this Report

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

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 6, 2024

JEM/gc



JASON E. MUMPOWER
Comptroller

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by the Uniform Guidance

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

Opinion on Each Major Federal Program

We have audited Sullivan County's compliance with the types of compliance requirements identified as subject to audit 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, 2023. 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.

In our opinion, Sullivan County complied, in all material respects, with the 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, 2023.

Basis for Opinion on Each Major Federal Program

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America (GAAS); the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States (*Government Auditing Standards*); 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). Our responsibilities under those standards and the Uniform Guidance are further described in the Auditor's Responsibilities for the Audit of Compliance section of our report.

We are required to be independent of Sullivan County, Tennessee, and to meet our other ethical responsibilities, in accordance with relevant ethical requirements relating to our audit. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion on compliance for each major federal program. Our audit does

not provide a legal determination of Sullivan County's compliance with the compliance requirements referred to above.

Responsibilities of Management for Compliance

Management is responsible for compliance with the requirements referred to above and for the design, implementation, and maintenance of effective internal control over compliance with the requirements of laws, statutes, regulations, rules, and provisions of contracts or grant agreements applicable to Sullivan County's federal programs.

Auditor's Responsibilities for the Audit of Compliance

Our objectives are to obtain reasonable assurance about whether material noncompliance with the compliance requirements referred to above occurred, whether due to fraud or error, and express an opinion on Sullivan County's compliance based on our audit. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance will always detect material noncompliance when it exists. The risk of not detecting material noncompliance resulting from fraud is higher than for that resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Noncompliance with the compliance requirements referred to above is considered material, if there is a substantial likelihood that, individually or in the aggregate, it would influence the judgment made by a reasonable user of the report on compliance about Sullivan County's compliance with the requirements of each major federal program as a whole.

In performing an audit in accordance with GAAS, *Government Auditing Standards*, and the Uniform Guidance, we

- exercise professional judgment and maintain professional skepticism throughout the audit.
- identify and assess the risks of material noncompliance, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding Sullivan County's compliance with the compliance requirements referred to above and performing such other procedures as we considered necessary in the circumstances.
- obtain an understanding of Sullivan County's internal control over compliance relevant to the audit in order to design audit procedures that are appropriate in the circumstances 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 Sullivan County's internal control over compliance. Accordingly, no such opinion is expressed.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and any significant deficiencies and material weaknesses in internal control over compliance that we identified during the audit.

Report on 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 Auditor's Responsibilities for the Audit of Compliance section above and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies in internal control over compliance. Given these limitations, during our audit we did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses or significant deficiencies in internal control over compliance may exist that have not been identified.

Our audit was not designed for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, no such opinion is expressed.

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, 2023, and the related notes to the financial statements, which collectively comprise Sullivan County's basic financial statements. We issued our report thereon dated February 6, 2024, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by the Uniform Guidance and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the basic financial statements and certain additional procedures, including comparing and reconciling such information

directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Jason E. Mumpower
Comptroller of the Treasury
Nashville, Tennessee

February 6, 2024

JEM/gc

Sullivan County, Tennessee, and the Sullivan County School Department
Schedule of Expenditures of Federal Awards and State Grants (1) (2) (3) (8)
For the Year-Ended June 30, 2023

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Award:			
Forest Service Schools and Roads Cluster: (5)			
Schools and Roads - Grants to States	10.665	N/A	\$ 37,449
Passed-through State Department of Education:			
Child Nutrition Cluster: (5)			
School Breakfast Program	10.553	N/A	1,090,282
National School Lunch Program	10.555	N/A	3,085,446 (7)
National School Lunch Program (Supply Chain Assistance Fund)	10.555	N/A	408,787 (7)
COVID 19 - Pandemic EBT Administrative Costs	10.649	N/A	5,950
Passed-through State Department of Agriculture:			
Child Nutrition Cluster: (5)			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	359,239 (7)
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-22-72192-00	884,549
Total U.S. Department of Agriculture			<u>\$ 5,871,702</u>
U.S. Department of Interior:			
Direct Award:			
Payments in Lieu of Taxes	15.226	N/A	\$ 77,346
Total U.S. Department of Interior			<u>\$ 77,346</u>
U.S. Department of Justice:			
Direct Award:			
Equitable Sharing Program	16.922	N/A	\$ 6,201
Passed-through State Commission on Children and Youth:			
Juvenile Justice and Delinquency Prevention	16.540	(6)	62,720
Passed-through State Department of Finance and Administration:			
Crime Victim Assistance	16.575	39101	53,197
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2020-DJ-BX-0178	19,761
Violence Against Women Formula Grants	16.588	35794	53,276
Total U.S. Department of Justice			<u>\$ 195,155</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	Z-22THS271	\$ 102,600
Total U.S. Department of Transportation			<u>\$ 102,600</u>
U.S. Department of Treasury:			
Direct Award:			
COVID 19 - Coronavirus State and Local Fiscal Recovery Funds	21.027	N/A	\$ 2,651,936
Total U.S. Department of Treasury			<u>\$ 2,651,936</u>

(Continued)

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

Federal/Pass-Through Agency/State Grantor Program Title	Federal Assistance Listing Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 3,242,324
Special Education Cluster: (5)			
Special Education - Grants to States	84.027	N/A	2,539,276 (7)
COVID 19 - Special Education-Grants to States (ARP)	84.027	84.027X	288,097 (7)
Special Education - Preschool Grants	84.173	N/A	39,765 (7)
COVID 19 - Special Education - Preschool Grants (ARP)	84.173	84.173X	6,784 (7)
Career and Technical Education - Basic Grants to States	84.048	N/A	250,251
Education for Homeless Children and Youth	84.196	N/A	48,254
Supporting Effective Instruction - State Grants	84.367	N/A	464,117
Comprehensive Literacy Development	84.371C	N/A	86,235
Student Support and Academic Enrichment Program	84.424	N/A	4,183
COVID 19 - Education Stabilization Fund Program - Governors Emergency Education Relief Fund (Early Literacy Network)	84.425C	N/A	40,000 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (Math Implementation, ESSER II)	84.425D	N/A	71,250 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER I)	84.425D	N/A	236,198 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER II)	84.425D	N/A	1,601,491 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund (ESSER ARP)	84.425U	N/A	3,084,960 (7)
COVID 19 - Education Stabilization Fund Program - Elementary and Secondary School Emergency Relief Fund - Homeless Children and Youth (ESSER ARP)	84.425W	N/A	90,839 (7)
Total U.S. Department of Education			<u>\$ 12,094,024</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Hospital Preparedness Program (HPP) and Public Health Emergency Preparedness (PHEP) Aligned Cooperative Agreements	93.074	GG-18-53923-00	\$ 298,348
Injury Prevention and Control Research and State and Community Based Programs	93.136	GG-19-61306-00	5,914
Family Planning Services	93.217	GG-23-73917-00	99,206
COVID 19 - Immunization Cooperative Agreements	93.268	GG-22-75894-00	1,683 (7)
Immunization Cooperative Agreements	93.268	GG-20-64925-00	116,603 (7)
PPHF 2018: Office of Smoking and Health-National State-Based Tobacco Control Programs - Financed in part by 2018 Prevention and Public Health funds (PPHF)	93.305	GG-20-65133-00	38,655
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	GG-20-68024-00	1,361,819 (7)
COVID 19 - Public Health Emergency Response: Cooperative Agreement for Emergency Response: Public Health Crisis Response	93.354	GG-23-74659-00	163,212
CCDF Cluster: (5)			
Child Care and Development Block Grant	93.575	71568	41,955
HIV Prevention Activities Health Department Based Cooperative Agreements to Support State-Based Safe Motherhood and Infant Health Initiative Programs	93.940	GG-22-76305-00	86,310
Preventive Health and Health Services Block Grant	93.946	GG-19-60775-00	3,000
Maternal and Child Health Services Block Grant to the States	93.991	GG-21-65132-00	73,398
93.994	(6)		271,909
Passed-through State Department of Education:			
COVID 19 - Epidemiology and Laboratory Capacity for Infectious Diseases (ELC)	93.323	(4)	1,441,702 (7)
Temporary Assistance for Needy Families	93.558	(4)	328,696
Total U.S. Department of Health and Human Services			<u>\$ 4,332,410</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance (Presidentially Declared Disasters)	97.036	(4)	\$ 6,677
Total U.S. Department of Homeland Security			<u>\$ 6,677</u>
Total Expenditures of Federal Grants			<u>\$ 25,331,850</u>

(Continued)

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

State Grants		Contract Number	Expenditures
Adolescent Pregnancy - State Department of Health	N/A	GG-22-69843-00	\$ 3,794
Community Health Access and Navigation Program - State Department of Health	N/A	GG-22-70983-00	184,342
Drug Court Discretionary Grant Program - State Department of Mental Health	N/A	70979	114,995
Evidence Based Home Visiting - State Department of Health	N/A	GG-22-72315-00	310,808
Evidence Based Programming Grant - Department of Finance and Administration	N/A	46616	279,967
Training Equipment Grant - Department of Corrections	N/A	(4)	9,717
Family Planning - State Department of Health	N/A	GG-23-73917-00	11,023
Grant in Aid - State Department of Health	N/A	GG-22-71191-00	458,906
HIV Prevention - State Department of Health	N/A	GG-22-76305-00	37,757
Immunization - State Department of Health	N/A	GG-22-75894-00	31,883
Juvenile Services Program - State Commission on Children and Youth	N/A	56471	53,010
Mental Health Transport - State Department of Health	N/A	45079	298,375
National Historical Publications and Records Commission Grants - Tennessee State Library Archives	N/A	(4)	13,988
Prenatal Presumptive Eligibility Expansion Program - State Department of Health	N/A	GG-20-62433-00	27,500
TennCare Dental Prevention - State Department of Health	N/A	GG-23-76048-00	308,756
Tennessee Breast and Cervical Cancer Program - State Department of Health	N/A	GG-23-75120-00	25,056
Tobacco Settlement - State Department of Health	N/A	GG-19-59659-00	23,577
Tuberculosis Control and Prevention Program - State Department of Health	N/A	GG-22-74758-00	8,989
Sustainable Development Goals Grant - State Department of Economic and Community Development	N/A	33007-05021	1,000,000
State Aid Program - State Department of Transportation	N/A	(4)	351,918
Summer Learning Camps - State Department of Education	N/A	(4)	873,997
Coordinated School Health Program - State Department of Education	N/A	(4)	96,225
Early Childhood Development - State Department of Education	N/A	(4)	672,915
Safe Schools Act Grant - State Department of Education	N/A	(4)	130,546
School Resource Officer - State Department of Education	N/A	(4)	14,187
Innovative School Models - State Department of Education	N/A	(4)	14,100
CTE STEM Grant - State Department of Education	N/A	(4)	30,000
CTE Start Up Grant - State Department of Education	N/A	(4)	20,000
Supporting Postsecondary Access in Rural Communities - State Department of Education	N/A	(4)	95,158
Help American Vote Act - State Department of Secretary of State	N/A	30501-01622	526,075
Library Grant - State Department of Secretary of State	N/A	30501-01722	25,346
Litter Program - State Department of Transportation	N/A	(4)	87,655
Total State Grants			\$ 6,140,565

FAL = Federal Assistance Listing
 N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Sullivan County elected not to use the 10% de minimis cost rate permitted in the Uniform Guidance.
- (3) No amounts (\$0) were passed through to subrecipients.
- (4) Information not available.
- (5) Forest Service Schools and Roads Cluster total \$37,449; Child Nutrition Cluster total \$4,943,754; Special Education Cluster total \$2,873,922; CCDF Cluster total: \$41,955.
- (6) Grants with multiple pass-through identifying numbers:
 FAL No. 16.540: 61342: \$9,000; 56486 \$53,720.
 FAL No. 93.994: GG-22-70983-00: \$216,068; GG-23-75120-00: \$55,841.
- (7) Total for FAL No. 10.555, \$3,853,472; FAL No. 84.027, \$2,827,373; FAL No. 84.173, \$46,549;
 FAL No. 84.425, \$5,124,738; FAL No. 93.268, \$118,286; FAL No. 93.323, \$2,803,521.
- (8) CONSOLIDATED ADMINISTRATION

Program Title	FAL Number	Amount Provided to Consolidated Administration
Title I Grants to Local Educational Agencies	84.010	\$ 137,512
Supporting Effective Instruction - State Grants	84.367	\$18,840
Total amounts consolidated for administration purposes		\$ 156,352

Sullivan County, Tennessee
Summary Schedule of Prior-year Findings
For the Year Ended June 30, 2023

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, 2023.

Prior-year Financial Statement Findings

Fiscal Year	Page Number	Finding Number	Title of Finding	FAL Number	Current Status
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OFFICES OF COUNTY MAYOR, DIRECTOR OF SCHOOLS, AND FINANCE DIRECTOR

2022	261	2022-001	Accounting records were not closed and available for audit by August 31, 2022.	N/A	Not Corrected - See Explanation on Corrective Action Plan
2022	262	2022-002	The accounting records for some funds had not been maintained properly.	N/A	Part D. Corrected - Part A., B., C., and E. Not Corrected - See Explanation on Corrective Action Plan
2022	264	2022-003	Deficiencies related to the administration of payroll resulted in improper payments to some former school department employees.	N/A	Corrected
2022	265	2022-004	Deficiencies were noted in purchasing procedures related to the school department.	N/A	Corrected

OFFICES OF COUNTY MAYOR AND FINANCE DIRECTOR

2022	267	2022-005	Observation Knob Park is currently being investigated.	N/A	Corrected
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Prior-year Federal Award Findings

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

SULLIVAN COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2023

PART I, SUMMARY OF AUDITOR'S RESULTS

Financial Statements:

1. Our report on the financial statements of Sullivan County is unmodified.
- * 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:
- * Assistance Listing Number: 21.027 COVID 19 - Coronavirus State and Local Fiscal Recovery Funds
- * Assistance Listing Number: 84.010 Title I Grants to Local Educational Agencies
- * Assistance Listing Numbers: 84.027 and 84.173 Special Education Cluster:
Special Education - Grants to States,
Special Education - Preschool Grants
- * Assistance Listing Number: 84.425 COVID 19 - Education Stabilization Fund
8. Dollar threshold used to distinguish between type A and Type B Programs. **\$759,955**
9. Auditee qualified as low-risk auditee? **NO**

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

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

SULLIVAN COUNTY

FINDING 2023-001

THE ADMINISTRATOR OF ELECTIONS RECEIVED ADDITIONAL COMPENSATION NOT APPROVED BY THE COUNTY COMMISSION

(Noncompliance Under *Government Auditing Standards*)

The election commission approved for the administrator of elections to be paid a bonus of \$7,000 and a car allowance of \$6,125. Section 2-12-208 *Tennessee Code Annotated (TCA)*, provides for the compensation of certified administrators of elections. The base salary for the administrator of elections was in compliance with state statutes; however, we were unable to verify that the bonus and car allowance had been approved by the county commission. Section 2-12-210 *Tennessee Code Annotated (TCA)*, denotes the Administrator of Elections is a county employee subject to all applicable purchasing and budgeting laws of such county. This unauthorized compensation resulted from management's failure to obtain approval from the county commission.

RECOMMENDATION

The administrator of elections should be paid in accordance with state statutes. Any additional compensation should be approved by the county commission.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

I concur, the election commission approved paying the administrator of elections amounts that exceeded the base salary provided in state statute and were not approved by the county commission. Going forward the Finance Department will require county commission approval for any excess compensation paid to officials whose salaries are set by state statute.

OFFICE OF FINANCE DIRECTOR

FINDING 2023-002

ACCOUNTING RECORDS WERE NOT CLOSED TIMELY AND MAINTAINED ON A CURRENT BASIS

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

Accounting records, including subsidiary capital assets records were not closed and available for audit by August 31, 2023, as required by Section 9-2-102, *Tennessee Code Annotated*. This statute provides that records should be available for audit no later than two months after the close of the June 30 fiscal year. The final fund accounting records were not all closed until January 5, 2024. Subsidiary records for capital assets of the primary government were not made available to auditors until January 3, 2024

Additionally, the software application, used by the finance office, allows for three consecutive months to be open at any given time; however, from our review of the audit logs in January 2024, we noted that the accounting staff had the ability to open accounting records for any month dating back to July 2022. Additionally, the software application generates logs that document the closing and reopening dates of the accounting periods within the general ledger application. These audit logs were not being reviewed by management to ensure periods were closed timely and not reopened.

The failure to properly maintain; and close accounting and subsidiary records on a current basis diminishes the usefulness of the financial records as a management tool, results in the loss of budgetary and accounting controls, and increases the risk that errors will not be discovered and corrected in a timely manner. These deficiencies can be attributed to management's failure to correct the findings noted in the prior-year audit report and to implement their corrective action plans.

RECOMMENDATION

Management should close its accounting records, including subsidiary capital asset records for the fiscal year ended June 30 and have those records available for audit by the following August 31. Management should not have access to closed accounting periods. Management should review audit logs routinely to ensure that monthly accounting records are closed and not reopened.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The Finance Department maintains two accounting software systems: one for all county operations except schools; and another for school operations. I concur, the county subsidiary capital asset records were not made available until late December. However, all other county accounting records were closed and available in the first week of September. The county's accounting software was not closed before January 5, 2024, due to a computer issue that required technical support from our software provider. The school accounting software system was closed in early December due to staffing turnover. Every effort will be made to correct this finding next fiscal year.

FINDING 2023-003

THE ACCOUNTING RECORDS FOR SOME FUNDS HAD NOT BEEN MAINTAINED PROPERLY

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

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

- A. Employee health insurance deductions for all school department funds are paid through the General Purpose School Fund with transfers for reimbursements from other special revenue funds made after year-end. This delay in remitting deduction amounts until after year-end decreases the operating cash in the General Purpose School Fund and could result in a fund deficit in the special revenue funds when paid.
- B. The payroll clearing bank account and the health dental/Medicare supplement bank account for the school department had not been reconciled accurately with the general ledger. While monthly reconciliations appear to have been performed, \$21,473 remained unidentified at June 30, 2023.
- C. Interfund receivable and payable account balances in various funds were not liquidated in a timely manner. Some of the balances remaining at June 30, 2023, have been outstanding from the previous years. A breakdown of the various receivables and payable by fund is presented below.

Due to/From Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Ambulance Service	\$ 97,970
General Purpose School	School Federal Projects	1,869,282
"	Central Cafeteria	398,910
"	School Improvement	336,022
School Federal Projects	General Purpose School	167,278

- D. Subsidiary listings of receivables, and payables were obtained for the School Federal Projects fund; however, the amounts on the listings differed from the accounting records by significant amounts. These differences resulted from finance office staff not reconciling the general ledger with the subsidiary listings. We verified the receivable and payable amounts per record and adjusted or reclassified as appropriate in the financial statements of this report.
- E. Restricted, committed, and assigned fund balance amounts were reflected in the accounting records of the General Purpose School fund; however, these balances had not been updated since June 30, 2022. Auditors used alternate methods to determine amounts which should have been recognized for

restricted, committed, and assigned fund balance in the financial statements of this report.

Sound business practices dictate that financial records and accounts should be reviewed for accuracy and completeness, and all general ledger accounts should be reconciled timely. The failure to properly maintain accounting records on a current basis diminishes the usefulness of the financial records as a management tool and results in a loss of budgetary and accounting control and increases the risk that errors will not be discovered and corrected in a timely manner. We provided management with audit adjustments, which they approved and agreed to post to correct the errors we detected and to properly present the financial statements in this report.

RECOMMENDATION

Transfers for employee health insurance deductions should be made to the General Purpose School Fund in a timely manner. All general ledger accounts should be reconciled accurately each month with subsidiary records, monthly billings, receipts, and payments. Any errors identified should be corrected promptly. Interfund receivables and payables should be liquidated in a timely manner, including any prior-year amounts. Accurate subsidiary listings of receivables and payables should be maintained. Management should ensure that calculation of ending restricted, committed, and assigned fund balance amounts are performed and reflected correctly in the accounting records. Calculations should include documentation to support beginning balances, detailed revenues, expenditures, and ending balances.

MANAGEMENT'S RESPONSE – FINANCE DIRECTOR

The following actions are being taken to correct the items listed in this finding:

- A. The Finance Department will be working with the School Department to update the practice of remitting all health insurance payments from the General Purpose School Fund.
 - B. Finance Department staff are reconciling the bank accounts listed to the general ledger.
 - C. Finance Department staff are working to have all interfund receivable and payable accounts from prior years liquidated by June 30, 2024.
 - D. Finance Department staff provided schedules of payables and receivables for all funds except the School Federal Projects Fund. This finding will be corrected in the next fiscal year.
 - E. Finance Department staff are working with auditors to have this finding corrected in the next fiscal year.
-

OFFICE OF TRUSTEE

FINDING 2023-004

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

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

The software application used by the office generated four audit logs that displayed changes made by users. Because these logs provide the only audit trail of these changes, they should be routinely reviewed for inappropriate activity. Although the official was aware of the importance of these logs, one of these logs was not reviewed. This deficiency was the result of a lack of management oversight. When the importance of this report was brought to management's attention, the review process was resumed in September 2023. Procedures for reviewing the report are currently in place.

RECOMMENDATION

Management should continue to review the audit logs on a routine basis. Any unusual transactions should be investigated.

MANAGEMENT'S RESPONSE – TRUSTEE

We concur. Review process was implemented in September 2023.

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, 2023.

Sullivan County, Tennessee
Management's Corrective Action Plan
For the Year Ended June 30, 2023

We reviewed the financial statement and federal award findings and recommendations with management to provide an opportunity for their response as required by the auditee requirements within Title 2 U.S. *Code of Federal Regulations* Part 200, *Uniform Administrative Requirements, Cost Principles, and Audit Requirements for Federal Awards* (Uniform Guidance). Management's corrective action plans for all financial statement findings and federal award findings are presented in this section and have been indexed below. The corrective action plans were prepared by management and have been presented as they were submitted.

Finding Number	Title of Finding	Corrective Action Plan Page Number
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OFFICE OF FINANCE DIRECTOR

2023-001	The administrator of elections received additional compensation not approved by the county commission.	265
2023-002	Accounting records were not closed timely and maintained on a current basis.	265
2023-003	The accounting records for some funds had not been maintained properly.	266

OFFICE OF TRUSTEE

2023-004	The office did not review its software audit logs.	267
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SULLIVAN COUNTY

OFFICE OF FINANCE DIRECTOR

3411 Highway 126, Suite 202 ▪ Blountville, Tennessee 37617
E-Mail: Larry.bailey@sullivancountyttn.gov
(423) 323-6409 ▪ Fax: (423) 279-2899

Corrective Action Plan

**FINDING: THE ADMINISTRATOR OF ELECTIONS RECEIVED
ADDITIONAL COMPENSATION NOT APPROVED BY
THE COUNTY COMMISSION**

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

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

Anticipated Completion Date for Corrective Action:
March 21, 2024

Repeat Finding:
No

Planned Corrective Action:

A resolution to approve the administrator of elections car allowance will be presented to the county commission for passage. The Finance Department will require county commission approval for any compensation paid to officials whose salaries are set by state statute going forward.

**FINDING: ACCOUNTING RECORDS FOR THE YEAR ENDED
JUNE 30, 2023, WERE NOT CLOSED AND AVAILABLE
FOR AUDIT BY AUGUST 31, 2023**

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

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

Anticipated Completion Date for Corrective Action:

August 31, 2024

Repeat Finding:

Yes

Reason Corrective Action was not Taken in the Prior Year:

Continued implementation of Centralization of Accounting

Planned Corrective Action:

With more experienced staff, we expect this deficiency will be corrected by the end of the closeout of the current fiscal year.

FINDING:

ACCOUNTING RECORDS FOR SOME FUNDS HAD NOT BEEN MAINTAINED PROPERLY

Response and Corrective Action Plan Prepared by:

Larry Bailey, Finance Director

Person Responsible for Implementing the Corrective Action:

Larry Bailey, Finance Director

Anticipated Completion Date for Corrective Action:

June 30, 2024

Repeat Finding:

Yes

Reason Corrective Action was not Taken in the Prior Year:

Continued implementation of Centralization of Accounting

Planned Corrective Action:

With more experienced staff, we expect this deficiency will be corrected by the end of the current fiscal year.

Signature: _____

Larry R Bailey



Sullivan County Trustee

3411 TN Hwy 126, Suite 104 • P.O. Box 550 • Blountville, Tennessee 37617

(423) 323-6464 - Property Taxes
(423) 323-6470 - Tax Relief

Angela Taylor
Trustee

Corrective Action Plan

FINDING:

THE OFFICE DID NOT REVIEW ITS SOFTWARE AUDIT LOGS

Response and Corrective Action Plan Prepared by:
Angela Taylor, Trustee

Person Responsible for Implementing the Corrective Action:
Angela Taylor, Trustee

Anticipated Completion Date of Corrective Action:
September 2023

Repeat Finding:
No

Planned Corrective Action:
Trustee will generate Audit History Report with current month dates and select "County Files Only" to generate report.

Angela Taylor
Sullivan County Trustee

APPENDIX D

Form of Continuing Disclosure Agreement

SULLIVAN COUNTY, TENNESSEE

\$30,000,000* GENERAL OBLIGATION BONDS, SERIES 2024A

CONTINUING DISCLOSURE AGREEMENT

This Continuing Disclosure Agreement (this “Disclosure Agreement”) is executed and delivered this ___ day of _____, 2024 by Sullivan County, Tennessee (the “Issuer”) in connection with the issuance of its \$30,000,000* General Obligation Bonds, Series 2024A (the “Bonds”). The Issuer hereby covenants and agrees as follows:

SECTION 1. Purpose of and Authority for the Disclosure Agreement. This Disclosure Agreement is being executed and delivered by the Issuer for the benefit of the Registered Owners and the Beneficial Owners of the Bonds and in order to assist the Participating Underwriters in complying with Rule 15c2-12(b)(5) (the “Rule”) of the Securities and Exchange Commission (the “SEC”). This Disclosure Agreement is being executed and delivered by the Issuer under the authority of the Resolution.

SECTION 2. Definitions. In addition to the terms otherwise defined herein, the following capitalized terms shall have the following meanings:

“Beneficial Owner” shall mean any person who (a) has the power, directly or indirectly, to vote or consent with respect to, or to dispose of ownership of, any Bonds (including persons holding Bonds through nominees, depositories or other intermediaries) or (b) is treated as the owner of any Bonds for federal income tax purposes.

“Fiscal Year” shall mean any period of twelve consecutive months adopted by the Issuer as its fiscal year for financial reporting purposes, and shall initially mean the period beginning on July 1 of each calendar year and ending June 30 of the following calendar year.

“MSRB” shall mean the Municipal Securities Rulemaking Board.

“Official Statement” shall mean the Official Statement of the Issuer, dated _____, 2024, relating to the Bonds.

“Participating Underwriters” shall mean any of the original underwriters of the Bonds required to comply with the Rule in connection with offering of the Bonds.

“Registered Owner” means any person who is identified as a holder of Bonds on the registration records maintained by or on behalf of the Issuer with respect to the Bonds.

“Resolution” shall mean the bond Resolution adopted by the Board of Commissioners of the Issuer on October 17, 2024.

“State” shall mean the State of Tennessee.

“State Repository” shall mean any public or private repository or entity designated by the State as a state repository for the purpose of the Rule.

SECTION 3. Continuing Disclosure. The Issuer hereby agrees to provide or cause to be provided the information set forth below:

(a) *Annual Financial Information*. For Fiscal Years ending on or after June 30, 2024, the Issuer shall provide annual financial information and operating data within 12 months after the end of the Fiscal Year. The annual financial information and operating data shall include:

(i) The Issuer's audited financial statements, prepared in accordance with generally accepted accounting principles, or, if the Issuer's audited financial statements are not available, then the Issuer's unaudited financial statements; and

(ii) To the extent not included in the audited financial statements, operating data of the type included under the following headings of the Official Statement, which data may be presented in a manner other than as set in the Official Statement:

1. "Summary of Outstanding Debt ";
2. "Debt Statement ";
3. "Debt Record";
4. "Per Capita Debt Ratios";
5. "Debt Ratios";
6. "Debt Trend";
7. "General Debt Service Requirements";
8. "Tri-Cities Regional Airport Debt Service Requirements";
9. "Property Valuation and Property Tax";
10. "Top County-Wide Taxpayers";
11. "Fund Balances";
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".

(b) *Audited Financial Statements*. For Fiscal Years ending on or after June 30, 2024, the Issuer shall provide audited financial statements, prepared in accordance with generally accepted accounting principles, if and when available, if such audited financial statements are not included with the annual financial information described in subsection (a) above.

(c) *Event Notices*. The Issuer will provide notice of the following events relating to the Bonds in a timely manner, not in excess of ten business days after the occurrence of the event:

- (i) Principal and interest payment delinquencies;
- (ii) Non-payment related defaults, if material;
- (iii) Unscheduled draws on debt service reserves reflecting financial difficulties;
- (iv) Unscheduled draws on credit enhancements reflecting financial difficulties;

- (v) Substitution of credit or liquidity providers, or their failure to perform;
- (vi) 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;
- (vii) Modifications to rights of Bondholders, if material;
- (viii) Bond calls, if material, and tender offers;
- (ix) Defeasances (including disclosure as to whether the Bonds have been defeased to their maturity or to a preceding call date);
- (x) Release, substitution, or sale of property securing repayment of the securities, if material;
- (xi) Rating changes;
- (xii) Bankruptcy, insolvency, receivership or similar event of the obligated person;
- (xiii) 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;
- (xiv) Appointment of a successor or additional trustee or the change of name of a trustee, if material;
- (xv) Incurrence of a financial obligation* of the Issuer, if material, or agreement to covenants, events of default, remedies, priority rights, or other similar terms of a financial obligation of the Issuer, any of which affect security holders, if material; and
- (xvi) Default, event of acceleration, termination event, modification of terms, or other similar events under the terms of a financial obligation of the Issuer, any of which reflect financial difficulties.

* As used in subsections (xv) and (xvi), the term “financial obligation” means a (i) debt obligation; (ii) derivative instrument entered into in connection with, or pledged as security or a source of payment for, an existing or planned debt obligation; or (iii) guarantee of (i) or (ii). The term “financial obligation” does not include municipal securities as to which a final official statement has been provided to the MSRB consistent with the Rule.

(d) *Notice of Failure to File Annual Financial Information.* The Issuer will provide timely notice of its failure to provide the annual financial information described in subsection (a) above within the time frame prescribed by subsection (a).

(e) *Notice of Amendment of Disclosure Agreement.* The Issuer will provide timely notice of an amendment to this Disclosure Agreement pursuant to the terms of Section 5(a) below.

SECTION 4. Methods of Providing Information.

(a) All disclosures required by Section 3 shall be transmitted to the MSRB using the MSRB's Electronic Municipal Market Access System ("EMMA") or by such other method as may be subsequently determined by the MSRB.

(b) Information shall be provided to the MSRB in an electronic format as prescribed by the MSRB, either directly, or indirectly through an indenture trustee or a designated dissemination agent.

(c) All transmissions to the MSRB shall be accompanied by identifying information as prescribed by the MSRB.

(d) Any required disclosure may be incorporated by reference to other documents filed with the MSRB in the manner required by subsection (a) above. The Issuer shall clearly identify each such other document so incorporated by reference.

(e) All disclosures transmitted to the MSRB hereunder shall be simultaneously transmitted to any State Repository.

SECTION 5. Amendment.

This Disclosure Agreement may be amended or modified so long as: (i) any such amendments are not violative of any rule or regulation of the SEC or MSRB, or other federal or state regulatory body; (ii) the amendment 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 the obligated person, or type of business conducted; (iii) this Disclosure Agreement, as amended, would have complied with the requirements of the Rule at the time of the primary offering of the Bonds, after taking into account any amendments or interpretations of the Rule, as well as any change in circumstances; and (iv) the amendment does not materially impair the interests of Beneficial Owners or Registered Owners, as determined either by parties unaffiliated with the Issuer (such as bond counsel), or by approving vote of the Beneficial Owners and Registered Owners pursuant to the terms of the Resolution at the time of the amendment.

(b) In the event of any amendment or modification to the financial information or operating data required to be filed pursuant to Section 3(a) above, the Issuer shall describe such amendment in the next filing pursuant to Section 3(a), 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 Issuer. In addition, if the amendment relates to the accounting principles to be followed in preparing financial statements, the next filing pursuant to Section 3(a) or 3(b), as applicable, shall 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.

SECTION 6. Termination of Reporting Obligation. The Issuer's obligations under this Disclosure Agreement shall terminate upon the legal defeasance, prior redemption or payment in full of all of the Bonds.

SECTION 7. Additional Information. Nothing in this Disclosure Agreement shall be deemed to prevent the Issuer from disseminating any other information, using the means of dissemination set forth in this Disclosure Agreement or any other means of communication, in addition to that which is required by this Disclosure Agreement. If the Issuer chooses to include any information in any disclosure required hereunder, in addition to that which is specifically required by this Disclosure Agreement, the Issuer shall have no obligation under this Disclosure Agreement to update such information or include it in any future disclosure.

SECTION 8. Beneficiaries. This Disclosure Agreement shall inure solely to the benefit of the Registered Owners and Beneficial Owners from time to time of the Bonds, and shall create no rights in any other person or entity.

SECTION 9. Default. In the event of a failure of the Issuer to comply with any provision of this Disclosure Agreement, any Registered Owner or Beneficial Owner may take such actions as may be necessary and appropriate, including seeking specific performance by court order, to cause the Issuer to comply with its obligations under this Disclosure Agreement. A default under this Disclosure Agreement shall not be deemed a default under the Resolution, and the sole remedy under this Disclosure Agreement in the event of any failure of any party to comply with this Disclosure Agreement shall be an action to compel performance.

SECTION 10. Governing Law. This Disclosure Agreement shall be governed by and construed in accordance with the laws of the State.

SECTION 11. Severability. In case any one or more of the provisions of this Disclosure Agreement shall for any reason be held to be illegal or invalid, such illegality or invalidity shall not affect any other provision of this Disclosure Agreement, but this Disclosure Agreement shall be construed and enforced as if such illegal or invalid provision had not been contained herein.

SULLIVAN COUNTY, TENNESSEE

By: _____
County Mayor

