



**ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE**



FOR THE YEAR ENDED JUNE 30, 2008



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**ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2008**

***DEPARTMENT OF AUDIT
JUSTIN P. WILSON
Comptroller of the Treasury***

***DIVISION OF COUNTY AUDIT
RICHARD V. NORMENT
Assistant to the Comptroller***

***JAMES R. ARNETTE
Director***

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Audit Manager***

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Auditor 4***

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PHILIP TOBY, CGFM
GREG BRUSH
State Auditors***

This financial report is available at www.comptroller.state.tn.us

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COCKE COUNTY, TENNESSEE TABLE OF CONTENTS

	Exhibit	Page(s)
Audit Highlights		9
<u>INTRODUCTORY SECTION</u>		11
Cocke County Officials		13
<u>FINANCIAL SECTION</u>		15
Independent Auditor's Report		17-19
BASIC FINANCIAL STATEMENTS:		21
Government-wide Financial Statements:		
Statement of Net Assets	A	23-24
Statement of Activities	B	25-26
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	27-28
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	C-2	29
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	30-31
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	32
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	33
Notes to the Financial Statements		35-75
REQUIRED SUPPLEMENTARY INFORMATION:		77
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	E-1	79-82
Highway/Public Works Fund	E-2	83
Schedule of Funding Progress – Pension Plan	E-3	84
Schedule of Funding Progress – Other Postemployment Benefits Plan – Discretely Presented Cocke County School Department	E-4	85
Notes to the Required Supplementary Information		87

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		89
Nonmajor Governmental Funds:		91-92
Combining Balance Sheet	F-1	93
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	94
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Solid Waste/Sanitation Fund	F-3	95
Industrial/Economic Development Fund	F-4	96
Drug Control Fund	F-5	97
Sports and Recreation Fund	F-6	98
Rural Debt Service Fund	F-7	99
Major Governmental Funds:		101
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	103
Fiduciary Funds:		105
Combining Statement of Fiduciary Assets and Liabilities	H-1	107
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	108-109
Component Unit:		
Discretely Presented Coker County School Department:		111
Statement of Activities	I-1	113
Balance Sheet – Governmental Funds	I-2	114
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Assets	I-3	115
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	116
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	117
Combining Balance Sheet – Nonmajor Governmental Funds	I-6	118
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances – Nonmajor Governmental Funds	I-7	119
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-8	120-122
School Federal Projects Fund	I-9	123
Central Cafeteria Fund	I-10	124
School Transportation Fund	I-11	125
Statement of Fiduciary Net Assets	I-12	126
Statement of Changes in Fiduciary Net Assets	I-13	127

	Exhibit	Page(s)
Miscellaneous Schedules:		129
Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds – Primary Government and Discretely Presented Cocke County School Department	J-1	131-132
Schedule of Long-term Debt Requirements by Year – Primary Government and Discretely Presented Cocke County School Department	J-2	133-135
Schedule of Investments	J-3	136
Schedule of Transfers – Primary Government and Discretely Presented Cocke County School Department	J-4	137
Schedule of Salaries and Official Bonds of Principal Officials - Primary Government and Discretely Presented Cocke County School Department	J-5	138
Schedule of Detailed Revenues – All Governmental Fund Types	J-6	139-150
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Cocke County School Department	J-7	151-152
Schedule of Detailed Expenditures – All Governmental Fund Types	J-8	153-174
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Cocke County School Department	J-9	175-187
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-10	188
 <u>SINGLE AUDIT SECTION</u>		 189
Auditor’s Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <u>Government Auditing Standards</u>		191-193
Auditor’s Report on Compliance With Requirements Applicable to Each Major Program and Internal Control Over Compliance in Accordance With <u>OMB Circular A-133</u>		195-197
Schedule of Expenditures of Federal Awards and State Grants		199-201
Schedule of Audit Findings Not Corrected		203
Schedule of Findings and Questioned Costs		205-208
Auditee Reporting Responsibilities		209

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Audit Highlights
Annual Financial Report
Cocke County, Tennessee
For the Year Ended June 30, 2008

Scope

We have audited the basic financial statements of Cocke County as of and for the year ended June 30, 2008.

Results

Our report on the aggregate discretely presented component units is qualified because the financial statements did not include one component unit whose financial statements were not available from other auditors at the date of this report. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.

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

Findings

The following are summaries of the audit findings:

COCKE COUNTY AND COCKE COUNTY SCHOOL DEPARTMENT

- ◆ Material audit adjustments were required for proper financial statement presentation.

OTHER FINDING

- ◆ Duties were not segregated adequately in the Offices of General Sessions Court Clerk, Register, and Sheriff.

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INTRODUCTORY SECTION

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Cocke County Officials

June 30, 2008

Officials

Iloff McMahan, Jr., County Mayor
John Holloway, Road Superintendent
Larry Blazer, Director of Schools
Alfred Hogan, Trustee
Margaret Sorrell, Assessor of Property
Janice Butler, County Clerk
Peggy Lane, Circuit Court Clerk
Frankie Cody, General Sessions Court Clerk
Craig Wild, Clerk and Master
Linda Benson, Register
Claude Strange, Sheriff
Anne Williams, Director of Accounts and Budgets

Board of County Commissioners

Phil Killion, Chairman	Jimmy Lindsey
Calvin Ball	Scott McClure
Clay Blazer	Lonnie Ottinger
Bill Costner	Norman Smith
Andrew Fowler, Jr.	Tom Sutton
Henry Gregory	David Taylor
Melinda Henderson	Bill Williamson

Highway Commission

Alton Cureton, Chairman	Clifford Large
Ronald Blazer	Chuck Smithpeters
Danny Fish	Willard Taylor
Kenneth Hall	

Board of Education

Pat Proffitt, Chairman	Jerry Ramsey
Richard Coggins	Otha Rolan
Marty Denton	Randy Shults
Dr. Ken Johnson	

Finance Committee

Norman Smith, Chairman	Scott McClure
Clay Blazer	David Taylor
Henry Gregory	Bill Williamson
Melinda Henderson	

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FINANCIAL SECTION

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

INDEPENDENT AUDITOR'S REPORT

January 20, 2009

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

To the County Mayor and Board of County Commissioners:

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Cocke County's basic financial statements as listed in the table of contents. These financial statements are the responsibility of Cocke County's management. Our responsibility is to express opinions on these financial statements based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audit provides a reasonable basis for our opinions.

The financial statements of the Cocke County Emergency Communications District, a component unit requiring discrete presentation, had not been made available by other auditors as of the date of this report. Accordingly, the aggregate discretely presented component units financial statements referred to above do not include amounts for the Cocke County Emergency Communications District, which should be included to conform

with accounting principles generally accepted in the United States of America. The effects on the financial statements of the aggregate discretely presented component units are not reasonably determinable.

In our opinion, except for the effects of not including the financial statements of the Coker County Emergency Communications District as discussed in the preceding paragraph, the financial statements referred to above present fairly, in all material respects, the financial position of the aggregate discretely presented component units of Coker County, Tennessee, at June 30, 2008, and the results of operations of the aggregate discretely presented component units, for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

Additionally, in our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, each major fund, and the aggregate remaining fund information of Coker County, Tennessee, as of June 30, 2008, and the respective changes in financial position, thereof for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

In accordance with Government Auditing Standards, we have also issued our report dated January 20, 2009, on our consideration of Coker County's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with Government Auditing Standards and should be considered in assessing the results of our audit.

As described in Note V.B., Coker County has implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34, Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. For the first time, the financial statements include government-wide financial statements. Also, as described in Note V.B., Coker County has adopted the provisions of GASB Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions (discretely presented School Department only); Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures.

The management of Coker County did not prepare a management's discussion and analysis. The management's discussion and analysis section is not a required part of the basic financial statements but is supplementary information required by accounting principles generally accepted in the United States of America.

The budgetary comparison, pension, and postemployment benefits information on pages 79 through 87 are not required parts of the basic financial statements but they do provide supplementary information required by accounting principles generally accepted in the United States of America. We have applied certain limited procedures, which consisted

principally of inquiries of management regarding the methods of measurement and presentation of the required supplementary information. However, we did not audit the information and express no opinion on it.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cocke County's basic financial statements. The introductory section, combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cocke County School Department (a discretely presented component unit), and miscellaneous schedules are presented for purposes of additional analysis and are not a required part of the basic financial statements. The combining and individual nonmajor fund financial statements, budgetary comparison schedules of nonmajor governmental funds and the General Debt Service Fund, combining and individual fund financial statements of the Cocke County School Department (a discretely presented component unit), and the miscellaneous schedules have been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, are fairly stated in all material respects in relation to the basic financial statements taken as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we express no opinion on it.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a long vertical stroke extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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BASIC FINANCIAL STATEMENTS

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Exhibit A

Cocke County, Tennessee
Statement of Net Assets
June 30, 2008

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Unit <u>Cocke</u> <u>County</u> <u>School</u> <u>Department</u>
<u>ASSETS</u>		
Cash	\$ 121,394	\$ 1,018,850
Equity in Pooled Cash and Investments	10,522,479	4,084,689
Investments	997,355	0
Accounts Receivable	70,860	135,930
Due from Other Governments	814,257	1,229,071
Due from Primary Government	0	500,000
Note Proceeds Receivable	500,000	0
Property Taxes Receivable	8,328,271	4,308,065
Allowance for Uncollectible Property Taxes	(236,837)	(122,360)
Unamortized Discount on Debt	36,098	0
Deferred Charges - Debt Issuance Cost	389,566	0
Capital Assets:		
Assets Not Depreciated:		
Land	939,053	601,694
Construction in Progress	0	280,243
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,255,080	20,499,347
Other Capital Assets	2,313,639	2,498,318
Infrastructure	<u>15,451,152</u>	<u>0</u>
Total Assets	<u>\$ 42,502,367</u>	<u>\$ 35,033,847</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 273,593	\$ 46,090
Accrued Payroll	0	1,286
Payroll Deductions Payable	8,127	122
Contracts Payable	0	86,465
Retainage Payable	0	5,017
Accrued Interest Payable	176,617	1,477
Due to Component Units	500,000	0
Due to State of Tennessee	1,602	0
Other Current Liabilities	0	1,012,260
Deferred Revenue - Current Property Taxes	7,694,265	3,980,808
Noncurrent Liabilities:		
Due Within One Year	1,449,171	38,104
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	<u>31,205,594</u>	<u>1,619,011</u>
Total Liabilities	<u>\$ 41,308,969</u>	<u>\$ 6,790,640</u>

(Continued)

Exhibit A

Cocke County, Tennessee
Statement of Net Assets (cont.)

	Primary Government <u>Governmental Activities</u>	<u>Component Unit Cocke County School Department</u>
<u>NET ASSETS</u>		
Invested in Capital Assets, Net of Related Debt	\$ 13,598,149	\$ 23,795,765
Restricted for:		
Industrial Development	341,388	0
Drug Control	76,891	0
Sports and Recreation	10,786	0
Highway	1,104,075	0
School Transportation	0	412,632
Debt Service	7,146,410	0
Bridge Program	997,355	0
Capital Projects	65,352	0
State and Federal Financial Assistance Programs	0	1,125,170
Alcohol and Drug Treatment	67,202	0
Litigation Tax - Jail, Workhouse, or Courthouse	248,163	0
Automation Purposes	63,951	0
Other Purposes	2,526	0
Unrestricted	<u>(22,528,850)</u>	<u>2,909,640</u>
Total Net Assets (Deficit)	<u>\$ 1,193,398</u>	<u>\$ 28,243,207</u>

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

Exhibit B

Cocke County, Tennessee
Statement of Activities
For the Year Ended June 30, 2008

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets						Component Unit
	Expenses		Program Revenues		Primary Government		
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities	Cocke County School Department		
<u>Primary Government:</u>							
Governmental Activities:							
General Government	\$ 970,364	\$ 253,929	\$ 44,590	\$ 1,773	\$ (670,072)	\$ 0	0
Finance	1,239,325	770,495	14,577	50,806	(403,447)	0	0
Administration of Justice	1,044,837	748,481	10,710	16,589	(269,057)	0	0
Public Safety	4,613,515	402,148	231,897	128,507	(3,850,963)	0	0
Public Health and Welfare	2,839,876	54,376	227,204	465,679	(2,092,617)	0	0
Social, Cultural, and Recreational Services	312,571	258,542	0	0	(54,029)	0	0
Agriculture and Natural Resources	73,967	0	0	0	(73,967)	0	0
Other Operations	1,325,081	6,136	0	318,300	(1,000,645)	0	0
Highways	4,794,827	0	1,792,778	801,254	(2,200,795)	0	0
Education	1,738,222	0	0	0	(1,738,222)	0	0
Interest on Long-term Debt	1,416,500	0	0	0	(1,416,500)	0	0
Debt Service	25,967	0	0	0	(25,967)	0	0
Total Primary Government	\$ 20,395,052	\$ 2,494,107	\$ 2,321,756	\$ 1,782,908	\$ (13,796,281)	\$ 0	0
<u>Component Unit:</u>							
Cocke County School Department	\$ 38,417,596	\$ 825,073	\$ 6,173,524	\$ 1,738,222	\$ 0	\$ (29,680,777)	0
Total Component Unit	\$ 38,417,596	\$ 825,073	\$ 6,173,524	\$ 1,738,222	\$ 0	\$ (29,680,777)	0

(Continued)

Exhibit B

Cocke County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expense) Revenue and Changes in Net Assets					Component Unit
	Expenses	Program Revenues		Primary Government Total	Cocke County School Department	
		Charges for Services	Operating Grants and Contributions			
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 6,016,469	\$ 2,773,099	
Property Taxes Levied for Development				333,323	0	
Property Taxes Levied for Highway/Public Works				614,045	0	
Property Taxes Levied for Transportation				0	1,224,972	
Property Taxes Levied for Debt Service				787,732	0	
Local Option Sales Taxes				1,779,517	3,183,920	
Hotel/Motel Tax				181,221	0	
Litigation Tax				102,972	0	
Business Tax				235,088	0	
Mineral Severance Tax				61,633	0	
Wholesale Beer Tax				318,370	0	
Interstate Telecommunications Tax				1,224	0	
Other Local Taxes				85,618	102,009	
Grants and Contributions Not Restricted to Specific Programs				1,115,982	22,827,552	
Unrestricted Investment Income				642,691	22,762	
Miscellaneous				55,574	45,144	
Insurance Recovery				30,000	0	
Total General Revenues				\$ 12,361,459	\$ 30,179,458	
Change in Net Assets				\$ (1,434,822)	\$ 498,681	
Net Assets, July 1, 2007				2,628,220	27,744,526	
Net Assets, June 30, 2008				\$ 1,193,398	\$ 28,243,207	

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

Cooke County, Tennessee
Balance Sheet
Governmental Funds
June 30, 2008

	Major Funds			Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	
ASSETS						
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,394	\$ 121,394
Equity in Pooled Cash and Investments	1,938,949	1,047,139	7,025,291	9,815	501,285	10,522,479
Investments	0	0	0	0	997,355	997,355
Accounts Receivable	62,557	0	0	0	8,303	70,860
Due from Other Governments	236,651	330,100	240,779	0	6,727	814,257
Due from Other Funds	368	0	0	0	0	368
Note Proceeds Receivable	0	0	0	500,000	0	500,000
Property Taxes Receivable	6,308,667	807,261	843,369	0	368,974	8,328,271
Allowance for Uncollectible Property Taxes	(181,338)	(21,022)	(23,984)	0	(10,493)	(236,837)
Total Assets	\$ 8,365,854	\$ 2,163,478	\$ 8,085,455	\$ 509,815	\$ 1,993,545	\$ 21,118,147

LIABILITIES AND FUND BALANCES

Liabilities						
Accounts Payable	\$ 58,318	\$ 165,320	\$ 0	\$ 0	\$ 49,955	\$ 273,593
Payroll Deductions Payable	4,453	2,881	0	0	793	8,127
Due to Other Funds	0	0	0	0	368	368
Due to Component Units	0	0	0	500,000	0	500,000
Due to State of Tennessee	1,602	0	0	0	0	1,602
Deferred Revenue - Current Property Taxes	5,819,397	754,817	779,166	0	340,885	7,694,265
Deferred Revenue - Delinquent Property Taxes	270,868	27,640	35,378	0	15,478	349,364
Other Deferred Revenues	82,499	161,626	128,755	0	0	372,880
Total Liabilities	\$ 6,237,137	\$ 1,112,284	\$ 943,299	\$ 500,000	\$ 407,479	\$ 9,200,199
Fund Balances						
Reserved for Encumbrances	\$ 0	\$ 107,530	\$ 0	\$ 0	\$ 36,988	\$ 144,518
Reserved for Alcohol and Drug Treatment	67,202	0	0	0	0	67,202
Reserved for Litigation Tax - Jail, Workhouse, or Courthouse	248,163	0	0	0	0	248,163
Reserved for Sexual Offender Registration	2,402	0	0	0	0	2,402

(Continued)

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other	Governmental Funds	
\$	124	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	124
Reserved for Courtroom Security	2,899	0	0	0	0	0	2,899
Reserved for Automation Purposes - Circuit Court	52,517	0	0	0	0	0	52,517
Reserved for Automation Purposes - General Sessions Court	3,248	0	0	0	0	0	3,248
Reserved for Automation Purposes - Juvenile Court	2,192	0	0	0	0	0	2,192
Reserved for Automation Purposes - Chancery Court	3,095	0	0	0	0	0	3,095
Reserved for Automation Purposes - Sheriff	19,059	0	0	0	0	1,033,833	1,052,892
Unreserved, Reported In:							
General Fund	1,727,816	0	0	0	0	0	1,727,816
Special Revenue Funds	0	943,664	0	0	0	498,424	1,442,088
Debt Service Funds	0	0	7,142,156	0	0	16,821	7,158,977
Capital Projects Funds	0	0	0	9,815	0	0	9,815
Total Fund Balances	\$ 2,128,717	\$ 1,051,194	\$ 7,142,156	\$ 9,815	\$ 1,586,066	\$ 11,917,948	
Total Liabilities and Fund Balances	\$ 8,365,854	\$ 2,163,478	\$ 8,085,455	\$ 509,815	\$ 1,993,545	\$ 21,118,147	

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

Cocke County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2008

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 11,917,948
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 939,053	
Add: infrastructure net of accumulated depreciation	15,451,152	
Add: buildings and improvements net of accumulated depreciation	2,255,080	
Add: other capital assets net of accumulated depreciation	<u>2,313,639</u>	20,958,924
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.		
Less: notes payable	\$ (1,107,888)	
Less: other loans payable	(10,941,092)	
Less: bonds payable	(19,695,000)	
Add: deferred amount on refunding	313,036	
Add: deferred charges - debt issuance costs	389,566	
Add: unamortized discount on debt	36,098	
Less: compensated absences payable	(136,468)	
Less: landfill closure/postclosure care costs	(655,165)	
Less: other deferred revenue - premium on debt	(432,188)	
Less: accrued interest on bonds, notes, and other loans payable	<u>(176,617)</u>	(32,405,718)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>722,244</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ 1,193,398</u>

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

Exhibit C-3

Cocke County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances
Governmental Funds
For the Year Ended June 30, 2008

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 7,429,224	\$ 680,145	\$ 2,126,104	\$ 0	\$ 332,841	\$ 10,568,314	
Licenses and Permits	66,624	0	0	0	0	66,624	
Fines, Forfeitures, and Penalties	190,554	0	0	0	12,250	202,804	
Charges for Current Services	321,448	0	0	0	592,405	913,853	
Other Local Revenues	117,726	7,390	601,704	0	67,771	794,591	
Fees Received from County Officials	938,494	0	0	0	0	938,494	
State of Tennessee	1,057,982	2,101,242	38,453	281,235	55,823	3,534,735	
Federal Government	257,516	10,389	0	465,679	17,830	751,414	
Other Governments and Citizens Groups	78,073	0	0	32,765	323,492	434,330	
Total Revenues	\$ 10,457,641	\$ 2,799,166	\$ 2,766,261	\$ 779,679	\$ 1,402,412	\$ 18,205,159	
<u>Expenditures</u>							
Current:							
General Government	\$ 939,786	\$ 0	\$ 0	\$ 0	\$ 0	\$ 939,786	
Finance	741,361	0	0	0	496,810	1,238,171	
Administration of Justice	1,012,870	0	0	0	31,967	1,044,837	
Public Safety	4,492,731	0	0	0	48,786	4,541,517	
Public Health and Welfare	413,124	0	0	0	1,312,375	1,725,499	
Social, Cultural, and Recreational Services	257,281	0	0	0	39,549	296,830	
Agriculture and Natural Resources	73,967	0	0	0	0	73,967	
Other Operations	1,218,701	0	0	0	0	1,218,701	
Highways	82,492	3,578,595	0	0	0	3,661,087	
Debt Service:							
Principal on Debt	0	0	1,034,219	0	307,191	1,341,410	
Interest on Debt	0	0	1,187,316	0	160,844	1,348,160	
Other Debt Service	0	0	218,586	0	0	218,586	
Capital Projects	0	0	0	2,324,176	956,710	3,280,886	
Total Expenditures	\$ 9,232,313	\$ 3,578,595	\$ 2,440,121	\$ 2,324,176	\$ 3,354,232	\$ 20,929,437	
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,225,328	\$ (779,429)	\$ 326,140	\$ (1,544,497)	\$ (1,951,820)	\$ (2,724,278)	

(Continued)

Exhibit C-3

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

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds		
<u>Other Financing Sources (Uses)</u>							
Bonds Issued	\$ 0	\$ 0	\$ 7,300,000	\$ 0	\$ 0	\$ 0	\$ 7,300,000
Notes Issued	0	0	0	500,000	0	0	500,000
Other Loans Issued	0	648,044	0	1,238,222	1,088,784	0	2,975,050
Insurance Recovery	29,000	0	0	0	1,000	0	30,000
Transfers In	0	0	0	0	1,208,900	0	1,208,900
Transfers Out	(1,208,900)	0	0	0	0	0	(1,208,900)
Discounts on Debt Issued	0	0	(19,423)	0	0	0	(19,423)
Payments to Refunded Debt Escrow Agent	0	0	(7,100,000)	0	0	0	(7,100,000)
Total Other Financing Sources (Uses)	\$ (1,179,900)	\$ 648,044	\$ 180,577	\$ 1,738,222	\$ 2,298,684	\$ 0	\$ 3,685,627
Net Change in Fund Balances	\$ 45,428	\$ (131,385)	\$ 506,717	\$ 193,725	\$ 346,864	\$ 0	\$ 961,349
Fund Balance, July 1, 2007	2,083,289	1,182,579	6,635,439	(183,910)	1,239,202	0	10,956,599
Fund Balance, June 30, 2008	\$ 2,128,717	\$ 1,051,194	\$ 7,142,156	\$ 9,815	\$ 1,586,066	\$ 0	\$ 11,917,948

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

Exhibit C-4

Cocke 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, 2008

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)		\$ 961,349
(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	\$ 592,115	
Less: current year depreciation expense	<u>(1,463,561)</u>	(871,446)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to increase net assets.		
Add: assets donated and capitalized	\$ 609,913	
Less: book value of capital assets disposed	<u>(62,166)</u>	547,747
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes and other deferred June 30, 2008	\$ 722,244	
Less: deferred delinquent property taxes and other deferred June 30, 2007	<u>(607,086)</u>	115,158
(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 assets. Also, governmental funds report the effect of issuance costs, 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 related items:		
Less: note proceeds	\$ (500,000)	
Less: other loans proceeds	(2,975,050)	
Less: bond proceeds	(7,300,000)	
Add: change in deferred debt issuance costs	149,077	
Add: principal payments on bonds	220,000	
Add: principal payments on notes	579,219	
Add: principal payments on other loans	542,191	
Add: change in discount on debt issuances	17,525	
Add: change in premium on debt issuances	45,440	
Add: payment to refunding agent	7,100,000	
Less: change in deferred amount on refunding debt	<u>(40,762)</u>	(2,162,360)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (27,578)	
Change in compensated absences payable	(5,847)	
Change in landfill closure/postclosure care costs	<u>8,155</u>	(25,270)
Change in net assets of governmental activities (Exhibit B)		<u>\$ (1,434,822)</u>

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

Exhibit D

Coke County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 1,992,916
Accounts Receivable	3,601
Due from Other Governments	634,306
Property Taxes Receivable	435,887
Allowance for Uncollectible Property Taxes	(12,547)
Cash Shortage	42,440
	<hr/>
Total Assets	<u>\$ 3,096,603</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,057,646
Due to Litigants, Heirs, and Others	2,038,957
	<hr/>
Total Liabilities	<u>\$ 3,096,603</u>

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

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COCKE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2008

I. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cocke 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 Cocke County:

A. Reporting Entity

Cocke County is a public municipal corporation governed by an elected 14-member board. As required by GAAP, these financial statements present Cocke County (the primary government) and its component units. 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.

Blended Component Units – There are no legally separate component units of Cocke County that meet the criteria for being reported as part of the primary government by the blending method.

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 Cocke County School Department operates the public school system in the county, and the voters of Cocke County elect its board. The School Department is fiscally dependent on the county because it may not issue debt without county approval, 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 Cocke County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cocke County, and the Cocke 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 Cocke County Emergency Communications District were not available from other auditors in time for inclusion in this report.

The Cocke 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. Although required by GAAP, the financial statements of the Cocke County Emergency Communications District were not available in time for inclusion, as previously mentioned. Complete financial statements of the Cocke County Emergency Communications District can be obtained from its administrative office at the following address:

Administrative Office:

Cocke County Emergency Communications District
145 Mineral Street
Newport, TN 37821

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the statement of net assets 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 Cocke 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 Cocke 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.

Cocke County issues all debt for the discretely presented Cocke County School Department. Net debt issues of \$1,738,222 were contributed by the county to the School Department during the year ended June 30, 2008.

Separate financial statements are provided for governmental funds and fiduciary funds. The 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 fiduciary funds financial statements, except for agency funds which have no measurement focus. Revenues are recorded when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows. Property taxes are recognized as revenues in the year for which they are levied. Grants and similar items are recognized as revenue as soon as all eligibility requirements imposed by the provider have been met.

Fund financial statements of Cocke 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, liabilities, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Cocke County does not have any proprietary funds to report. An emphasis is placed on major funds within the governmental category.

Separate financial statements are provided for governmental 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. Fiduciary funds in total are reported in a single column.

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

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

Fiduciary funds financial statements are reported using the economic resources measurement focus (except for agency funds, which have no measurement focus) and the accrual basis of accounting. Revenues are recognized when earned, and expenses are recorded when a liability is incurred, regardless of the timing of related cash flows.

Cocke County reports the following major governmental funds:

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

Highway/Public Works Fund – This fund accounts for transactions of the county’s Highway Department.

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.

General Capital Projects Fund – This fund accounts for general capital expenditures of the county and the issuance of debt on behalf of the discretely presented Cocke County School Department.

Additionally, Cocke County reports the following fund type:

Agency Funds – These funds account for amounts collected in an agency capacity by the constitutional officers, local sales taxes received by the state to be forwarded to the various cities in Cocke County, and the city school system’s share of educational revenues. Agency funds are custodial in nature (assets equal liabilities) and do not involve measurement of results of operations. They do, however, use the accrual basis of accounting to recognize receivables and payables.

The discretely presented Cocke 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 Transportation Fund – This fund is used to account for transportation operations of the School Department.

Additionally, the Cocke County School Department reports the following fund type:

Private Purpose Trust Fund – The Endowment Fund is used to account for an endowment received by the School Department for which the principal amount must remain intact, while interest earned is to be expended for the benefit of the Chess Club and scholarships for Cocke County students.

Private-sector standards of accounting and financial reporting issued prior to December 1, 1989, generally are followed in the government-wide financial statements to the extent that those standards do not conflict with or contradict guidance of the Governmental Accounting Standards Board.

Amounts reported as program revenues included (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.

When both restricted and unrestricted resources are available for use, it is the government's policy to use restricted revenues first, then unrestricted resources as they are needed.

D. Assets, Liabilities, and Net Assets or Equity

1. Deposits and Investments

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; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; the county's own legally issued bonds or notes; the State Treasurer's Investment Pool; and repurchase agreements.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Cocke County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net assets as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. In addition, investments are held separately by the Highway Capital Projects Fund. Cocke 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 and investments in the State Treasurer's Investment Pool are reported at cost. The State Treasurer's Investment Pool is not registered with the Securities and Exchange Commission (SEC) as an investment company, but nevertheless has a policy that it will, and does, operate in a manner consistent with the SEC's Rule 2a7 of the Investment Company Act of 1940. Rule 2a7 allows SEC-registered mutual funds to use amortized cost rather than fair value to report net assets to compute share prices if certain conditions are met. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value. 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.

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 1.5 percent of total taxes levied.

Governmental funds report deferred revenue in connection with receivables for revenues that are not considered to be available to liquidate liabilities of the current period. Governmental funds also defer revenue recognition in connection with resources that have been received, but not yet earned.

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 deferred revenue 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 with offsetting deferred revenue 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 Circuit Court between the following February 1 to April 1 for any remaining unpaid taxes. Additional costs attach to delinquent taxes after a court suit has been filed.

Most payables are disaggregated on the face of the financial statements. In the discretely presented Coker County School Department's General Purpose School Fund, the account Contracts Payable is related to construction projects, and the account Other Current Liabilities represents the remaining balance in the teacher's insurance account.

Retainage payable in the discretely presented General Purpose School Fund represents amounts withheld from payments made on construction contracts pending completion of the projects. These amounts are held by the county trustee as Equity in Pooled Cash and Investments in the General Purpose School Fund.

3. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 or more for buildings and improvements, and infrastructure, \$5,000 or more for machinery and other equipment, and an estimated useful life of more than two years. Such assets are recorded at historical cost or estimated historical cost if purchased or constructed. Donated capital assets are recorded at estimated fair market value at the date of donation.

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

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

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

<u>Assets</u>	<u>Years</u>
Buildings	20-40
Building Improvements	20
Vehicles and Other Capital Assets	3-15
Infrastructure:	
Roads	30
Bridges	30

4. Compensated Absences

Vacation leave benefits for employees paid through the governmental funds of Cocke County and the discretely presented Cocke County School Department do not vest or accumulate and must be used within the year or lost. It is the Cocke County Road Department's policy to permit employees to accumulate an unlimited amount of earned but unused sick leave benefits that will be paid to employees at the time of voluntary separation. For the remainder of Cocke County and the discretely presented Cocke County School Department, the granting of sick leave has no guaranteed payment attached. A liability for sick leave pay is reported in governmental funds only if amounts have matured, for example, as a result of employee resignations and retirements.

5. Long-term Obligations

In the government-wide financial statements, long-term debt and other long-term obligations are reported as liabilities in the applicable governmental activities statement of net assets. Debt premiums and discounts, as well as issuance costs, are deferred and amortized over the life of the debt using the straight-line method. Debt issuance costs are reported as deferred charges and amortized over the term of the related debt. In refunding transactions, the difference between the reacquisition price and the net carrying amount of the old debt is netted against the new debt and amortized over the remaining life of the refunded debt or the life of the new debt issued, whichever is shorter.

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

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

6. Net Assets and Fund Equity

In the government-wide financial statements equity is classified as net assets and displayed in three components:

- a. Invested in capital assets, net of related debt – 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 assets – Consists of net assets 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 assets – All other net assets that do not meet the definition of restricted or invested in capital assets, net of related debt.

As of June 30, 2008, Cocke County had \$21,106,655 in outstanding debt for capital purposes for the discretely presented Cocke 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 Newport School System) based on an average daily attendance proration. This debt is a liability of Cocke County, but the capital assets acquired are reported in the financial statements of the School Department and the City of Newport School System. Therefore, Cocke County has incurred a liability, significantly decreasing its unrestricted net assets with no corresponding increase in the county's capital assets.

In the fund financial statements, governmental funds report reservations of fund balance for amounts that are not available for appropriation or are legally restricted by outside parties for use for a specific purpose. Designations of fund balance represent tentative management plans that are subject to change. The following table reflects designations on June 30, 2008:

<u>Fund/Purpose</u>	<u>Amount</u>
---------------------	---------------

Industrial/Economic Development:	
Industrial Development	\$ 232,500

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 assets

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 assets.

Discretely Presented Cocke County School Department

Exhibit I-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 assets.

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 assets of governmental activities reported in the government-wide statement of activities.

Discretely Presented Cocke County School Department

Exhibit I-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 assets of governmental activities reported in the government-wide statement of activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on the basis consistent with generally accepted accounting principles (GAAP) for all governmental funds except the Constitutional Officers - Fees Fund (special revenue fund) which is not

budgeted, and the capital projects funds, which adopt project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the State 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, Board of Equalization, Beer Board, County Mayor, 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 GAAP basis is presented on the face of each budgetary schedule.

B. Fund Deficit

The Solid Waste/Sanitation Fund (special revenue fund) had a deficit of \$5,359 in the unreserved fund balance account as of June 30, 2008. This deficit resulted from the recognition of liabilities totaling \$48,843. This deficit was subsequently liquidated through a transfer from the General Fund.

C. Remaining Cash Shortage from 1996-97

The audit of the Constitutional Officers – Agency Fund for the 1996-97 year reported details of a \$101,822 cash shortage in the Office of Clerk and Master. The former clerk and master, Charles Chesteen, pled guilty to theft and conversion of office funds and was ordered to pay restitution totaling \$101,822. His surety bond company paid the office \$50,000 during a previous year, and as of June 30, 2008, Mr. Chesteen had paid \$9,382 toward liquidating the shortage. The remaining balance of \$42,440 continues to be reflected as a cash shortage in the financial statements of this report.

D. Expenditures and Encumbrances Exceeded Appropriations

Expenditures and encumbrances exceeded appropriations approved by the County Commission in the Capital Outlay major appropriation category (the legal level of control) of the General Purpose School Fund of the discretely presented Cocke County School Department by \$63,200. This overexpenditure

resulted from recognizing an encumbrance for conservation equipment. The purchase was funded by authorized note proceeds appropriated in the subsequent year.

IV. DETAILED NOTES ON ALL FUNDS

A. Deposits and Investments

Cocke County and the Cocke 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 assets as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net assets represent nonpooled amounts held separately by individual funds.

Deposits

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

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

Investments

Legal Provisions. Counties are authorized to make direct investments in bonds, notes, or treasury bills of the U.S. government and obligations guaranteed by the U.S. government or any of its agencies; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out

in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state director of Local Finance 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 market value of the securities on the day of purchase.

Investment Balances. As of June 30, 2008, Cocke County had the following nonpooled investment carried at cost.

<u>Investment</u>	<u>Maturities</u>	<u>Cost</u>
Nonmajor Governmental Fund:		
Highway/Capital Projects Fund:		
State Treasurer's Investment Pool	Daily	\$ 997,355

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. Cocke 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. Cocke County has no investment policy that would further limit its investment choices. As of June 30, 2008, Cocke County's investment in the State Treasurer's Investment Pool was unrated.

B. Note Proceeds Receivable

Note proceeds receivable in the General Capital Projects Fund resulted from the issuance of a capital outlay note prior to June 30, 2008, for which the proceeds were received subsequent to June 30, 2008.

C. Capital Assets

Capital assets activity for the year ended June 30, 2008, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 939,053	\$ 0	\$ 0	\$ 939,053
Total Capital Assets Not Depreciated	<u>\$ 939,053</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 939,053</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,261,638	\$ 0	\$ 0	\$ 3,261,638
Roads and Bridges	28,549,001	609,913	0	29,158,914
Other Capital Assets	4,273,810	592,115	177,678	4,688,247
Total Capital Assets Depreciated	<u>\$ 36,084,449</u>	<u>\$ 1,202,028</u>	<u>\$ 177,678</u>	<u>\$ 37,108,799</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 928,233	\$ 78,325	\$ 0	\$ 1,006,558
Roads and Bridges	12,747,609	960,153	0	13,707,762
Other Capital Assets	2,065,037	425,083	115,512	2,374,608
Total Accumulated Depreciation	<u>\$ 15,740,879</u>	<u>\$ 1,463,561</u>	<u>\$ 115,512</u>	<u>\$ 17,088,928</u>
Total Capital Assets Depreciated, Net	<u>\$ 20,343,570</u>	<u>\$ (261,533)</u>	<u>\$ 62,166</u>	<u>\$ 20,019,871</u>
Governmental Activities Capital Assets, Net	<u>\$ 21,282,623</u>	<u>\$ (261,533)</u>	<u>\$ 62,166</u>	<u>\$ 20,958,924</u>

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

Governmental Activities:

General Government	\$	30,578
Finance		1,154
Public Safety		235,405
Public Health and Welfare		48,012
Social, Cultural, and Recreational Services		15,741
Other Operations		1,279
Highways/Public Works		<u>1,131,392</u>
Total Depreciation Expense - Governmental Activities	\$	<u>1,463,561</u>

Discretely Presented Cocke County School Department

Governmental Activities:

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Capital Assets Not Depreciated:				
Land	\$ 601,694	\$ 0	\$ 0	\$ 601,694
Construction in Progress	58,293	966,881	744,931	280,243
Total Capital Assets Not Depreciated	<u>\$ 659,987</u>	<u>\$ 966,881</u>	<u>\$ 744,931</u>	<u>\$ 881,937</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 32,701,322	\$ 804,830	\$ 0	\$ 33,506,152
Other Capital Assets	4,675,453	695,919	339,749	5,031,623
Total Capital Assets Depreciated	<u>\$ 37,376,775</u>	<u>\$ 1,500,749</u>	<u>\$ 339,749</u>	<u>\$ 38,537,775</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 11,948,196	\$ 1,058,609	\$ 0	\$ 13,006,805
Other Capital Assets	2,484,286	379,812	330,793	2,533,305
Total Accumulated Depreciation	<u>\$ 14,432,482</u>	<u>\$ 1,438,421</u>	<u>\$ 330,793</u>	<u>\$ 15,540,110</u>

Governmental Activities (Cont.):

	Balance 7-1-07	Increases	Decreases	Balance 6-30-08
Total Capital Assets				
Depreciated, Net	\$ 22,944,293	\$ 62,328	\$ 8,956	\$ 22,997,665
Governmental Activities				
Capital Assets, Net	\$ 23,604,280	\$ 1,029,209	\$ 753,887	\$ 23,879,602

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

Governmental Activities:

Instruction	\$ 1,047,136
Support Services	364,887
Operation of Non-Instructional Services	<u>26,398</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,438,421</u>

D. Construction Commitments

At June 30, 2008, the General Purpose School Fund had uncompleted construction contracts of \$698,039 for school renovations. Funding for these future expenditures is expected to be received from capital outlay notes and other loans.

E. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2008, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 368

This balance 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 Units:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
Component Unit: Cocke County School Department	Primary Government: General Capital Projects	\$ 500,000

Interfund Transfers:

Interfund transfers for the year ended June 30, 2008, consisted of the following amount:

Primary Government

<u>Transfer Out</u>	<u>Transfer In</u> Nonmajor Governmental Funds
General Fund	\$ 1,208,900

Discretely Presented Cocke County School Department

<u>Transfer Out</u>	<u>Transfer In</u> General Purpose School Fund
Nonmajor Governmental Funds	\$ 5,449

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. Capital Leases

Discretely Presented Cocke County School Department

On October 1, 1998, the School Department entered into a ten-year lease-purchase agreement for HVAC equipment. The terms of the agreement require total lease payments of \$285,070 plus interest of 5.45 percent. Title to

the equipment transfers to the School Department at the end of the lease period. The lease payments are made from the General Purpose School Fund.

Future minimum lease payments and the net present value of these minimum lease payments as of June 30, 2008, were as follows:

Year Ending June 30	Governmental Funds
2009	\$ 9,021
Total Minimum Lease Payments	\$ 9,021
Amount Representing Interest	(121)
Present Value of Minimum Lease Payments	<u>\$ 8,900</u>

G. Long-term Debt

Primary Government

General Obligation Bonds, Notes, and Other Loans

The county issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities. In addition, general obligation bonds have been issued to refund other general obligation bonds and other loans. Capital outlay notes are also issued to fund capital facilities and other capital outlay purchases, such as equipment.

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. General obligation bonds, capital outlay notes, and other loans outstanding were issued for original terms of up to 20 years for bonds, up to 19 years for notes, and up to 40 years for other loans. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All bonds, notes, and other loans included in long-term debt as of June 30, 2008, will be retired from the General Debt Service, Rural Debt Service, and the Industrial/Economic Development funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2008, are as follows:

Type	Interest Rate		Original Amount of Issue	Balance 6-30-08
General Debt Service Fund:				
General Obligation Bonds -				
Refunding	3 to 5	%	\$ 17,005,000	\$ 17,005,000
Capital Outlay Notes	0			532,888
Capital Outlay Notes -				
Refunding	2 to 2.5		1,795,000	575,000
Other Loans - Public Building				
Authority - Fixed by Swap	6.12		5,025,000	5,025,000
Other Loans - Public Building				
Authority	Variable		8,475,000	3,713,767
Rural Debt Service Fund:				
General Obligation Bonds -				
Refunding	2 to 3.9		3,215,000	2,690,000
Industrial/Economic Development Fund:				
Other Loans - City of Newport				
	2.15 to 4.5		2,521,197	2,202,325

In prior years, Cocke County entered into loan agreements with the Sevier County Public Building Authority. Under these loan agreements, the authority loaned \$17,500,000 to Cocke County for various renovation and construction projects for the county and the discretely presented School Department. Cocke County had borrowed the entire amount of these loans; however, \$7,100,000 of these loans were refunded during the year.

Cocke County entered into a variable-rate loan agreement in a prior year with the Blount County Building Authority. This loan agreement provided for the authority to make \$3,500,000 available for loan to Cocke County on an as-needed basis for various renovation and construction projects for the county and the discretely presented School Department. As of June 30, 2008, Cocke County had borrowed \$1,763,767 of the loan. The balance of \$1,736,233 remains available for future draws under the loan agreement.

In addition to interest, the county pays various other fees (trustee, letter of credit, debt remarketing, administrative, etc.) in connection with the variable-rate loans. The following table summarizes the public building authority loan agreements outstanding at June 30, 2008, including interest rates and other fees:

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Type	Interest Rates as of 6-30-08	Other Fees on Variable Rate Debt
-------------	--------------------------------------------	-------------------------------------	------------------	---------------------------------------	-------------------------------------------

Sevier County Public
Building Authority

			Variable fixed		
Series IV-E-2	\$ 10,000,000	\$ 5,025,000	(1) by Swap	6.12%	0.418 %
Series IV-E-2		<u>1,950,000</u>	Variable	5.00	0.418
Total		<u>\$ 6,975,000</u>			

Blount County Public
Building Authority

Series D-11-C	3,500,000	<u>\$ 1,763,767</u>	(2) Variable	5.00	0.525
		<u>\$ 1,763,767</u>			
Total		<u>\$ 8,738,767</u>			

(1) \$5,025,000 of the PBA Loan Series IV-E-2 was swapped to a synthetic fixed rate by execution of a swap agreement during the year ended June 30, 2004.

(2) \$1,736,233 remains available for future draws under this agreement at June 30, 2008.

Cocke County has also entered into the following agreements with the City of Newport to provide funding for waterline extensions constructed by Newport Utilities to various developments in the county. These agreements are reflected as other loans in this report.

Description	Original Amount of Loan Agreement	Outstanding Principal 6-30-08	Interest Rates
<u>City of Newport-Newport Utilities</u>			
River Crest (A)	\$ 1,024,000	\$ 1,004,882	4.13%
River Crest (B)	300,000	<u>293,716</u>	4.38
Subtotal		\$ 1,298,598	
Hartford	700,000	477,879 (1)	2.15
Hwy 25E	497,197	<u>425,848</u>	4.50
Total City of Newport - Newport Utilities		<u>\$ 2,202,325</u>	

(1) The balance of \$221,583 remains available for future draws under this agreement at June 30, 2008.

Under the agreements, the county must pay its incremental tax revenues (excess of current taxes over base year amounts), from properties within the developments, toward the retirement of these obligations. The River Crest and Hartford agreements require minimum payments to the city each year regardless of whether the tax increments are sufficient to meet those requirements. The Highway 25E agreement requires only the payment of the tax increment each year, with interest accruing on the unpaid balance until the debt is retired.

The annual requirements to amortize all general obligation bonds, notes, and public building authority loans outstanding as of June 30, 2008, including interest payments and other loan fees, are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2009	\$ 330,000	\$ 803,894	\$ 1,133,894
2010	975,000	783,804	1,758,804
2011	1,120,000	755,729	1,875,729
2012	1,230,000	722,729	1,952,729
2013	1,325,000	685,829	2,010,829
2014-2018	8,215,000	2,531,920	10,746,920
2019-2023	1,745,000	1,260,422	3,005,422
2024-2028	4,755,000	596,637	5,351,637
Total	<u>\$ 19,695,000</u>	<u>\$ 8,140,964</u>	<u>\$ 27,835,964</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 668,355	\$ 14,375	\$ 682,730
2010	82,391	0	82,391
2011	71,428	0	71,428
2012	71,428	0	71,428
2013	71,428	0	71,428
2014-2015	142,858	0	142,858
Total	\$ 1,107,888	\$ 14,375	\$ 1,122,263

Year Ending June 30	Other Loans - Public Building Authorities			
	Principal	Interest	Other Fees	Total
2009	\$ 400,000	\$ 493,334	\$ 38,389	\$ 931,723
2010	400,000	473,334	36,718	910,052
2011	375,000	453,334	35,048	863,382
2012	325,000	434,584	33,401	792,985
2013	305,000	418,334	31,963	755,297
2014-2018	895,000	1,902,920	142,442	2,940,362
2019-2023	5,725,000	814,421	62,439	6,601,860
2024-2026	313,767	24,564	2,577	340,908
Total	\$ 8,738,767	\$ 5,014,825	\$ 382,977	\$ 14,136,569

The minimum annual requirements to amortize the loans payable outstanding as of June 30, 2008, to the City of Newport for the River Crest Project, including interest payments, are presented in the following table. Annual requirements for the \$497,197 loan payable for the Highway 25E projects are not included in the schedule since the loan is to be repaid with tax increment revenues only and there is no defined payment schedule. Additionally, the annual requirements for the \$700,000 loan payable for the Hartford project is not included in the schedule due since the total amount of the loan and its amortization has not been determined.

Year Ending June 30	Other Loans - City of Newport		
	Principal	Interest	Total
2009	\$ 15,367	\$ 54,301	\$ 69,668
2010	16,009	53,659	69,668
2011	16,678	52,990	69,668
2012	17,375	52,293	69,668
2013	18,101	51,567	69,668

Year Ending June 30 (Cont.)	Other Loans - City of Newport		
	Principal	Interest	Total
2014-2018	\$ 102,505	\$ 245,837	\$ 348,342
2019-2023	125,794	222,548	348,342
2024-2028	154,378	193,964	348,342
2029-2033	189,461	158,881	348,342
2034-2038	232,524	115,818	348,342
2039-2043	285,380	62,962	348,342
2044-2046	125,026	7,990	133,016
Total	\$ 1,298,598	\$ 1,272,810	\$ 2,571,408

There is \$7,158,977 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$609, based on the 2000 federal census for residents living outside the Newport School District and \$507, for residents living inside the Newport School District. Debt per capita, including bonds, notes, and other loans, totaled \$968, based on the 2000 federal census for residents living outside the Newport School District and \$866, for residents living inside the Newport School District.

Swap Agreement

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, entered into an interest rate swap agreement for a portion of the outstanding Local Government Improvement Bonds, Series IV-E-2.

Objective of the interest rate swap. To protect against the potential of rising interest rates and to balance its mixture of variable and fixed rate debt, the county requested the authority, on its behalf, to enter into an interest rate swap in connection with its \$10 million Series IV-E-2 variable-rate bonds. The intention of the swap was to effectively change the county's variable interest rate on the bonds to a synthetic fixed rate.

Terms. Under the swap, the authority pays the counterparty a fixed payment of 3.825 percent and receives a variable payment computed as 63 percent of the five-year London Interbank Offered Rate (LIBOR). The swap has a notional amount of \$5.025 million, and the associated variable-rate bond has a \$5.025 million principal amount. The interest rate swap agreement is based on the same amortization schedule as the outstanding principal of the Series IV-E-2 Bonds. The bonds' variable rates have historically approximated the Bond Market Association Municipal Index™ (BMA). The bonds and the related swap agreement mature on June 1, 2021. As of June 30, 2008, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.825 %
Variable payment from counterparty	63% of LIBOR	<u>(2.700)</u>
Net interest rate swap payments		1.125 %
Variable-rate bond interest payments		<u>5.000</u>
Synthetic interest rate on bonds		<u><u>6.125 %</u></u>

Fair value. As of June 30, 2008, the swap had a negative fair value of \$244,238. The negative fair value of the swap may be countered by reductions in total interest payments required under the variable-rate bond, creating lower synthetic rates. Because the rates on the government's variable-rate bonds adjust to changing interest rates, the bonds do not have a corresponding fair value increase. The fair value model calculates future cash flows by projecting forward rates and then discounts those cash flows at their present value.

Credit risk. As of June 30, 2008, the county was not exposed to credit risk because the swap had a negative fair value. However, if interest rates change and the fair value of the swap becomes positive, the county would be exposed to credit risk in the amount of the derivative's fair value. The swap counterparty was unrated at the time of the swap. To mitigate the potential for credit risk, the authority, on behalf of the county, received a Financial Guarantee Insurance Policy for the swap agreement from Ambac Assurance Corporation, which was rated AA by Standard and Poor's and Fitch and Aa3 by Moody's Investor Service as of June 30, 2008. If Ambac's credit rating is downgraded, the counterparty is required to post collateral with a third-party custodian.

Basis risk. As noted above, the swap exposes the county to basis risk if BMA increases to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the BMA to be below 63 percent of LIBOR, then the synthetic rate on the bonds will decrease.

Termination risk. The derivative contract uses the International Swap Dealers Association Master Agreement, which includes standard termination events, such as failure to pay and bankruptcy. The Schedule to the Master Agreement includes an "additional termination provision." The authority or the counterparty may terminate the swap if the other party fails to perform under the terms of the contract. If the swap is terminated, the variable-rate bond would no longer carry a synthetic interest rate. Also, if at the time of termination the swap has a negative fair value, the authority would be liable to the counterparty for a payment equal to the swap's fair value. Likewise, if the swap has a positive fair value at termination, the counterparty would be liable to the authority for a payment equal to the swap's fair value.

Swap payments and associated debt. As of June 30, 2008, debt service requirements of the variable-rate debt and net swap payments, assuming current interest rates remain the same, for their term were as follows. As rates vary, variable-rate bond interest payments and net swap payments will vary.

Fiscal Year Ending June 30	Variable Rate Bonds		Net Interest Rate	Total
	Principal	Interest	Swap Payment	
2009	\$ 0	\$ 251,250	\$ 56,396	\$ 307,646
2010	0	251,250	56,396	307,646
2011	0	251,250	56,396	307,646
2012	0	251,250	56,396	307,646
2013	0	251,250	56,396	307,646
2014-2017	0	1,256,250	281,978	1,538,228
2018-2021	5,025,000	512,250	114,980	5,652,230
Total	\$ 5,025,000	\$ 3,024,750	\$ 678,938	\$ 8,728,688

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2008, was as follows:

Governmental Activities:	Bonds	Notes	Other Loans - City of Newport
Balance, July 1, 2007	\$ 12,615,000	\$ 1,187,107	\$ 1,811,099
Additions	7,300,000	500,000	478,417
Deductions	(220,000)	(579,219)	(87,191)
Balance, June 30, 2008	<u>\$ 19,695,000</u>	<u>\$ 1,107,888</u>	<u>\$ 2,202,325</u>
Balance Due Within One Year	<u>\$ 330,000</u>	<u>\$ 668,355</u>	<u>\$ 15,367</u>

Governmental Activities (Cont.)

	Other Loans - Public Building Authority	Compensated Absences	Landfill Closure/ Postclosure Care Costs
Balance, July 1, 2007	\$ 13,797,134	\$ 130,621	\$ 663,320
Additions	2,496,633	26,124	0
Deductions	(7,555,000)	(20,277)	(8,155)
Balance, June 30, 2008	<u>\$ 8,738,767</u>	<u>\$ 136,468</u>	<u>\$ 655,165</u>
Balance Due Within One Year	<u>\$ 400,000</u>	<u>\$ 27,294</u>	<u>\$ 8,155</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 32,535,613
Less: Balance Due Within One Year	(1,449,171)
Add: Unamortized Premium on Debt	432,188
Add: Deferred Amount on Refunding	<u>(313,036)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 31,205,594</u>

Compensated absences will be paid from the employing fund, the Highway/Public Works Fund. Landfill closure/postclosure care costs will be paid from the Solid Waste/Sanitation Fund.

Current Refunding

During the year, Cocke County issued \$7,300,000 of fixed rate general obligation refunding bonds to provide resources for the current refunding of two variable-rate loan agreements. As a result, the refunded loans were redeemed and the liability has been removed from the governmental activities column of the statement of net assets. The reacquisition price exceeded the net carrying amount of the old debt by \$123,971. This amount is netted against the new debt and amortized over the remaining life of the new debt, which is shorter than the life of the refunded debt. The county's financial advisors were not able to estimate the cumulative savings or economic gain due to the transaction involving the conversion of variable interest rate debt to fixed interest rate debt.

Discretely Presented Cocke County School Department

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Cocke County School Department for the year ended June 30, 2008, was as follows:

Governmental Activities:	<u>Note</u>	<u>Capital Lease</u>
Balance, July 1, 2007	\$ 83,702	\$ 43,322
Deductions	(8,765)	(34,422)
Balance, June 30, 2008	<u>\$ 74,937</u>	<u>\$ 8,900</u>
Balance Due Within One Year	<u>\$ 9,204</u>	<u>\$ 8,900</u>
	<u>Termination Benefits</u>	<u>Other Post- Employment Benefits</u>
Balance, July 1, 2007	\$ 408,000	\$ 0
Additions	56,000	1,574,000
Deductions	(60,000)	(404,722)
Balance, June 30, 2008	<u>\$ 404,000</u>	<u>\$ 1,169,278</u>
Balance Due Within One Year	<u>\$ 20,000</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2008	\$ 1,657,115
Less: Balance Due Within One Year	<u>(38,104)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 1,619,011</u>

Termination benefits will be retired from the General Purpose School Fund. Other postemployment benefits will be paid by the employing funds.

The annual requirements to amortize the note outstanding as of June 30, 2008, are as follows:

Year Ending June 30	Notes		
	Principal	Interest	Total
2009	\$ 9,204	\$ 3,747	\$ 12,951
2010	9,664	3,287	12,951
2011	10,147	2,803	12,950
2012	10,654	2,296	12,950
2013	11,187	1,763	12,950
2014-2015	24,081	1,821	25,902
Total	\$ 74,937	\$ 15,717	\$ 90,654

In addition to the long-term liabilities shown above, Cocke County, the primary government, has issued rural school refunding bonds for the School Department for renovation and construction projects. The School Department provides funds to retire this debt issue; however, the rural school refunding bonds are direct obligations of, and pledge the full faith and credit of, the primary government. Therefore, the rural school refunding bonds are reported as long-term debt of the primary government. The repayment of the debt by the School Department is reflected as a contribution in the General Purpose School Fund. For the year ended June 30, 2008, the General Purpose School Fund paid \$312,192 on the debt, which consisted of principal (\$220,000) and interest (\$92,192). As of June 30, 2008, the balance remaining on the rural school refunding bonds that the School Department plans to retire was \$2,690,000.

H. Pledges of Future Revenues

Tax Incremental Revenues Pledged for Retirement of Industrial Board Debt

In 2005, pursuant to Title 7, Chapter 53 of Tennessee Code Annotated, Cocke County, the City of Newport, and the Industrial Development Board of Cocke County entered into a Tax Increment Financing plan to fund infrastructure related to a development on Highway 321. This plan called for the Industrial Development Board to issue debt not to exceed \$2,000,000 to fund the project. Cocke County and the City of Newport agreed to allocate and pay to the Industrial Development Board the increment of real and personal property taxes generated by the development over the base year amount in 2004. The Industrial Board is to use those incremental tax payments to retire the debt. The term of the agreement is the lesser of the time of the outstanding debt or 12 years. During the year, the county made tax increment payments of \$153,672 toward the agreement.

Tax Incremental Revenues Pledged for Retirement of County Debt

As discussed in Note IV. G., Cocke County has also pledged incremental real and personal property tax revenues from certain developments (River Crest, Hartford, and Highway 25E) toward the retirement of loan agreements

entered into between the county and the City of Newport. The principal amount of these outstanding loans at June 30, 2008, is \$2,202,325. The details of the county's commitment and the annual principal and interest requirements are discussed in that note.

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

The State of Tennessee pays health insurance premiums for retired teachers on-behalf of the Cocke County School Department. These payments are made by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan. Both of these plans are administered by the State of Tennessee and reported in the state's Comprehensive Annual Financial Report. Payments by the state to the Local Education Group Insurance Plan and the Medicare Supplement Plan for the year ended June 30, 2008, were \$149,096 and \$20,750, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

J. Short-term Debt

Cocke County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the General Fund. These notes were necessary because the cash balance was not sufficient to meet current operations. Short-term debt activity for the year ended June 30, 2008, was as follows:

	Balance				Balance
	7-1-07	Issued	Paid		6-30-08
Tax Anticipation Notes	\$ 0	\$ 500,000	\$ 500,000	\$	0

V. OTHER INFORMATION

A. Risk Management

Primary Government

The county is exposed to various risks related to general liability, property, casualty, workers' compensation, and environmental. The county participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The county pays an annual premium to the TN-RMT for its general liability, property, casualty, and workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums. During the 2007-08 year Cocke County purchased commercial insurance for environmental risks.

Cocke 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, all local governments and quasi-governmental entities described above are eligible to participate. The LGGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. The state statute provides for the LGGIF to be self-sustaining through member premiums.

Discretely Presented Cocke County School Department

It is the policy of the School Department to purchase commercial insurance for the risks of losses for general liability, property, and casualty. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

The School Department decided it was more economically feasible to join a public entity risk pool as opposed to purchasing commercial insurance for workers' compensation coverage. The School Department participates in the Tennessee Risk Management Trust (TN-RMT), which is a public entity risk pool created under the auspices of the Tennessee Governmental Tort Liability Act to provide governmental insurance coverage. The School Department pays an annual premium to the TN-RMT for its workers' compensation insurance coverage. The creation of TN-RMT provides for it to be self-sustaining through member premiums.

The discretely presented Cocke 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, Tennessee Code Annotated (TCA), all local education agencies are eligible to participate. The LEGIF is included in the Comprehensive Annual Financial Report of the State of Tennessee, but the state does not retain any risk for losses by this fund. Section 8-27-303, TCA, provides for the LEGIF to be self-sustaining through member premiums.

B. Accounting Changes

At the beginning of the year, Cocke County implemented the provisions of Governmental Accounting Standards Board (GASB) Statement No. 34 Basic Financial Statements – and Management's Discussion and Analysis – for State and Local Governments. In the prior year, Cocke County had elected only to implement the provisions of Statement No. 34 that related to the fund financial statements.

In addition, provisions of GASB Statement No. 48, Sales and Pledges of Receivables and Future Revenues and Intra-Entity Transfers of Assets and Future Revenues; and Statement No. 50, Pension Disclosures became effective for the year ended June 30, 2008. Provisions of Statement No. 45, Accounting and Financial Reporting by Employers for Postemployment Benefits Other Than Pensions were also implemented for the discretely presented Cocke County School Department for the year ended June 30, 2008.

GASB Statement No. 45 establishes reporting requirements for Other Postemployment Benefits (OPEB). OPEB includes postemployment healthcare, as well as other forms of postemployment benefits (for example, life insurance) when provided separately from a pension plan. This statement establishes standards for the measurement, recognition, and display of OPEB expenses/expenditures and related liabilities (assets), note disclosures, and, if applicable, required supplementary information in the county's financial statements. Cocke County and the discretely presented Cocke County School Department are required to implement the provisions of GASB Statement No. 45 for the year ending June 30, 2009. However, the Cocke County School Department decided to implement GASB Statement No. 45 for the year ended June 30, 2008. In previous years, the Cocke County School Department had only recognized the current year cost (expense) of these benefits. GASB Statement No. 45 was implemented prospectively with a zero net OPEB obligation at transition.

GASB Statement No. 48 establishes criteria to ascertain whether certain transactions are sales or collateralized borrowings and provides guidance on how to account for sales or pledges of receivables of future revenues. This statement provides additional guidance for sales of receivables and future revenues within the same reporting entity. This statement also requires governments to disclose in the notes to the financial statements the nature of any receivables or future revenues that have been pledged or sold. Tennessee state statutes do not currently allow counties to sell or pledge receivables or sell future revenue streams. Therefore, those provisions of GASB Statement No. 48 that pertain to the sale or pledge receivables or sale of future revenue will not apply to Cocke County.

GASB Statement No. 50 amends previous guidance concerning pension information. This statement closely aligns the financial reporting requirements for pensions with those for other postemployment benefits and enhances the information disclosed in the notes to the financial statements or presented as required supplementary information for pension plans. This statement requires Cocke County to provide additional and more detailed pension plan note disclosures than in previous years.

C. Subsequent Events

Subsequent to June 30, 2008, Cocke County borrowed funds totaling \$1,736,233 from the Local Government Public Improvement Bonds, Series D-11-C.

On December 15, 2008, Cocke County issued \$5,525,000 in refunding bonds to refund the variable-rate portion of the Local Government Public Improvement Bonds, Series IV-E-2 and all of the Local Government Public Improvement Bonds, Series D-11-C.

Subsequent to June 30, 2008, the primary government's General Fund borrowed \$1,000,000 from the General Debt Service Fund, and the School Department's School Federal Projects Fund borrowed \$250,000 from the General Purpose School Fund. These loans were issued in the form of revenue anticipation notes to provide temporary operating funds to the General and the School Federal Projects funds.

D. Contingent Liabilities

Cocke County and several other Tennessee counties have been named as defendants in a lawsuit demanding compliance with requirements of the Americans with Disabilities Acts (ADA). This lawsuit applies to all Cocke County facilities. Cocke County has completed renovations to the courthouse annex that contains an elevator. However, it is uncertain if this will bring the county into compliance with all ADA requirements. Therefore, a reasonable estimate or range of potential loss to the county resulting from this lawsuit cannot be made.

There are several other pending lawsuits in which the county is involved. The county attorney estimates that the potential claims not covered by insurance resulting from such litigation would not materially affect the county's financial statements.

E. Landfill Closure/Postclosure Costs

State and federal laws and regulations require the county to place a final cover on its Old Asheville Road landfill site and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Cocke County has closed the landfill site and placed the final cover on the site. The county estimates that landfill postclosure care costs will be \$179,410 for the next 22 years for that site. Also, state and federal laws and regulations require the county to place a final cover on its demolition landfill and to perform certain maintenance and monitoring functions at the site for two years after closure. As of June 30, 2008, Cocke County expects to close the demolition landfill in 2009; therefore, the county estimates that closure/postclosure care costs will be \$475,755 for that site. These amounts are based on what it would cost to perform all postclosure care for the Old Asheville Road landfill and all closure/postclosure care for the demolition landfill in 2008. Actual cost may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Venture

The Fourth Judicial District Drug Task Force (DTF) is a joint venture formed by an interlocal agreement between the district attorney general of the Fourth Judicial District, Cocke, Grainger, Jefferson, and Sevier counties, and various cities within these counties. 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, sheriffs, and police chiefs of participating law enforcement agencies within each judicial district. Cocke County made no contributions to the DTF for the year ended June 30, 2008, 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:

Administrative Office:

Office of District Attorney General
Fourth Judicial District
125 Court Avenue, Suite 301
Sevierville, TN 37862

G. Jointly Governed Organizations

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of Tennessee Code Annotated and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, Washington, and Unicoi. The purpose of the authority is to establish and operate a market for agricultural products of the region through a food distribution center. The authority is governed by a board of directors consisting of the county mayors of each county or the county mayor's designee and one nonvoting member representing each of the following: 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's manager as an ex officio member, is in charge of the daily operation of the center.

Discretely Presented Cocke County School Department

The Upper East Tennessee Educational Cooperative was established through a contractual agreement between the Boards of Education of Cocke County, Bristol City, Carter County, Elizabethton City, Greeneville City, Greene County, Hamblen County, Hancock County, Hawkins County, Johnson City, Johnson County, Kingsport City, Newport City, Rogersville City, Sullivan

County, Unicoi County, and Washington County. The cooperative was authorized through Chapter 49 of Tennessee Code Annotated. The cooperative was established to provide the First Tennessee Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative is governed by a Board of Control, consisting of one board member and the director of schools from each of the systems. The Executive Committee consists of the chairman and vice chairman of the Board of Control and the member directors. Funding for the cooperative is provided through state grants and member schools' contributions.

The Upper East Tennessee Educational Cooperative entered into an agreement to establish and operate the Northeast Tennessee Cooperative. The Northeast Tennessee Cooperative 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 operate this service. All members of the Upper East Tennessee Cooperative are members of the Northeast Tennessee Cooperative except Elizabethton City, Hancock County, Kingsport City, Unicoi County, and Washington County systems. The cooperative is governed by a Representative Committee, comprising 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.

H. Retirement Commitments

Employees

Plan Description

Employees of Cocke County are members of the Political Subdivision Pension Plan (PSPP), an agent multiple-employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members at the age of 55. Disability benefits are available to active members with five years of service who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the system after July 1, 1979, become vested after five years of service and members joining prior to July 1, 1979, were vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of the Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. Political subdivisions such as

Cocke County participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of their plan. Benefit improvements are not applicable to a political subdivision unless approved by the chief governing body.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the PSPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at <http://treasury.state.tn.us/tcrs/PS/>.

Funding Policy

Cocke County requires employees to contribute five percent of earnable compensation. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2008, was 11.47 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for Cocke County is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2008, Cocke County's annual pension cost of \$1,070,821 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2005, actuarial valuation using the frozen entry age actuarial cost method. Significant actuarial assumptions used in the valuation include (a) rate of return on investment of present and future assets of 7.5 percent a year compounded annually, (b) projected salary increases of 4.75 percent (graded) annual rate (no explicit assumption is made regarding the portion attributable to the effects of inflation on salaries), (c) projected 3.5 percent annual increase in the Social Security wage base, and (d) projected postretirement increases of three percent annually. The actuarial value of assets was determined using techniques that smooth the effect of short-term volatility in the market value of total investments over a five-year period. Cocke County's unfunded actuarial accrued liability is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2005, was ten years. An actuarial valuation was performed as of July 1, 2007, which established contribution rates effective July 1, 2008.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-08	\$1,070,821	100%	\$0
6-30-07	1,022,025	100	0
6-30-06	931,363	100	0

Funded Status and Funding Progress

As of July 1, 2007, the most recent actuarial valuation date, the plan was 83.73 percent funded. The actuarial accrued liability for benefits was \$26.01 million, and the actuarial value of assets was \$21.78 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$4.23 million. The covered payroll (annual payroll of active employees covered by the plan) was \$8.66 million, and the ratio of the UAAL to the covered payroll was 48.87 percent.

The schedules of funding progress, presented as required supplementary information following the notes to the financial statements, present multiyear trend information about whether the actuarial values of plan assets are increasing or decreasing over time relative to the Actuarial Accrued Liability for benefits.

The annual required contribution was calculated using the aggregate actuarial cost method. Since the aggregate actuarial cost method does not identify or separately amortize unfunded actuarial liabilities, information about funded status and funding progress has been prepared using the entry age actuarial cost method for that purpose, and this information is intended to serve as a surrogate for the funded status and funding progress of the plan.

School Teachers

Plan Description

The Cocke County School Department contributes to the State Employees, Teachers, and Higher Education Employees Pension Plan (SETHEEPP), a cost-sharing multiple employer defined benefit pension plan administered by the Tennessee Consolidated Retirement System (TCRS). TCRS provides retirement benefits as well as death and disability benefits to plan members and their beneficiaries. Benefits are determined by a formula using the member's high five-year average salary and years of service. Members become eligible to retire at the age of 60 with five years of service or at any age with 30 years of service. A reduced retirement benefit is available to vested members who are at least 55 years of age or have 25 years of service. Disability benefits are available to active members with five years of service

who become disabled and cannot engage in gainful employment. There is no service requirement for disability that is the result of an accident or injury occurring while the member was in the performance of duty. Members joining the plan on or after July 1, 1979, are vested after five years of service. Members joining prior to July 1, 1979, are vested after four years of service. Benefit provisions are established in state statute found in Title 8, Chapters 34-37 of Tennessee Code Annotated. State statutes are amended by the Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEEPP. That report may be obtained by writing to the Tennessee Treasury Department, Consolidated Retirement System, 10th Floor, Andrew Jackson Building, Nashville, TN 37243-0230 or can be accessed at www.treasury.state.tn.us.

Funding Policy

Most teachers are required by state statute to contribute five percent of their salaries to the plan. The employer contribution rate for the Cocke County School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2008, was 6.24 percent of annual covered payroll. The employer contribution requirement for the Cocke County School Department is established and may be amended by the TCRS Board of Trustees. The employer's contributions to TCRS for the years ended June 30, 2008, 2007, and 2006, were \$1,042,413, \$983,434, and \$837,875, respectively, equal to the required contributions for each year.

I. Other Postemployment Benefits (OPEB)

Discretely Presented Cocke County School Department

Postemployment Healthcare Plan

As discussed in Note V.B., the Cocke County School Department early implemented the provisions of Governmental Accounting Standards Board Statement No. 45, Accounting and Financial Reporting by Employees for Postemployment Benefits Other Than Pensions.

Plan Description

The School Department participates in the state-administered Local Education Group Insurance Plan for healthcare benefits. For accounting purposes, the plan is an agent multiple-employer defined benefit OPEB plan. Benefits are established and amended by an insurance committee created by

Section 8-27-302, Tennessee Code Annotated for teachers. Prior to reaching the age of 65, all members have the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. Subsequent to age 65, members who are also in the state's retirement system may participate in a state-administered Medicare supplement plan that does not include pharmacy. The plan is reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tennessee.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plan is self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop their own contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state does not provide a subsidy for local government participants; however, the state does provide a partial subsidy to Local Education Agency pre-65 teachers and a full subsidy based on years of service for post-65 teachers in the Medicare supplement plan. No contribution for retired teachers is required. During the year ended June 30, 2008, the discretely presented School Department contributed \$404,722 of postemployment benefits.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan
	<hr/>
ARC	\$ 1,574,000
Interest on the NPO	0
Adjustment to the ARC	0
Annual OPEB cost	<hr/> \$ 1,574,000
Amount of contribution	(404,722)
Increase/decrease in NPO	<hr/> \$ 1,169,278
Net OPEB obligation, 7-1-07	<hr/> 0
Net OPEB obligation, 6-30-08	<hr/> <hr/> \$ 1,169,278

Year Ended	Plan	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-08	Local Education Group	\$ 1,574,000	26%	\$ 1,169,278

* Data not available for two preceding years.

Funded Status and Funding Progress

The funded status of the plan as of June 30, 2008, was as follows:

	Local Education Group Plan
Actuarial valuation date	6-30-07
Actuarial accrued liability (AAL)	\$ 13,032,000
Actuarial value of plan assets	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,032,000
Actuarial value of assets as a % of the AAL	0%
Covered payroll (active plan members)	\$ 21,156,233
UAAL as a % of covered payroll	62%

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

Actuarial Methods and Assumptions

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

In the June 30, 2007, actuarial valuation, the projected unit credit actuarial cost method was used. The actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of 11 percent initially, reduced by decrements to an ultimate rate of six percent after ten years. Both rates include a three percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning with June 30, 2008.

J. Termination Benefits

To reward a teacher for long and meritorious service, the Cocke County Board of Education pays a one-time amount of \$8,000 at the end of 30 years of service or thereafter to each retiring teacher who has a minimum of 15 years of service in the Cocke County School System. The request for the benefit must be made known to the director by May 1 preceding the year the teacher plans to retire. Those eligible to receive the benefit, may elect to receive payment in a lump sum upon retirement or in a lump sum the following January 1 of the subsequent year of that teacher's retirement. As of June 30, 2008, 55 employees are eligible for the benefit and have filed their notification with the director. The estimated cost of the cash payments, reported in the government-wide statement of net assets, by function, is \$404,000. The School Department determined this liability based on the number of teachers who have notified the director as of May 1, 2008, multiplied by the one-time amount. Of the amount reported in the government-wide statement of net assets, \$20,000 is reflected as a current liability in the governmental funds.

K. Office of Central Accounting, Budgeting, and Purchasing

Cocke County operates under the provisions of the Fiscal Control Acts of 1957. These acts provide for a central system of accounting, budgeting, and purchasing covering all funds administered by the county mayor and road superintendent. These funds are maintained in the Office of the Director of Accounts and Budget.

L. Purchasing Laws

Office of County Mayor and Road Superintendent

Purchasing procedures for the Offices of County Mayor and Road Superintendent are governed by the County Purchasing Law of 1957, Section 5-14-101, et seq., Tennessee Code Annotated (TCA). Purchasing procedures for the Office of Road Superintendent are also governed by provisions of the Uniform Road Law, Section 54-7-113, TCA. These statutes provide for a purchasing agent and require competitive bids on all purchases exceeding \$10,000.

Office of Director of Schools

Purchasing procedures for the discretely presented Cocke County School Department are governed by purchasing laws applicable to schools as set forth in Section 49-2-203, TCA, which provides for the county Board of Education, through its executive committee (director of schools and chairman of the Board of Education), to make all purchases. This statute also requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000.

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**REQUIRED SUPPLEMENTARY
INFORMATION**

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Exhibit E-1

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,429,224	\$ 0	\$ 7,429,224	\$ 7,190,071	\$ 7,193,311	\$ 235,913
Licenses and Permits	66,624	0	66,624	70,000	70,000	(3,376)
Fines, Forfeitures, and Penalties	190,554	0	190,554	153,600	153,600	36,954
Charges for Current Services	321,448	0	321,448	306,000	308,200	13,248
Other Local Revenues	117,726	0	117,726	30,860	94,572	23,154
Fees Received from County Officials	938,494	0	938,494	872,000	872,000	66,494
State of Tennessee	1,057,982	0	1,057,982	944,241	987,080	70,902
Federal Government	257,516	0	257,516	178,708	174,467	83,049
Other Governments and Citizens Groups	78,073	0	78,073	65,000	65,000	13,073
Total Revenues	\$ 10,457,641	\$ 0	\$ 10,457,641	\$ 9,810,480	\$ 9,918,230	\$ 539,411

Expenditures

<u>General Government</u>						
County Commission	\$ 71,504	\$ 0	\$ 71,504	\$ 100,360	\$ 100,360	\$ 28,856
Board of Equalization	2,600	0	2,600	4,200	4,200	1,600
Beer Board	4,809	0	4,809	5,410	5,410	601
Other Boards and Committees	0	0	0	1,500	1,500	1,500
County Mayor/Executive	186,685	0	186,685	185,177	191,100	4,415
County Attorney	16,126	0	16,126	27,500	27,500	11,374
Election Commission	151,187	(9,700)	141,487	157,812	159,585	18,098
Register of Deeds	200,328	0	200,328	214,686	214,686	14,358
Development	11,250	0	11,250	11,250	11,250	0
County Buildings	165,859	0	165,859	163,500	182,336	16,477
Other General Administration	87,469	0	87,469	91,000	91,000	3,531
Preservation of Records	41,969	0	41,969	49,578	51,428	9,459

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Finance</u>						
Accounting and Budgeting	\$ 208,879	\$ 0	\$ 208,879	\$ 214,735	\$ 214,735	\$ 5,856
Property Assessor's Office	300,602	0	300,602	304,238	304,238	3,636
County Trustee's Office	91,616	0	91,616	110,004	110,004	18,388
County Clerk's Office	140,264	0	140,264	141,708	141,708	1,444
<u>Administration of Justice</u>						
Circuit Court	362,606	0	362,606	362,661	369,221	6,615
General Sessions Court	372,917	0	372,917	385,307	394,418	21,501
Drug Court	3,824	0	3,824	3,825	3,825	1
Chancery Court	220,220	0	220,220	221,982	221,982	1,762
Juvenile Court	29,537	0	29,537	43,763	43,763	14,226
Judicial Commissioners	23,766	0	23,766	28,470	28,470	4,704
<u>Public Safety</u>						
Sheriff's Department	2,164,478	0	2,164,478	2,238,639	2,279,002	114,524
Special Patrols	113,445	0	113,445	113,838	113,838	393
Administration of the Sexual Offender Registry	2,067	0	2,067	0	3,669	1,602
Jail	956,067	(30,000)	926,067	1,245,017	1,260,122	334,055
Juvenile Services	174,300	0	174,300	174,780	174,560	260
Fire Prevention and Control	804,140	0	804,140	848,739	850,821	46,681
Civil Defense	194,446	0	194,446	164,269	218,719	24,273
Inspection and Regulation	5,148	0	5,148	5,215	5,215	67
County Coroner/Medical Examiner	38,305	0	38,305	51,575	51,575	13,270
Other Public Safety	40,335	0	40,335	45,406	45,406	5,071
<u>Public Health and Welfare</u>						
Local Health Center	337,396	0	337,396	360,796	376,585	39,189

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare (Cont.)</u>						
Rabies and Animal Control	\$ 69,228	\$ 0	\$ 69,228	\$ 69,162	\$ 73,686	\$ 4,458
General Welfare Assistance	6,500	0	6,500	7,000	7,000	500
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	3,600	0	3,600	3,600	3,600	0
Libraries	53,827	0	53,827	53,827	53,827	0
Other Social, Cultural, and Recreational	199,854	0	199,854	208,247	209,247	9,393
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	49,967	0	49,967	59,941	59,941	9,974
Soil Conservation	24,000	0	24,000	24,000	24,000	0
<u>Other Operations</u>						
Industrial Development	331,100	0	331,100	386,100	436,100	105,000
Veterans' Services	88,112	0	88,112	90,081	90,081	1,969
Other Charges	567,067	0	567,067	641,000	641,175	74,108
Contributions to Other Agencies	209,169	0	209,169	209,669	209,669	500
Employee Benefits	17,494	0	17,494	49,097	39,523	22,029
Miscellaneous	5,759	0	5,759	6,000	6,000	241
<u>Highways</u>						
Litter and Trash Collection	82,492	0	82,492	93,382	92,426	9,934
Total Expenditures	\$ 9,232,313	\$ (39,700)	\$ 9,192,613	\$ 9,978,046	\$ 10,198,506	\$ 1,005,893
Excess (Deficiency) of Revenues Over Expenditures	\$ 1,225,328	\$ 39,700	\$ 1,265,028	\$ (167,566)	\$ (280,276)	\$ 1,545,304

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 29,000	\$ 0	\$ 29,000	\$ 0	\$ 29,000	\$ 0
Transfers In	0	0	0	45,000	48,320	(48,320)
Transfers Out	(1,208,900)	0	(1,208,900)	(1,232,739)	(1,232,739)	23,839
Total Other Financing Sources (Uses)	\$ (1,179,900)	\$ 0	\$ (1,179,900)	\$ (1,187,739)	\$ (1,155,419)	\$ (24,481)
Net Change in Fund Balance	\$ 45,428	\$ 39,700	\$ 85,128	\$ (1,355,305)	\$ (1,435,695)	\$ 1,520,823
Fund Balance, July 1, 2007	2,083,289	(39,700)	2,043,589	1,961,569	1,961,569	82,020
Fund Balance, June 30, 2008	\$ 2,128,717	\$ 0	\$ 2,128,717	\$ 606,264	\$ 525,874	\$ 1,602,843

Exhibit E-2

Cocke 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, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)		Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	Original	Final	
Revenues								
Local Taxes	\$ 680,145	\$ 0	\$ 0	\$ 680,145	\$ 644,847	\$ 644,847	\$ 35,298	
Other Local Revenues	7,390	0	0	7,390	0	0	7,390	
State of Tennessee	2,101,242	0	0	2,101,242	2,220,200	2,220,200	(118,958)	
Federal Government	10,389	0	0	10,389	10,000	10,000	389	
Total Revenues	\$ 2,799,166	\$ 0	\$ 0	\$ 2,799,166	\$ 2,875,047	\$ 2,875,047	\$ (75,881)	
Expenditures								
<u>Highways</u>								
Administration	\$ 234,623	\$ 0	\$ 0	\$ 234,623	\$ 242,049	\$ 242,049	\$ 7,426	
Highway and Bridge Maintenance	1,564,869	(140,000)	25,830	1,450,699	1,870,389	1,839,189	388,490	
Operation and Maintenance of Equipment	522,623	0	0	522,623	537,426	580,126	57,503	
Quarry Operations	282,671	(10,700)	0	271,971	304,400	292,900	20,929	
Other Charges	355,303	0	0	355,303	369,000	369,000	13,697	
Employee Benefits	5,289	0	0	5,289	5,100	5,100	(189)	
Capital Outlay	613,217	(250,333)	81,700	444,584	680,000	680,000	235,416	
Total Expenditures	\$ 3,578,595	\$ (401,033)	\$ 107,530	\$ 3,285,092	\$ 4,008,364	\$ 4,008,364	\$ 723,272	
Excess (Deficiency) of Revenues Over Expenditures	\$ (779,429)	\$ 401,033	\$ (107,530)	\$ (485,926)	\$ (1,133,317)	\$ (1,133,317)	\$ 647,391	
<u>Other Financing Sources (Uses)</u>								
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 680,000	\$ 0	\$ 0	
Other Loans Issued	648,044	0	0	648,044	0	680,000	(31,956)	
Total Other Financing Sources (Uses)	\$ 648,044	\$ 0	\$ 0	\$ 648,044	\$ 680,000	\$ 680,000	\$ (31,956)	
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ (131,385)	\$ 401,033	\$ (107,530)	\$ 162,118	\$ (453,317)	\$ (453,317)	\$ 615,435	
Fund Balance, July 1, 2007	1,182,579	(401,033)	0	781,546	686,286	686,286	95,260	
Fund Balance, June 30, 2008	\$ 1,051,194	\$ 0	\$ (107,530)	\$ 943,664	\$ 232,969	\$ 232,969	\$ 710,695	

Exhibit E-3

Cocke County, Tennessee
Schedule of Funding Progress – Pension Plan
June 30, 2008

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Entry Age (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
6-30-07	\$ 21,787	\$ 26,019	\$ 4,232	83.73 %	\$ 8,660	48.87 %

The Governmental Accounting Standards Board requires the plan to prepare the Schedule of Funding Progress using the entry age actuarial cost method. The requirement to present the Schedule of Funding Progress using the entry age actuarial cost method was a change made during the year; therefore, only the most current year is presented.

Exhibit E-4

Cocke County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plan
Discretely Presented Cocke County School Department
June 30, 2008

(Dollar amounts in thousands)

	Actuarial Valuation Date*	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAAL as a Percentage of Covered Payroll ((b-a)/c)
Local Education Insurance Plan	6-30-07	\$ 0	\$ 13,032	\$ 13,032	0%	\$ 21,156	61.6%

*Data not available for two preceding years.

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COCKE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2008

BUDGETARY INFORMATION

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 Cocke 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 State 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, Board of Equalization, Beer Board, County Mayor, etc.). Management may make revisions within major categories, but only the Cocke 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 generally accepted accounting principles (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.

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

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Nonmajor Governmental Funds

Special Revenue Funds

Special Revenue Funds are used to account for the proceeds of specific revenue sources (other than major capital projects) that are legally restricted to expenditures for specific purposes.

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions involving solid waste collection.

Industrial/Economic Development Fund – The Industrial/Economic Development Fund is used to account for transactions involving industrial development projects.

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

Sports and Recreation Fund – The Sports and Recreation Fund is used to account for transactions involving the Recreation Department.

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, and sheriff.

Debt Service Fund

Debt Service Funds are used to account for the accumulation of resources for, and the payment of, long-term debt principal, interest, and related costs.

Rural Debt Service Fund – The Rural Debt Service Fund is used to account for the retirement of bonds, other loans, and most notes issued for the construction and renovation of the county's elementary schools.

Capital Projects Fund

Capital Projects Funds are used to account for financial resources to be used in the acquisition or construction of major capital facilities.

Highway Capital Projects Fund – The Highway Capital Projects Fund is used to account for expenditures related to road repairs.

Exhibit F-1

Cooke County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2008

	Special Revenue Funds							Total
	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Rural Debt Service	Highway Capital Projects	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 121,394	\$ 0	\$ 0	\$ 121,394
Equity in Pooled Cash and Investments	41,112	323,792	70,391	12,691	0	16,821	36,478	501,285
Investments	0	0	0	0	0	0	997,355	997,355
Accounts Receivable	2,145	0	0	0	6,158	0	0	8,303
Due from Other Governments	227	0	6,500	0	0	0	0	6,727
Property Taxes Receivable	0	368,974	0	0	0	0	0	368,974
Allowance for Uncollectible Property Taxes	0	(10,493)	0	0	0	0	0	(10,493)
Total Assets	\$ 43,484	\$ 682,273	\$ 76,891	\$ 12,691	\$ 127,552	\$ 16,821	\$ 1,033,833	\$ 1,993,545

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities								
Accounts Payable	\$ 48,050	\$ 0	\$ 0	\$ 1,905	\$ 0	\$ 0	\$ 0	\$ 49,955
Payroll Deductions Payable	793	0	0	0	0	0	0	793
Due to Other Funds	0	0	0	0	368	0	0	368
Deferred Revenue - Current Property Taxes	0	340,885	0	0	0	0	0	340,885
Deferred Revenue - Delinquent Property Taxes	0	15,478	0	0	0	0	0	15,478
Total Liabilities	\$ 48,843	\$ 356,363	\$ 0	\$ 1,905	\$ 368	\$ 0	\$ 0	\$ 407,479
Fund Balances								
Reserved for Encumbrances	\$ 0	\$ 0	\$ 36,988	\$ 0	\$ 0	\$ 0	\$ 0	\$ 36,988
Reserved for Capital Outlay	0	0	0	0	0	0	1,033,833	1,033,833
Unreserved (Deficit)	(5,359)	325,910	39,903	10,786	127,184	16,821	0	515,245
Total Fund Balances	\$ (5,359)	\$ 325,910	\$ 76,891	\$ 10,786	\$ 127,184	\$ 16,821	\$ 1,033,833	\$ 1,586,066
Total Liabilities and Fund Balances	\$ 43,484	\$ 682,273	\$ 76,891	\$ 12,691	\$ 127,552	\$ 16,821	\$ 1,033,833	\$ 1,993,545

Exhibit F-2

Cocke County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2008

	Special Revenue Funds							Total	Debt Service Fund	Capital Projects Fund	Total Nonmajor Governmental Funds
	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Rural Debt Service	Highway Capital Projects				
Revenues											
Local Taxes	\$ 0	\$ 332,841	\$ 0	\$ 0	\$ 0	\$ 0	\$ 332,841	\$ 0	\$ 0	\$ 332,841	
Fines, Forfeitures, and Penalties	0	0	12,250	0	0	0	12,250	0	0	12,250	
Charges for Current Services	32,539	0	0	23,489	536,377	0	592,405	0	0	592,405	
Other Local Revenues	20,455	0	500	5,829	0	0	26,784	0	40,987	67,771	
State of Tennessee	24,000	16,823	15,000	0	0	0	55,823	0	0	55,823	
Federal Government	0	0	17,830	0	0	0	17,830	0	0	17,830	
Other Governments and Citizens Groups	0	0	6,500	4,800	0	0	11,300	312,192	0	323,492	
Total Revenues	\$ 76,994	\$ 349,664	\$ 52,080	\$ 34,118	\$ 536,377	\$ 1,049,233	\$ 312,192	\$ 40,987	\$ 1,402,412		
Expenditures											
Current:											
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 496,810	\$ 0	\$ 496,810	\$ 0	\$ 0	\$ 496,810	
Administration of Justice	0	0	0	0	31,967	0	31,967	0	0	31,967	
Public Safety	0	0	48,756	0	30	0	48,786	0	0	48,786	
Public Health and Welfare	1,312,375	0	0	0	0	0	1,312,375	0	0	1,312,375	
Social, Cultural, and Recreational Services	0	0	0	39,549	0	0	39,549	0	0	39,549	
Debt Service:											
Principal on Debt	0	87,191	0	0	0	0	87,191	220,000	0	307,191	
Interest on Debt	0	68,652	0	0	0	0	68,652	92,192	0	160,844	
Capital Projects	0	639,062	0	0	0	0	639,062	0	317,648	956,710	
Total Expenditures	\$ 1,312,375	\$ 794,905	\$ 48,756	\$ 39,549	\$ 528,807	\$ 2,724,392	\$ 312,192	\$ 317,648	\$ 3,354,232		
Excess (Deficiency) of Revenues Over Expenditures	\$ (1,235,381)	\$ (445,241)	\$ 3,324	\$ (5,431)	\$ 7,570	\$ (1,675,159)	\$ 0	\$ (276,661)	\$ (1,951,820)		
Other Financing Sources (Uses)											
Other Loans Issued	\$ 0	\$ 478,417	\$ 0	\$ 0	\$ 0	\$ 478,417	\$ 0	\$ 610,367	\$ 1,088,784		
Insurance Recovery	0	0	0	1,000	0	1,000	0	0	1,000		
Transfers In	1,205,000	0	0	3,900	0	1,208,900	0	0	1,208,900		
Total Other Financing Sources (Uses)	\$ 1,205,000	\$ 478,417	\$ 0	\$ 4,900	\$ 0	\$ 1,688,317	\$ 0	\$ 610,367	\$ 2,298,684		
Net Change in Fund Balances	\$ (30,381)	\$ 33,176	\$ 3,324	\$ (531)	\$ 7,570	\$ 13,158	\$ 0	\$ 333,706	\$ 346,864		
Fund Balance, July 1, 2007	25,022	292,734	73,567	11,317	119,614	522,254	16,821	700,127	1,239,202		
Fund Balance, June 30, 2008	\$ (5,359)	\$ 325,910	\$ 76,891	\$ 10,786	\$ 127,184	\$ 535,412	\$ 16,821	\$ 1,033,833	\$ 1,586,066		

Exhibit F-3

Coke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 32,539	\$ 47,000	\$ 47,000	\$ (14,461)
Other Local Revenues	20,455	22,000	22,000	(1,545)
State of Tennessee	24,000	24,000	24,000	0
Total Revenues	<u>\$ 76,994</u>	<u>\$ 93,000</u>	<u>\$ 93,000</u>	<u>\$ (16,006)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 445,077	\$ 466,461	\$ 466,461	\$ 21,384
Convenience Centers	867,298	884,300	884,300	17,002
Total Expenditures	<u>\$ 1,312,375</u>	<u>\$ 1,350,761</u>	<u>\$ 1,350,761</u>	<u>\$ 38,386</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,235,381)</u>	<u>\$ (1,257,761)</u>	<u>\$ (1,257,761)</u>	<u>\$ 22,380</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 1,205,000	\$ 1,232,739	\$ 1,232,739	\$ (27,739)
Total Other Financing Sources (Uses)	<u>\$ 1,205,000</u>	<u>\$ 1,232,739</u>	<u>\$ 1,232,739</u>	<u>\$ (27,739)</u>
Net Change in Fund Balance	\$ (30,381)	\$ (25,022)	\$ (25,022)	\$ (5,359)
Fund Balance, July 1, 2007	<u>25,022</u>	<u>25,022</u>	<u>25,022</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ (5,359)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (5,359)</u>

Exhibit F-4

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Industrial/Economic Development Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 332,841	\$ 325,398	\$ 325,398	\$ 7,443
State of Tennessee	16,823	15,000	15,000	1,823
Total Revenues	<u>\$ 349,664</u>	<u>\$ 340,398</u>	<u>\$ 340,398</u>	<u>\$ 9,266</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 87,191	\$ 93,000	\$ 87,191	\$ 0
<u>Interest on Debt</u>				
General Government	68,652	61,000	85,222	16,570
<u>Capital Projects</u>				
Public Utility Projects	639,062	179,113	639,117	55
Total Expenditures	<u>\$ 794,905</u>	<u>\$ 333,113</u>	<u>\$ 811,530</u>	<u>\$ 16,625</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (445,241)</u>	<u>\$ 7,285</u>	<u>\$ (471,132)</u>	<u>\$ 25,891</u>
<u>Other Financing Sources (Uses)</u>				
Other Loans Issued	\$ 478,417	\$ 0	\$ 478,417	\$ 0
Total Other Financing Sources (Uses)	<u>\$ 478,417</u>	<u>\$ 0</u>	<u>\$ 478,417</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 33,176	\$ 7,285	\$ 7,285	\$ 25,891
Fund Balance, July 1, 2007	<u>292,734</u>	<u>292,734</u>	<u>292,734</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 325,910</u>	<u>\$ 300,019</u>	<u>\$ 300,019</u>	<u>\$ 25,891</u>

Exhibit F-5

Cooke 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, 2008

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Fines, Forfeitures, and Penalties	\$ 12,250	\$ 0	\$ 12,250	\$ 22,000	\$ 22,000	\$ (9,750)
Other Local Revenues	500	0	500	2,500	2,500	(2,000)
State of Tennessee	15,000	0	15,000	0	15,000	0
Federal Government	17,830	0	17,830	20,000	18,000	(170)
Other Governments and Citizens Groups	6,500	0	6,500	0	6,500	0
Total Revenues	\$ 52,080	\$ 0	\$ 52,080	\$ 44,500	\$ 64,000	\$ (11,920)
<u>Expenditures</u>						
<u>Public Safety</u>						
Sheriff's Department	\$ 48,627	\$ 0	\$ 48,627	\$ 36,500	\$ 66,500	\$ 17,873
Drug Enforcement	129	36,988	37,117	20,000	45,000	7,883
Total Expenditures	\$ 48,756	\$ 36,988	\$ 85,744	\$ 56,500	\$ 111,500	\$ 25,756
Excess (Deficiency) of Revenues Over Expenditures	\$ 3,324	\$ (36,988)	\$ (33,664)	\$ (12,000)	\$ (47,500)	\$ 13,836
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 3,324	\$ (36,988)	\$ (33,664)	\$ (12,000)	\$ (47,500)	\$ 13,836
	73,567	0	73,567	73,567	73,567	0
Fund Balance, June 30, 2008	\$ 76,891	\$ (36,988)	\$ 39,903	\$ 61,567	\$ 26,067	\$ 13,836

Exhibit F-6

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Sports and Recreation Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 23,489	\$ 27,800	\$ 27,800	\$ (4,311)
Other Local Revenues	5,829	8,500	8,500	(2,671)
Other Governments and Citizens Groups	4,800	5,000	5,000	(200)
Total Revenues	<u>\$ 34,118</u>	<u>\$ 41,300</u>	<u>\$ 41,300</u>	<u>\$ (7,182)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 39,549	\$ 48,000	\$ 48,000	\$ 8,451
Total Expenditures	<u>\$ 39,549</u>	<u>\$ 48,000</u>	<u>\$ 48,000</u>	<u>\$ 8,451</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (5,431)</u>	<u>\$ (6,700)</u>	<u>\$ (6,700)</u>	<u>\$ 1,269</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 1,000	\$ 0	\$ 0	\$ 1,000
Transfers In	3,900	3,300	3,300	600
Total Other Financing Sources (Uses)	<u>\$ 4,900</u>	<u>\$ 3,300</u>	<u>\$ 3,300</u>	<u>\$ 1,600</u>
Net Change in Fund Balance	\$ (531)	\$ (3,400)	\$ (3,400)	\$ 2,869
Fund Balance, July 1, 2007	11,317	11,321	11,321	(4)
Fund Balance, June 30, 2008	<u>\$ 10,786</u>	<u>\$ 7,921</u>	<u>\$ 7,921</u>	<u>\$ 2,865</u>

Exhibit F-7

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Rural Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 312,192	\$ 312,193	\$ 312,193	\$ (1)
Total Revenues	\$ 312,192	\$ 312,193	\$ 312,193	\$ (1)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 220,000	\$ 220,000	\$ 220,000	\$ 0
<u>Interest on Debt</u>				
Education	92,192	92,193	92,193	1
Total Expenditures	\$ 312,192	\$ 312,193	\$ 312,193	\$ 1
Excess (Deficiency) of Revenues Over Expenditures	\$ 0	\$ 0	\$ 0	\$ 0
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2007	16,821	16,821	16,821	0
Fund Balance, June 30, 2008	\$ 16,821	\$ 16,821	\$ 16,821	\$ 0

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Major Governmental Fund

General Debt Service Fund

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

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Exhibit G

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
General Debt Service Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,126,104	\$ 2,077,746	\$ 2,077,746	\$ 48,358
Other Local Revenues	601,704	400,000	400,000	201,704
State of Tennessee	38,453	34,500	34,500	3,953
Total Revenues	<u>\$ 2,766,261</u>	<u>\$ 2,512,246</u>	<u>\$ 2,512,246</u>	<u>\$ 254,015</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 64,918	\$ 65,000	\$ 65,000	\$ 82
Highways and Streets	168,514	169,000	169,000	486
Education	800,787	802,000	802,000	1,213
<u>Interest on Debt</u>				
General Government	90,783	105,000	105,000	14,217
Highways and Streets	328,238	418,000	418,000	89,762
Education	768,295	791,669	791,669	23,374
<u>Other Debt Service</u>				
General Government	218,586	45,000	225,577	6,991
Total Expenditures	<u>\$ 2,440,121</u>	<u>\$ 2,395,669</u>	<u>\$ 2,576,246</u>	<u>\$ 136,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 326,140</u>	<u>\$ 116,577</u>	<u>\$ (64,000)</u>	<u>\$ 390,140</u>
<u>Other Financing Sources (Uses)</u>				
Bonds Issued	\$ 7,300,000	\$ 0	\$ 7,300,000	\$ 0
Discounts on Debt Issued	(19,423)	0	(19,423)	0
Payments to Refunded Debt Escrow Agent	(7,100,000)	0	(7,100,000)	0
Total Other Financing Sources (Uses)	<u>\$ 180,577</u>	<u>\$ 0</u>	<u>\$ 180,577</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 506,717	\$ 116,577	\$ 116,577	\$ 390,140
Fund Balance, July 1, 2007	<u>6,635,439</u>	<u>6,635,439</u>	<u>6,635,439</u>	<u>0</u>
Fund Balance, June 30, 2008	<u>\$ 7,142,156</u>	<u>\$ 6,752,016</u>	<u>\$ 6,752,016</u>	<u>\$ 390,140</u>

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Fiduciary Funds

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

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

City School ADA - Newport Fund – The City Schools ADA - Newport Fund is used to account for the city school system's share of education revenues collected by the county that must be apportioned to the system on an average daily attendance basis. These collections are remitted to the city school system on a monthly basis.

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

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Exhibit H-1

Cocke County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2008

	<u>Agency Funds</u>			
	City	Constitu-		
	Sales	School	tional	
	Tax	ADA -	Officers -	
		Newport	Agency	Total
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 1,992,916	\$ 1,992,916
Accounts Receivable	0	0	3,601	3,601
Due from Other Governments	534,570	99,736	0	634,306
Property Taxes Receivable	0	435,887	0	435,887
Allowance for Uncollectible Property Taxes	0	(12,547)	0	(12,547)
Cash Shortage	0	0	42,440	42,440
Total Assets	<u>\$ 534,570</u>	<u>\$ 523,076</u>	<u>\$ 2,038,957</u>	<u>\$ 3,096,603</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 534,570	\$ 523,076	\$ 0	\$ 1,057,646
Due to Litigants, Heirs, and Others	0	0	2,038,957	2,038,957
Total Liabilities	<u>\$ 534,570</u>	<u>\$ 523,076</u>	<u>\$ 2,038,957</u>	<u>\$ 3,096,603</u>

Exhibit H-2

Cocke County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2008

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,047,315	\$ 3,047,315	\$ 0
Due from Other Governments	512,407	534,570	512,407	534,570
Total Assets	\$ 512,407	\$ 3,581,885	\$ 3,559,722	\$ 534,570
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 512,407	\$ 3,581,885	\$ 3,559,722	\$ 534,570
Total Liabilities	\$ 512,407	\$ 3,581,885	\$ 3,559,722	\$ 534,570
<u>City School ADA - Newport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 522	\$ 975,494	\$ 976,016	\$ 0
Due from Other Governments	91,228	99,736	91,228	99,736
Property Taxes Receivable	408,959	435,887	408,959	435,887
Allowance for Uncollectible Property Taxes	(12,938)	(12,547)	(12,938)	(12,547)
Total Assets	\$ 487,771	\$ 1,498,570	\$ 1,463,265	\$ 523,076
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 487,771	\$ 1,498,570	\$ 1,463,265	\$ 523,076
Total Liabilities	\$ 487,771	\$ 1,498,570	\$ 1,463,265	\$ 523,076
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,715,883	\$ 6,900,039	\$ 6,623,006	\$ 1,992,916
Accounts Receivable	3,437	3,601	3,437	3,601
Cash Shortage	43,190	0	750	42,440
Total Assets	\$ 1,762,510	\$ 6,903,640	\$ 6,627,193	\$ 2,038,957
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,762,510	\$ 6,903,640	\$ 6,627,193	\$ 2,038,957
Total Liabilities	\$ 1,762,510	\$ 6,903,640	\$ 6,627,193	\$ 2,038,957

(Continued)

Exhibit H-2

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

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Totals - All Agency Funds</u>				
<u>Assets</u>				
Cash	\$ 1,715,883	\$ 6,900,039	\$ 6,623,006	\$ 1,992,916
Equity in Pooled Cash and Investments	522	4,022,809	4,023,331	0
Accounts Receivable	3,437	3,601	3,437	3,601
Due from Other Governments	603,635	634,306	603,635	634,306
Property Taxes Receivable	408,959	435,887	408,959	435,887
Allowance for Uncollectible Property Taxes	(12,938)	(12,547)	(12,938)	(12,547)
Cash Shortage	43,190	0	750	42,440
Total Assets	<u>\$ 2,762,688</u>	<u>\$ 11,984,095</u>	<u>\$ 11,650,180</u>	<u>\$ 3,096,603</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,000,178	\$ 5,080,455	\$ 5,022,987	\$ 1,057,646
Due to Litigants, Heirs, and Others	1,762,510	6,903,640	6,627,193	2,038,957
Total Liabilities	<u>\$ 2,762,688</u>	<u>\$ 11,984,095</u>	<u>\$ 11,650,180</u>	<u>\$ 3,096,603</u>

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Cocke County School Department

This section presents combining and individual fund financial statements for the Cocke County School Department, a discretely presented component unit. The School Department uses a General Fund, three Special Revenue Funds, and one 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.

School Transportation Fund – The School Transportation Fund is used to account for transportation operations of the School Department.

Endowment Fund – The Endowment Fund is used to account for an endowment received by the School Department for which the principal amount must remain intact, while interest earned is to be expended for the benefit of the Chess Club and scholarships for Cocke County students.

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Exhibit I-1

Cocke County, Tennessee
Statement of Activities
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2008

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
<u>Governmental Activities:</u>				
Instruction	\$ 22,921,231	\$ 0	\$ 1,212,410	\$ (18,080,728)
Support Services	11,298,760	22,988	525,812	(10,749,960)
Operation of Non-Instructional Services	3,879,621	802,085	2,545,431	(532,105)
Interest on Long-term Debt	5,792	0	0	(5,792)
Other Debt Service	312,192	0	0	(312,192)
Total Governmental Activities	\$ 38,417,596	\$ 825,073	\$ 1,738,222	\$ (29,680,777)
<u>General Revenues:</u>				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,773,099
Property Taxes Levied for School Transportation				1,224,972
Local Option Sales Taxes				3,183,920
Other Local Taxes				102,009
Grants and Contributions Not Restricted to Specific Programs				22,827,552
Unrestricted Investment Income				22,762
Miscellaneous				45,144
Total General Revenues				\$ 30,179,458
Change in Net Assets				\$ 498,681
Net Assets, July 1, 2007				<u>27,744,526</u>
Net Assets, June 30, 2008				<u><u>\$ 28,243,207</u></u>

Exhibit I-2

Cocke County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Cocke County School Department
June 30, 2008

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General Purpose School</u>	<u>School Transpor - tation</u>	<u>Funds Other Govern- mental Funds</u>	
<u>ASSETS</u>				
Cash	\$ 1,012,260	\$ 0	\$ 6,590	\$ 1,018,850
Equity in Pooled Cash and Investments	3,144,820	332,898	606,971	4,084,689
Accounts Receivable	117,417	17,040	1,473	135,930
Due from Other Governments	1,006,340	0	222,731	1,229,071
Due from Primary Government	500,000	0	0	500,000
Property Taxes Receivable	2,990,300	1,317,765	0	4,308,065
Allowance for Uncollectible Property Taxes	(84,886)	(37,474)	0	(122,360)
Total Assets	\$ 8,686,251	\$ 1,630,229	\$ 837,765	\$ 11,154,245
<u>LIABILITIES AND FUND BALANCES</u>				
<u>Liabilities</u>				
Accounts Payable	\$ 37,710	\$ 8,274	\$ 106	\$ 46,090
Accrued Payroll	1,286	0	0	1,286
Payroll Deductions Payable	122	0	0	122
Contracts Payable	86,465	0	0	86,465
Retainage Payable	5,017	0	0	5,017
Other Current Liabilities	1,012,260	0	0	1,012,260
Deferred Revenue - Current Property Taxes	2,763,361	1,217,447	0	3,980,808
Deferred Revenue - Delinquent Property Taxes	124,955	55,280	0	180,235
Other Deferred Revenues	411,664	0	8,124	419,788
Total Liabilities	\$ 4,442,840	\$ 1,281,001	\$ 8,230	\$ 5,732,071
<u>Fund Balances</u>				
Reserved for Encumbrances	\$ 698,039	\$ 0	\$ 0	\$ 698,039
Other Local Education Reserves	52,764	0	0	52,764
Reserved for Capital Outlay	5,449	0	0	5,449
Reserved for Career Ladder - Extended Contract	35,542	0	0	35,542
Reserved for Career Ladder Program	12,741	0	0	12,741
Reserved for Basic Education Program	189,139	0	0	189,139
Reserved for Title I Grants to Local Education Agencies	0	0	155,828	155,828
Reserved for Innovative Education Program Strategies	0	0	27,951	27,951
Reserved for Special Education - Grants to States	0	0	97,279	97,279
Other Federal Reserves	0	0	3,812	3,812
Unreserved, Reported In:				
General Fund	3,249,737	0	0	3,249,737
Special Revenue Funds	0	349,228	544,665	893,893
Total Fund Balances	\$ 4,243,411	\$ 349,228	\$ 829,535	\$ 5,422,174
Total Liabilities and Fund Balances	\$ 8,686,251	\$ 1,630,229	\$ 837,765	\$ 11,154,245

Exhibit I-3

Cocke County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Assets
Discretely Presented Cocke County School Department
June 30, 2008

Amounts reported for governmental activities in the statement of net assets (Exhibit A) are different because:

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 5,422,174	
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.			
Add: land	\$ 601,694		
Add: construction in progress	280,243		
Add: buildings and improvements net of accumulated depreciation	20,499,347		
Add: other capital assets net of accumulated depreciation	<u>2,498,318</u>	23,879,602	
(2) Long-term liabilities are not due and payable in the current period and therefore are not reported in the governmental funds.			
Less: note payable	\$ (74,937)		
Less: capital lease payable	(8,900)		
Less: accrued interest on note and capital lease	(1,477)		
Less: termination benefits payable	(404,000)		
Less: other postemployment benefits	<u>(1,169,278)</u>	(1,658,592)	
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.			<u>600,023</u>
Net assets of governmental activities (Exhibit A)			<u>\$ 28,243,207</u>

Exhibit I-4

Coke County, Tennessee
Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Governmental Funds
Discretely Presented Coke County School Department
For the Year Ended June 30, 2008

	<u>Major Funds</u>		<u>Nonmajor</u>	<u>Total</u>
	<u>General</u>	<u>School</u>	<u>Other</u>	
	<u>Purpose</u>	<u>Transpor -</u>	<u>Govern-</u>	<u>Governmental</u>
	<u>School</u>	<u>tation</u>	<u>mental</u>	<u>Funds</u>
			<u>Funds</u>	<u>Funds</u>
<u>Revenues</u>				
Local Taxes	\$ 5,945,934	\$ 1,330,765	\$ 0	\$ 7,276,699
Licenses and Permits	1,249	0	0	1,249
Charges for Current Services	77,634	88,251	666,351	832,236
Other Local Revenues	190,453	18,210	35,203	243,866
State of Tennessee	22,208,287	288,468	0	22,496,755
Federal Government	893,923	0	5,009,196	5,903,119
Other Governments and Citizens Groups	1,212,410	525,812	0	1,738,222
Total Revenues	\$ 30,529,890	\$ 2,251,506	\$ 5,710,750	\$ 38,492,146
<u>Expenditures</u>				
Current:				
Instruction	\$ 18,073,145	\$ 0	\$ 2,445,314	\$ 20,518,459
Support Services	8,628,077	2,341,183	592,609	11,561,869
Operation of Non-Instructional Services	1,159,741	0	2,512,411	3,672,152
Capital Outlay	1,327,551	0	0	1,327,551
Debt Service:				
Principal on Debt	43,187	0	0	43,187
Interest on Debt	5,851	0	0	5,851
Other Debt Service	312,192	0	0	312,192
Total Expenditures	\$ 29,549,744	\$ 2,341,183	\$ 5,550,334	\$ 37,441,261
Excess (Deficiency) of Revenues Over Expenditures	\$ 980,146	\$ (89,677)	\$ 160,416	\$ 1,050,885
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 79,748	\$ 12,184	\$ 0	\$ 91,932
Transfers In	5,449	0	0	5,449
Transfers Out	0	0	(5,449)	(5,449)
Total Other Financing Sources (Uses)	\$ 85,197	\$ 12,184	\$ (5,449)	\$ 91,932
Net Change in Fund Balances	\$ 1,065,343	\$ (77,493)	\$ 154,967	\$ 1,142,817
Fund Balance, July 1, 2007	3,178,068	426,721	674,568	4,279,357
Fund Balance, June 30, 2008	\$ 4,243,411	\$ 349,228	\$ 829,535	\$ 5,422,174

Exhibit I-5

Cocke County, Tennessee
Reconciliation of the Statement of Revenues, Expenditures, and
Changes in Fund Balances of Governmental Funds to the
Statement of Activities
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2008

Amounts reported for governmental activities in the statement of activities (Exhibit B) are different because:

Net change in fund balances - total governmental funds (Exhibit I-4)		\$ 1,142,817
(1) Governmental funds report capital outlays as expenditures. However, in the statement of activities, the cost of these assets is allocated over their useful lives and reported as depreciation expense. The difference between capital outlays and depreciation is itemized as follows:		
Add: capital assets purchased in the current period	\$ 1,722,699	
Less: current year depreciation expense	<u>(1,438,421)</u>	284,278
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: loss on disposal of capital assets	\$ (2,477)	
Less: proceeds received from disposal of capital assets	<u>(6,479)</u>	(8,956)
(3) Revenues in the statement of activities that do not provide current financial resources are not reported as revenues in the funds.		
Add: deferred delinquent property taxes/other deferred June 30, 2008	\$ 600,023	
Less: deferred delinquent property taxes/other deferred June 30, 2007	<u>(397,449)</u>	202,574
(4) The issuance of long-term debt (e.g., notes, 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 assets.		
Add: principal payments on notes	\$ 8,765	
Add: principal payments on capital leases	34,422	
Less: change in other postemployment benefits	<u>(1,169,278)</u>	(1,126,091)
(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	\$ 59	
Change in termination benefits	<u>4,000</u>	4,059
Change in net assets of governmental activities (Exhibit B)		<u>\$ 498,681</u>

Exhibit I-6

Cocke County, Tennessee
Combining Balance Sheet - Nonmajor Governmental Funds
Discretely Presented Cocke County School Department
June 30, 2008

	<u>Special Revenue Funds</u>		Total Nonmajor Governmental Funds
	School Federal Projects	Central Cafeteria	
<u>ASSETS</u>			
Cash	\$ 0	\$ 6,590	\$ 6,590
Equity in Pooled Cash and Investments	259,870	347,101	606,971
Accounts Receivable	0	1,473	1,473
Due from Other Governments	33,124	189,607	222,731
Total Assets	<u>\$ 292,994</u>	<u>\$ 544,771</u>	<u>\$ 837,765</u>
<u>LIABILITIES AND FUND BALANCES</u>			
<u>Liabilities</u>			
Accounts Payable	\$ 0	\$ 106	\$ 106
Other Deferred Revenues	8,124	0	8,124
Total Liabilities	<u>\$ 8,124</u>	<u>\$ 106</u>	<u>\$ 8,230</u>
<u>Fund Balances</u>			
Reserved for Title I Grants to Local Education Agencies	\$ 155,828	\$ 0	\$ 155,828
Reserved for Innovative Education Program Strategies	27,951	0	27,951
Reserved for Special Education - Grants to States	97,279	0	97,279
Other Federal Reserves	3,812	0	3,812
Unreserved	0	544,665	544,665
Total Fund Balances	<u>\$ 284,870</u>	<u>\$ 544,665</u>	<u>\$ 829,535</u>
Total Liabilities and Fund Balances	<u>\$ 292,994</u>	<u>\$ 544,771</u>	<u>\$ 837,765</u>

Exhibit I-7

Coke County, Tennessee
Combining Statement of Revenues, Expenditures,
and Changes in Fund Balances -
Nonmajor Governmental Funds
Discretely Presented Coke County School Department
For the Year Ended June 30, 2008

	<u>Special Revenue Funds</u>		Total
	School Federal Projects	Central Cafeteria	Nonmajor Governmental Funds
<u>Revenues</u>			
Charges for Current Services	\$ 0	\$ 666,351	\$ 666,351
Other Local Revenues	0	35,203	35,203
Federal Government	3,177,849	1,831,347	5,009,196
Total Revenues	<u>\$ 3,177,849</u>	<u>\$ 2,532,901</u>	<u>\$ 5,710,750</u>
<u>Expenditures</u>			
Current:			
Instruction	\$ 2,445,314	\$ 0	\$ 2,445,314
Support Services	592,609	0	592,609
Operation of Non-Instructional Services	0	2,512,411	2,512,411
Total Expenditures	<u>\$ 3,037,923</u>	<u>\$ 2,512,411</u>	<u>\$ 5,550,334</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 139,926</u>	<u>\$ 20,490</u>	<u>\$ 160,416</u>
<u>Other Financing Sources (Uses)</u>			
Transfers Out	\$ (5,449)	\$ 0	\$ (5,449)
Total Other Financing Sources (Uses)	<u>\$ (5,449)</u>	<u>\$ 0</u>	<u>\$ (5,449)</u>
Net Change in Fund Balances	\$ 134,477	\$ 20,490	\$ 154,967
Fund Balance, July 1, 2007	150,393	524,175	674,568
Fund Balance, June 30, 2008	<u>\$ 284,870</u>	<u>\$ 544,665</u>	<u>\$ 829,535</u>

Exhibit I-8

Cooke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cooke County School Department
General Purpose School Fund
For the Year Ended June 30, 2008

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 5,945,934	\$ 0	\$ 0	\$ 5,945,934	\$ 6,006,055	\$ 5,984,134	\$ (38,200)
Licenses and Permits	1,249	0	0	1,249	1,100	1,100	149
Charges for Current Services	77,634	0	0	77,634	70,675	70,675	6,959
Other Local Revenues	190,453	0	0	190,453	212,560	210,617	(20,164)
State of Tennessee	22,208,287	0	0	22,208,287	21,806,316	22,353,110	(144,823)
Federal Government	893,923	0	0	893,923	829,201	1,020,846	(126,923)
Other Governments and Citizens Groups	1,212,410	0	0	1,212,410	0	712,410	500,000
<u>Total Revenues</u>	<u>\$ 30,529,890</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 30,529,890</u>	<u>\$ 28,925,907</u>	<u>\$ 30,352,892</u>	<u>\$ 176,998</u>
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 14,646,308	\$ (230,148)	\$ 0	\$ 14,416,160	\$ 16,435,375	\$ 16,388,470	\$ 1,972,310
Alternative Instruction Program	163,197	0	0	163,197	232,763	232,763	69,566
Special Education Program	1,930,217	0	0	1,930,217	2,005,759	2,010,783	80,566
Vocational Education Program	1,207,457	0	0	1,207,457	1,244,500	1,244,500	37,043
Student Body Education Program	8,383	0	0	8,383	52,325	52,325	43,942
Adult Education Program	117,583	0	0	117,583	128,782	128,782	11,199
<u>Support Services</u>							
Attendance	92,281	0	0	92,281	95,683	98,288	6,007
Health Services	329,194	0	0	329,194	351,362	392,310	63,116
Other Student Support	956,683	0	0	956,683	987,521	987,521	30,838
Regular Instruction Program	1,027,117	0	0	1,027,117	1,109,066	1,114,333	87,216
Special Instruction Program	152,266	0	0	152,266	160,009	160,009	7,743
Vocational Education Program	108,119	0	0	108,119	117,448	117,448	9,329

(Continued)

Exhibit I-8

Cooke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cooke County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Adult Programs	\$ 3,174	\$ 0	\$ 0	\$ 3,174	\$ 4,409	\$ 4,409	\$ 1,235
Other Programs	169,846	0	0	169,846	0	169,846	0
Board of Education	413,032	0	0	413,032	427,857	430,091	17,059
Director of Schools	202,679	0	0	202,679	204,416	209,149	6,470
Office of the Principal	2,027,594	0	0	2,027,594	2,127,867	2,127,867	100,273
Fiscal Services	149,163	0	0	149,163	169,108	179,108	29,945
Operation of Plant	2,341,660	0	0	2,341,660	2,538,585	2,516,519	174,859
Maintenance of Plant	545,854	0	0	545,854	580,699	580,699	34,845
Transportation	109,415	0	0	109,415	79,687	119,687	10,272
<u>Operation of Non-Instructional Services</u>							
Food Service	58,740	0	0	58,740	67,289	67,289	8,549
Community Services	799,036	0	0	799,036	659,507	848,317	49,281
Early Childhood Education	301,965	0	0	301,965	307,981	307,981	6,016
<u>Capital Outlay</u>							
Regular Capital Outlay	1,327,551	(93,371)	698,039	1,932,219	1,533,019	1,869,019	(63,200)
<u>Principal on Debt</u>							
Education	43,187	0	0	43,187	263,189	43,188	1
<u>Interest on Debt</u>							
Education	5,851	0	0	5,851	98,045	5,853	2
<u>Other Debt Service</u>							
Education	312,192	0	0	312,192	0	312,193	1
<u>Total Expenditures</u>	<u>\$ 29,549,744</u>	<u>\$ (323,519)</u>	<u>\$ 698,039</u>	<u>\$ 29,924,264</u>	<u>\$ 31,982,251</u>	<u>\$ 32,718,747</u>	<u>\$ 2,794,483</u>

(Continued)

Exhibit I-8

Cooke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cooke County School Department
General Purpose School Fund (Cont.)

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2007	Add: Encumbrances 6/30/2008	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 980,146	\$ 323,519	\$ (698,039)	\$ 605,626	\$ (3,056,344)	\$ (2,365,855)	\$ 2,971,481
Other Financing Sources (Uses)							
Bonds Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 712,410	\$ 0	\$ 0
Insurance Recovery	79,748	0	0	79,748	60,000	60,000	19,748
Transfers In	5,449	0	0	5,449	6,110	6,110	(661)
Total Other Financing Sources (Uses)	\$ 85,197	\$ 0	\$ 0	\$ 85,197	\$ 778,520	\$ 66,110	\$ 19,087
Net Change in Fund Balance Fund Balance, July 1, 2007	\$ 1,065,343	\$ 323,519	\$ (698,039)	\$ 690,823	\$ (2,277,824)	\$ (2,299,745)	\$ 2,990,568
Fund Balance, June 30, 2008	3,178,068	(323,519)	0	2,854,549	2,277,824	2,299,745	554,804
	\$ 4,243,411	\$ 0	\$ (698,039)	\$ 3,545,372	\$ 0	\$ 0	\$ 3,545,372

Exhibit I-9

Coke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Coke County School Department
School Federal Projects Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 3,177,849	\$ 3,933,723	\$ 3,941,341	\$ (763,492)
Total Revenues	\$ 3,177,849	\$ 3,933,723	\$ 3,941,341	\$ (763,492)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 1,456,768	\$ 1,849,389	\$ 1,849,149	\$ 392,381
Special Education Program	932,054	1,271,796	1,255,034	322,980
Vocational Education Program	56,492	46,026	54,150	(2,342)
<u>Support Services</u>				
Other Student Support	138,588	184,419	184,418	45,830
Regular Instruction Program	280,338	498,875	498,825	218,487
Vocational Education Program	4,157	6,500	6,500	2,343
Transportation	169,526	221,001	237,548	68,022
Total Expenditures	\$ 3,037,923	\$ 4,078,006	\$ 4,085,624	\$ 1,047,701
Excess (Deficiency) of Revenues Over Expenditures	\$ 139,926	\$ (144,283)	\$ (144,283)	\$ 284,209
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (5,449)	\$ (6,110)	\$ (6,110)	\$ 661
Total Other Financing Sources (Uses)	\$ (5,449)	\$ (6,110)	\$ (6,110)	\$ 661
Net Change in Fund Balance	\$ 134,477	\$ (150,393)	\$ (150,393)	\$ 284,870
Fund Balance, July 1, 2007	150,393	150,393	150,393	0
Fund Balance, June 30, 2008	\$ 284,870	\$ 0	\$ 0	\$ 284,870

Exhibit I-10

Coke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Coke County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 666,351	\$ 536,735	\$ 536,735	\$ 129,616
Other Local Revenues	35,203	27,765	27,765	7,438
Federal Government	1,831,347	1,680,381	1,680,381	150,966
Total Revenues	<u>\$ 2,532,901</u>	<u>\$ 2,244,881</u>	<u>\$ 2,244,881</u>	<u>\$ 288,020</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,512,411	\$ 2,764,007	\$ 2,544,181	\$ 31,770
Total Expenditures	<u>\$ 2,512,411</u>	<u>\$ 2,764,007</u>	<u>\$ 2,544,181</u>	<u>\$ 31,770</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 20,490</u>	<u>\$ (519,126)</u>	<u>\$ (299,300)</u>	<u>\$ 319,790</u>
Net Change in Fund Balance	\$ 20,490	\$ (519,126)	\$ (299,300)	\$ 319,790
Fund Balance, July 1, 2007	<u>524,175</u>	<u>519,126</u>	<u>519,126</u>	<u>5,049</u>
Fund Balance, June 30, 2008	<u>\$ 544,665</u>	<u>\$ 0</u>	<u>\$ 219,826</u>	<u>\$ 324,839</u>

Exhibit I-11

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cocke County School Department
School Transportation Fund
For the Year Ended June 30, 2008

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,330,765	\$ 1,365,895	\$ 1,343,294	\$ (12,529)
Charges for Current Services	88,251	76,000	76,000	12,251
Other Local Revenues	18,210	21,200	21,200	(2,990)
State of Tennessee	288,468	284,385	284,385	4,083
Other Governments and Citizens Groups	525,812	525,812	525,812	0
Total Revenues	<u>\$ 2,251,506</u>	<u>\$ 2,273,292</u>	<u>\$ 2,250,691</u>	<u>\$ 815</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 26,219	\$ 28,000	\$ 28,000	\$ 1,781
Transportation	2,314,964	2,288,464	2,351,464	36,500
Total Expenditures	<u>\$ 2,341,183</u>	<u>\$ 2,316,464</u>	<u>\$ 2,379,464</u>	<u>\$ 38,281</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (89,677)</u>	<u>\$ (43,172)</u>	<u>\$ (128,773)</u>	<u>\$ 39,096</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 12,184	\$ 2,500	\$ 2,500	\$ 9,684
Total Other Financing Sources (Uses)	<u>\$ 12,184</u>	<u>\$ 2,500</u>	<u>\$ 2,500</u>	<u>\$ 9,684</u>
Net Change in Fund Balance	\$ (77,493)	\$ (40,672)	\$ (126,273)	\$ 48,780
Fund Balance, July 1, 2007	<u>426,721</u>	<u>40,672</u>	<u>126,273</u>	<u>300,448</u>
Fund Balance, June 30, 2008	<u>\$ 349,228</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 349,228</u>

Exhibit I-12

Cocke County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Cocke County School Department
Fiduciary Fund
June 30, 2008

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 400,184
Total Assets	<u>\$ 400,184</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Scholarships	<u>\$ 400,184</u>
Total Net Assets	<u><u>\$ 400,184</u></u>

Exhibit I-13

Cocke County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Cocke County School Department
Fiduciary Fund
For the Year Ended June 30, 2008

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ADDITIONS</u>	
Investment Income	\$ 7,184
Total Additions	<hr/> \$ 7,184
Change in Net Assets	\$ 7,184
Net Assets, July 1, 2007	<hr/> 393,000
Net Assets, June 30, 2008	<hr/> <hr/> \$ 400,184

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MISCELLANEOUS SCHEDULES

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Exhibit J-1

Cooke County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Cooke County School Department
 For the Year Ended June 30, 2008

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
PRIMARY GOVERNMENT									
NOTES PAYABLE									
Payable through General Debt Service Fund									
EPA Asbestos Abatement	\$	0	5-1-1990	11-30-09	\$ 54,814	0	21,926	0	32,888
School Energy Conservation and Renovation	496,000	3	11-1-00	12-1-07	77,293	0	77,293	0	0
Capital Outlay Refunding Note, Series 2004	1,795,000	2 to 2.5	3-23-04	6-1-09	1,055,000	0	480,000	0	575,000
School Energy Conservation and Renovation	500,000	0	5-30-08	7-15-15	0	500,000	0	0	500,000
Total Payable through General Debt Service Fund					\$ 1,187,107	\$ 500,000	\$ 579,219	0	\$ 1,107,888
Total Notes Payable					\$ 1,187,107	\$ 500,000	\$ 579,219	0	\$ 1,107,888
OTHER LOANS PAYABLE									
Payable through General Debt Service Fund									
Public Building Authority, Series IV-E-2	10,000,000	Variable	11-2-00	6-1-16	\$ 2,305,000	0	355,000	0	1,950,000
Public Building Authority, Series IV-E-2	(1)	6.12	11-2-00	6-1-21	5,025,000	0	0	0	5,025,000
Public Building Authority, Series V-B-3	5,000,000	Variable	6-4-03	6-1-28	4,700,000	0	100,000	4,600,000	0
Public Building Authority, Series VI-F-4	2,500,000	Variable	9-29-05	6-1-24	1,713,524	786,476	0	2,500,000	0
Public Building Authority, Series D-11-C	(2)	Variable	6-26-07	6-1-33	53,610	1,710,157	0	0	1,763,767
Total Payable through General Debt Service Fund					\$ 13,797,134	\$ 2,496,633	\$ 455,000	\$ 7,100,000	\$ 8,738,767
Payable through Industrial/Economic Development Fund									
City of Newport - River Crest Project (A)	1,024,000	4.13	2-14-06	5-1-45	\$ 1,015,093	0	10,211	0	1,004,882
City of Newport - River Crest Project (B)	300,000	4.38	2-14-06	5-1-46	298,809	0	5,093	0	293,716
City of Newport - Hwy 25E Projects	497,197	4.5	7-13-06	(3)	497,197	0	71,349	0	425,848
City of Newport - Hartford Project	(4)	2.15	2-14-08	12-31-27	0	478,417	538	0	477,879
Total Payable through Industrial/Economic Development Fund					\$ 1,811,099	\$ 478,417	\$ 87,191	0	\$ 2,202,325
Total Other Loans Payable					\$ 15,608,233	\$ 2,975,050	\$ 542,191	\$ 7,100,000	\$ 10,941,092

(Continued)

Exhibit J-1

Cooke County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, Capital Leases, and Bonds
 Primary Government and Discretely Presented Cooke County School Department (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-07	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-08
PRIMARY GOVERNMENT (Cont.)									
BONDS PAYABLE									
Payable through General Debt Service Fund									
School Refunding Bonds, Series 2004	\$ 9,705,000	3 to 5 %	3-23-04	6-1-18	\$ 9,705,000	\$ 0	\$ 0	\$ 0	\$ 9,705,000
General Obligation Refunding Bonds, Series 2008	7,300,000	3 to 4.1	4-16-08	5-1-28	0	7,300,000	0	0	7,300,000
Total Payable through General Debt Service Fund					\$ 9,705,000	\$ 7,300,000	\$ 0	\$ 0	\$ 17,005,000
Payable through Rural Debt Service Fund									
Rural School Refunding Bonds, Series 2004	3,215,000	2 to 3.9	3-23-04	6-1-18	\$ 2,910,000	\$ 0	\$ 220,000	\$ 0	\$ 2,690,000
Total Payable through Rural Debt Service Fund					\$ 2,910,000	\$ 0	\$ 220,000	\$ 0	\$ 2,690,000
Total Bonds Payable					\$ 12,615,000	\$ 7,300,000	\$ 220,000	\$ 0	\$ 19,695,000
DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT									
NOTES PAYABLE									
Payable through General Purpose School Fund									
Land	100,000	5	2-17-05	2-17-15	\$ 83,702	\$ 0	\$ 8,765	\$ 0	\$ 74,937
Total Payable through General Purpose School Fund					\$ 83,702	\$ 0	\$ 8,765	\$ 0	\$ 74,937
Total Notes Payable					\$ 83,702	\$ 0	\$ 8,765	\$ 0	\$ 74,937
CAPITAL LEASES									
Payable through General Purpose School Fund									
HVAC	285,070	5.45	10-1-1998	10-1-08	\$ 43,322	\$ 0	\$ 34,422	\$ 0	\$ 8,900
Total Payable through General Purpose School Fund					\$ 43,322	\$ 0	\$ 34,422	\$ 0	\$ 8,900
Total Capital Leases					\$ 43,322	\$ 0	\$ 34,422	\$ 0	\$ 8,900

- (1) \$5,025,000 of the PBA Loan Series IV-E-2 was swapped to a synthetic fixed rate by execution of a swap agreement during a prior year.
- (2) Total amount approved was \$3,500,000, of which \$1,736,253 remains available for draws as of June 30, 2008.
- (3) The county has pledged its incremental tax revenues (excess of current taxes over base year amounts), from properties within the development toward the retirement of this obligation. The agreement requires only the payment of the tax increment each year, with interest accruing on the unpaid balance until the debt is retired. Therefore, no maturity date can be established.
- (4) Total amount approved was \$700,000, of which \$221,583 remains available for draws as of June 30, 2008.

Exhibit J-2

Cocke County, Tennessee
Schedule of Long-term Debt Requirements by Year
Primary Government and Discretely Presented Cocke County School Department

PRIMARY GOVERNMENT

Year Ending June 30	Bond Principal	Bond Interest	Total Bond Requirements
2009	\$ 330,000	\$ 803,894	\$ 1,133,894
2010	975,000	783,804	1,758,804
2011	1,120,000	755,729	1,875,729
2012	1,230,000	722,729	1,952,729
2013	1,325,000	685,829	2,010,829
2014	1,395,000	644,285	2,039,285
2015	1,500,000	584,630	2,084,630
2016	1,615,000	514,143	2,129,143
2017	1,805,000	437,540	2,242,540
2018	1,900,000	351,322	2,251,322
2019	25,000	260,155	285,155
2020	25,000	259,217	284,217
2021	30,000	258,280	288,280
2022	830,000	257,155	1,087,155
2023	835,000	225,615	1,060,615
2024	875,000	192,215	1,067,215
2025	900,000	157,215	1,057,215
2026	945,000	121,215	1,066,215
2027	985,000	82,942	1,067,942
2028	1,050,000	43,050	1,093,050
Total	\$ 19,695,000	\$ 8,140,964	\$ 27,835,964

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
2009	\$ 668,355	\$ 14,375	\$ 682,730
2010	82,391	0	82,391
2011	71,428	0	71,428
2012	71,428	0	71,428
2013	71,428	0	71,428
2014	71,429	0	71,429
2015	71,429	0	71,429
Total	\$ 1,107,888	\$ 14,375	\$ 1,122,263

(Continued)

Exhibit J-2

Cocke County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)
Primary Government and Discretely Presented Cocke County School Department (Cont.)

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Other Loans - Public Building Authorities			
	Principal	Interest	Fees	Total Requirements
2009	\$ 400,000	\$ 493,334	\$ 38,389	\$ 931,723
2010	400,000	473,334	36,718	910,052
2011	375,000	453,334	35,048	863,382
2012	325,000	434,584	33,401	792,985
2013	305,000	418,334	31,963	755,297
2014	265,000	403,084	30,582	698,666
2015	230,000	389,834	29,368	649,202
2016	200,000	378,334	28,301	606,635
2017	100,000	368,334	27,358	495,692
2018	100,000	363,334	26,833	490,167
2019	1,705,000	358,334	26,309	2,089,643
2020	1,795,000	255,352	19,053	2,069,405
2021	1,925,000	146,859	11,422	2,083,281
2022	150,000	30,688	3,221	183,909
2023	150,000	23,188	2,434	175,622
2024	150,000	15,688	1,646	167,334
2025	150,000	8,188	859	159,047
2026	13,767	688	72	14,527
Total	\$ 8,738,767	\$ 5,014,825	\$ 382,977	\$ 14,136,569

Year Ending June 30	Other Loans - City of Newport		
	Principal (1)	Interest (1)	Total Requirements
2009	\$ 15,367	\$ 54,301	\$ 69,668
2010	16,009	53,659	69,668
2011	16,678	52,990	69,668
2012	17,375	52,293	69,668
2013	18,101	51,567	69,668
2014	18,858	50,811	69,669
2015	19,646	50,023	69,669
2016	20,466	49,202	69,668
2017	21,322	48,346	69,668
2018	22,213	47,455	69,668
2019	23,142	46,527	69,669
2020	24,109	45,559	69,668
2021	25,117	44,552	69,669
2022	26,166	43,502	69,668
2023	27,260	42,408	69,668

(Continued)

Exhibit J-2

Cocke County, Tennessee
Schedule of Long-term Debt Requirements by Year (Cont.)
Primary Government and Discretely Presented Cocke County School Department (Cont.)

PRIMARY GOVERNMENT (Cont.)

Year Ending June 30	Other Loans - City of Newport (Cont.)		
	Principal (1)	Interest (1)	Total Requirements
2024	\$ 28,400	\$ 41,269	\$ 69,669
2025	29,587	40,081	69,668
2026	30,824	38,845	69,669
2027 - 2046	897,958	419,420	1,317,378
Total	\$ 1,298,598	\$ 1,272,810	\$ 2,571,408

(1) Amounts included for Other loans - City of Newport represent the minimum requirements for the River Crest project loans. Annual requirements for the \$497,197 Highway 25E project loan and the \$700,000 Hartford project loans are not included because the minimum payment schedules for these loans are dependent upon the amount of incremental tax revenues generated by the projects.

DISCRETELY PRESENTED COCKE SCHOOL DEPARTMENT

Year Ending June 30	Note Principal	Note Interest	Total Note Requirements
	2009	\$ 9,204	\$ 3,747
2010	9,664	3,287	12,951
2011	10,147	2,803	12,950
2012	10,654	2,296	12,950
2013	11,187	1,763	12,950
2014	11,747	1,204	12,951
2015	12,334	617	12,951
Total	\$ 74,937	\$ 15,717	\$ 90,654

Year Ending June 30	Capital Lease Principal	Capital Lease Interest	Total Lease Requirements
	2009	\$ 8,900	\$ 121
Total	\$ 8,900	\$ 121	\$ 9,021

Exhibit J-3

Cocke County, Tennessee
Schedule of Investments
June 30, 2008

<u>Fund and Type</u>	<u>Amount</u>
<u>Highway Capital Projects Fund</u>	
State Treasurer's Investment Pool	<u>\$ 997,355</u>
Total Investments	<u><u>\$ 997,355</u></u>

Exhibit J-4

Cocke County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cocke County School Department
For the Year Ended June 30, 2008

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Solid Waste/Sanitation	Operations	\$ 1,205,000
General	Sports and Recreation	Operations	3,900
Total Transfers Primary Government			<u>\$ 1,208,900</u>
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect costs	\$ 5,449
Total Transfers Discretely Presented Cocke County School Department			<u>\$ 5,449</u>

Exhibit J-5

Cocke County, Tennessee
Schedule of Salaries and Official Bonds of Principal Officials
Primary Government and Discretely Presented Cocke County School Department
For the Year Ended June 30, 2008

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, <u>TCA</u>	\$ 67,997	\$ 50,000	Ohio Casualty Insurance Company
Road Superintendent	Section 8-24-102, <u>TCA</u>	64,760	100,000	"
Director of Schools	State Board of Education and County Board of Education	111,487 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, <u>TCA</u>	58,872	1,072,000	Ohio Casualty Insurance Company
Assessor of Property	Section 8-24-102, <u>TCA</u>	58,872	10,000	"
Director of Accounts and Budgets	County Commission	58,872	25,000	"
County Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Circuit Court Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
General Sessions Court Clerk	Section 8-24-102, <u>TCA</u>	58,872	50,000	"
Clerk and Master	Section 8-24-102, <u>TCA</u> , and Chancery Court Judge	58,872 (2)	50,000	Old Republic Surety Company
Register	Section 8-24-102, <u>TCA</u>	58,872	25,000	Ohio Casualty Insurance Company
Sheriff	Section 8-24-102, <u>TCA</u>	64,760 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - County Clerk Employees			40,000	Western Surety Company
Public Employee Dishonesty - School Department			150,000	Indiana Insurance Company

(1) Includes chief executive officer training supplement of \$1,000.
(2) Does not include special commissioner fees of \$31,405.
(3) Does not include \$600 for a law enforcement training supplement.

Exhibit J-6

Cocke County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2008

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 5,503,639	\$ 0	\$ 312,667	\$ 0	\$ 0	\$ 0	\$ 561,591
Trustee's Collections - Prior Year	206,799	0	10,202	0	0	0	20,931
Circuit/Clerk & Master Collections - Prior Years	178,410	0	649	0	0	0	18,376
Interest and Penalty	37,595	0	1,649	0	0	0	3,812
Pick-up Taxes	8	0	0	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	3,399	0	138	0	0	0	344
Payments in-Lieu-of Taxes - Local Utilities	96,693	0	5,525	0	0	0	9,867
Payments in-Lieu-of Taxes - Other	47	0	3	0	0	0	5
<u>County Local Option Taxes</u>							
Local Option Sales Tax	443,916	0	0	0	0	0	0
Hotel/Motel Tax	181,221	0	0	0	0	0	0
Litigation Tax - General	45,595	0	0	0	0	0	0
Litigation Tax - Special Purpose	5,642	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	51,735	0	0	0	0	0	0
Business Tax	235,088	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	61,633
Other County Local Option Taxes	85,618	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	35,147	0	2,008	0	0	0	3,586
Wholesale Beer Tax	318,370	0	0	0	0	0	0
Interstate Telecommunications Tax	302	0	0	0	0	0	0
Total Local Taxes	\$ 7,429,224	\$ 0	\$ 332,841	\$ 0	\$ 0	\$ 0	\$ 680,145
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 1,425	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	58,049	0	0	0	0	0	0
Permits							
Beer Permits	7,150	0	0	0	0	0	0
Total Licenses and Permits	\$ 66,624	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 9,390	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	2,897	0	0	0	0	0	0
Drug Control Fines	3,149	0	0	0	0	0	0
Jail Fees	3,422	0	0	0	0	0	0
DUI Treatment Fines	1,633	0	0	0	0	0	0
Data Entry Fee - Circuit Court	508	0	0	0	0	0	0
Courtroom Security Fee	26	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	35,457	0	0	0	0	0	0
Officers Costs	46,535	0	0	0	0	0	0
Game and Fish Fines	2,295	0	0	0	0	0	0
Drug Control Fines	0	0	0	8,146	0	0	0
Drug Court Fees	5,410	0	0	0	0	0	0
Jail Fees	57,394	0	0	0	0	0	0
DUI Treatment Fines	3,610	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	9,476	0	0	0	0	0	0
Courtroom Security Fee	32	0	0	0	0	0	0
<u>Juvenile Court</u>							
Fines	1,055	0	0	0	0	0	0
Officers Costs	5,151	0	0	0	0	0	0
Drug Control Fines	1,174	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	771	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	425	0	0	0	0	0	0
Data Entry Fee - Chancery Court	350	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Fines for Littering	380	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	14	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds						Highway / Public Works
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	\$ 0	\$ 0	\$ 0	\$ 4,104	\$ 0	\$ 0	\$ 0
Total Fines, Forfeitures, and Penalties	\$ 190,554	\$ 0	\$ 0	\$ 12,250	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 28,725	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fees	0	3,814	0	0	0	0	0
Work Release Charges for Board	22,560	0	0	0	0	0	0
Other General Service Charges	17,626	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	242,625	0	0	0	15,917	0	0
Copy Fees	2,918	0	0	0	0	0	0
Telephone Commissions	16,412	0	0	0	0	0	0
Vending Machine Collections	524	0	0	0	1,436	0	0
Tourism Fees	0	0	0	0	6,136	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	536,377	0
Data Processing Fee - Register	12,688	0	0	0	0	0	0
Data Processing Fee - Sheriff	3,095	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,000	0	0	0	0	0	0
Total Charges for Current Services	\$ 321,448	\$ 32,539	\$ 0	\$ 0	\$ 23,489	\$ 536,377	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	9,660	0	0	0	0	0	0
Sale of Materials and Supplies	277	20,455	0	0	0	0	1,105
Commissary Sales	8,140	0	0	0	5,746	0	0
Retirees' Insurance Payments	0	0	0	0	0	0	137
Miscellaneous Refunds	62,924	0	0	500	83	0	6,148

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<u>Other Local Revenues (Cont.)</u>								
Nonrecurring Items								
Sale of Equipment	\$ 6,801	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Other Local Revenues	29,924	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 117,726	\$ 20,455	\$ 0	\$ 500	\$ 5,829	\$ 0	\$ 0	7,390
<u>Fees Received from County Officials</u>								
Excess Fees								
County Clerk	\$ 37,925	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	228,190	0	0	0	0	0	0	0
Fees in-Lieu-of Salary								
Circuit Court Clerk	156,804	0	0	0	0	0	0	0
General Sessions Court Clerk	286,343	0	0	0	0	0	0	0
Clerk and Master	46,797	0	0	0	0	0	0	0
Juvenile Court Clerk	23,766	0	0	0	0	0	0	0
Register	144,276	0	0	0	0	0	0	0
Sheriff	14,393	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 938,494	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>								
General Government Grants								
Juvenile Services Program	\$ 10,710	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	24,000	0	0	0	0	0	0
Other General Government Grants	16,589	0	0	0	0	0	0	0
Public Safety Grants								
Law Enforcement Training Programs	25,200	0	0	0	0	0	0	0
Health and Welfare Grants								
Health Department Programs	187,415	0	0	0	0	0	0	0
Public Works Grants								
State Aid Program	0	0	0	0	0	0	0	191,341
Litter Program	37,154	0	0	0	0	0	0	0

(Continued)

Exhibit J-6

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

	Special Revenue Funds							Highway / Public Works
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<u>State of Tennessee (Cont.)</u>								
Public Works Grants (Cont.)								
Tennessee Industrial Infrastructure Program								
<u>Other State Revenues</u>								
Income Tax								
Beer Tax	79,161	0	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0	0	19,312
Mixed Drink Tax	0	0	0	0	0	0	0	50,083
State Revenue Sharing - T.V.A.	6,493	0	0	0	0	0	0	0
Board of Jurors	294,404	0	16,823	0	0	0	0	30,041
Contracted Prisoner Boarding	195	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	326,812	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	1,783,509
Reappraisal Program Reimbursement	14,577	0	0	0	0	0	0	0
Registrar's Salary Supplement	16,380	0	0	0	0	0	0	0
Other State Grants	17,639	0	0	15,000	0	0	0	0
Other State Revenues	25,253	0	0	0	0	0	0	0
Total State of Tennessee	\$ 1,057,982	\$ 24,000	\$ 16,823	\$ 15,000	\$ 0	\$ 0	\$ 0	\$ 2,101,242
<u>Federal Government</u>								
<u>Federal Through State</u>								
USDA - Other	\$ 1,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Community Development	0	0	0	0	0	0	0	0
Homeland Security Grants	77,770	0	0	0	0	0	0	0
Law Enforcement Grants	0	0	0	17,830	0	0	0	0
Other Federal through State	19,680	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Forest Service	156,359	0	0	0	0	0	0	10,389
Other Direct Federal Revenue	2,600	0	0	0	0	0	0	0
Total Federal Government	\$ 257,516	\$ 0	\$ 0	\$ 17,830	\$ 0	\$ 0	\$ 0	\$ 10,389

(Continued)

Exhibit J-6

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

	Special Revenue Funds						
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Highway / Public Works
<u>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 78,073	\$ 0	\$ 0	\$ 6,500	\$ 500	\$ 0	\$ 0
<u>Citizens Groups</u>							
Donations	0	0	0	0	4,300	0	0
Total Other Governments and Citizens Groups	\$ 78,073	\$ 0	\$ 0	\$ 6,500	\$ 4,800	\$ 0	\$ 0
<u>Total</u>	\$ 10,457,641	\$ 76,994	\$ 349,664	\$ 52,080	\$ 34,118	\$ 536,377	\$ 2,799,166

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	0 \$	General Capital Projects	Highway Capital Projects	0 \$	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 712,982	0	0 \$	0	0	0 \$	7,090,879
Trustee's Collections - Prior Year	32,649	0	0	0	0	0	270,581
Circuit/Clerk & Master Collections - Prior Years	25,274	0	0	0	0	0	222,709
Interest and Penalty	4,879	0	0	0	0	0	47,955
Pick-up Taxes	0	0	0	0	0	0	8
Payments in-Lieu-of Taxes - T.V.A.	440	0	0	0	0	0	4,321
Payments in-Lieu-of Taxes - Local Utilities	12,629	0	0	0	0	0	124,714
Payments in-Lieu-of Taxes - Other	6	0	0	0	0	0	61
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,331,748	0	0	0	0	0	1,775,664
Hotel/Motel Tax	0	0	0	0	0	0	181,221
Litigation Tax - General	0	0	0	0	0	0	45,595
Litigation Tax - Special Purpose	0	0	0	0	0	0	5,642
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	51,735
Business Tax	0	0	0	0	0	0	235,088
Mineral Severance Tax	0	0	0	0	0	0	61,633
Other County Local Option Taxes	0	0	0	0	0	0	85,618
<u>Statutory Local Taxes</u>							
Bank Excise Tax	4,591	0	0	0	0	0	45,332
Wholesale Beer Tax	0	0	0	0	0	0	318,370
Interstate Telecommunications Tax	906	0	0	0	0	0	1,208
Total Local Taxes	\$ 2,126,104	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 10,568,314
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	1,425
Cable TV Franchise	0	0	0	0	0	0	58,049
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	7,150
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 66,624

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	0 \$	General Capital Projects	Highway Capital Projects	0 \$	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0	0	0	0	0	0	9,390
Officers Costs	0	0	0	0	0	0	2,897
Drug Control Fines	0	0	0	0	0	0	3,149
Jail Fees	0	0	0	0	0	0	3,422
DUI Treatment Fines	0	0	0	0	0	0	1,633
Data Entry Fee - Circuit Court	0	0	0	0	0	0	508
Courtroom Security Fee	0	0	0	0	0	0	26
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	35,457
Officers Costs	0	0	0	0	0	0	46,535
Game and Fish Fines	0	0	0	0	0	0	2,295
Drug Control Fines	0	0	0	0	0	0	8,146
Drug Court Fees	0	0	0	0	0	0	5,410
Jail Fees	0	0	0	0	0	0	57,394
DUI Treatment Fines	0	0	0	0	0	0	3,610
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	9,476
Courtroom Security Fee	0	0	0	0	0	0	32
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	1,055
Officers Costs	0	0	0	0	0	0	5,151
Drug Control Fines	0	0	0	0	0	0	1,174
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	771
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	425
Data Entry Fee - Chancery Court	0	0	0	0	0	0	350
<u>Other Courts - In-county</u>							
Fines for Littering	0	0	0	0	0	0	380
Judicial District Drug Program	0	0	0	0	0	0	14
Courtroom Security Fee	0	0	0	0	0	0	

(Continued)

Exhibit J-6

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

	Debt Service Funds		Capital Projects Funds		Total
	General Debt Service	Rural Debt Service	General Capital Projects	Highway Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	0 \$	0 \$	0 \$	0 \$	4,104 \$
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	202,804 \$
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	0 \$	0 \$	0 \$	0 \$	28,725 \$
Solid Waste Disposal Fees	0	0	0	0	3,814
Work Release Charges for Board	0	0	0	0	22,560
Other General Service Charges	0	0	0	0	17,626
<u>Fees</u>					
Recreation Fees	0	0	0	0	258,542
Copy Fees	0	0	0	0	2,918
Telephone Commissions	0	0	0	0	16,412
Vending Machine Collections	0	0	0	0	1,960
Tourism Fees	0	0	0	0	6,136
Constitutional Officers' Fees and Commissions	0	0	0	0	536,377
Data Processing Fee - Register	0	0	0	0	12,688
Data Processing Fee - Sheriff	0	0	0	0	3,095
Sexual Offender Registration Fees - Sheriff	0	0	0	0	3,000
Total Charges for Current Services	0 \$	0 \$	0 \$	0 \$	913,853 \$
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	601,704 \$	0 \$	0 \$	40,987 \$	642,691 \$
Lease/Rentals	0	0	0	0	9,660
Sale of Materials and Supplies	0	0	0	0	21,837
Commissary Sales	0	0	0	0	13,886
Retirees' Insurance Payments	0	0	0	0	137
Miscellaneous Refunds	0	0	0	0	69,655

(Continued)

Exhibit J-6

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

	Debt Service Funds		Capital Projects Funds			Total
	General Debt Service	Rural Debt Service	General Capital Projects		Highway Capital Projects	
			General Capital Projects	Highway Capital Projects		
<u>Other Local Revenues (Cont.)</u>						
<u>Nonrecurring Items</u>						
Sale of Equipment	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	6,801
<u>Other Local Revenues</u>						
Other Local Revenues	0	0	0	0	0	29,924
Total Other Local Revenues	\$ 601,704 \$	0 \$	0 \$	40,987 \$	0	794,591
<u>Fees Received from County Officials</u>						
<u>Excess Fees</u>						
County Clerk	0 \$	0 \$	0 \$	0 \$	0 \$	37,925
Trustee	0	0	0	0	0	228,190
Fees in-Lieu-of Salary						
Circuit Court Clerk	0	0	0	0	0	156,804
General Sessions Court Clerk	0	0	0	0	0	286,343
Clerk and Master	0	0	0	0	0	46,797
Juvenile Court Clerk	0	0	0	0	0	23,766
Register	0	0	0	0	0	144,276
Sheriff	0	0	0	0	0	14,393
Total Fees Received from County Officials	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	938,494
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
Juvenile Services Program	0 \$	0 \$	0 \$	0 \$	0 \$	10,710
Solid Waste Grants	0	0	0	0	0	24,000
Other General Government Grants	0	0	0	0	0	16,589
<u>Public Safety Grants</u>						
Law Enforcement Training Programs	0	0	0	0	0	25,200
<u>Health and Welfare Grants</u>						
Health Department Grants	0	0	0	0	0	187,415
<u>Public Works Grants</u>						
State Aid Program	0	0	0	0	0	191,341
Litter Program	0	0	0	0	0	37,154

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Rural	General	Highway	Capital	Projects	
	Debt	Debt	Capital	Capital	Projects	Projects	
State of Tennessee (Cont.)							
Public Works Grants (Cont.)							
Tennessee Industrial Infrastructure Program	\$ 0	\$ 0	\$ 281,235	\$ 0	\$ 0	\$ 281,235	
Other State Revenues							
Income Tax	0	0	0	0	0	79,161	
Beer Tax	0	0	0	0	0	19,312	
Alcoholic Beverage Tax	0	0	0	0	0	50,083	
Mixed Drink Tax	0	0	0	0	0	6,493	
State Revenue Sharing - T.V.A.	38,453	0	0	0	0	379,721	
Board of Jurors	0	0	0	0	0	195	
Contracted Prisoner Boarding	0	0	0	0	0	326,812	
Gasoline and Motor Fuel Tax	0	0	0	0	0	1,783,509	
Petroleum Special Tax	0	0	0	0	0	26,956	
Reappraisal Program Reimbursement	0	0	0	0	0	14,577	
Registrar's Salary Supplement	0	0	0	0	0	16,380	
Other State Grants	0	0	0	0	0	32,639	
Other State Revenues	0	0	0	0	0	25,253	
Total State of Tennessee	\$ 38,453	\$ 0	\$ 281,235	\$ 0	\$ 0	\$ 3,534,735	
Federal Government							
Federal Through State							
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,107	
Community Development	0	0	465,679	0	0	465,679	
Homeland Security Grants	0	0	0	0	0	77,770	
Law Enforcement Grants	0	0	0	0	0	17,830	
Other Federal through State	0	0	0	0	0	19,680	
Direct Federal Revenue							
Forest Service	0	0	0	0	0	166,748	
Other Direct Federal Revenue	0	0	0	0	0	2,600	
Total Federal Government	\$ 0	\$ 0	\$ 465,679	\$ 0	\$ 0	\$ 751,414	

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General Debt Service	Rural Debt Service		General Capital Projects	Highway Capital Projects		
Other Governments and Citizens Groups							
Other Governments	\$ 0	\$ 312,192	\$ 0	\$ 0	\$ 0	\$ 0	\$ 397,265
Contributions							
Citizens Groups	0	0	0	32,765	0	0	37,065
Donations	0	312,192	0	32,765	0	0	434,350
Total Other Governments and Citizens Groups	\$ 2,766,261	\$ 312,192	\$ 779,679	\$ 40,987	\$ 18,205,159		
Total							

Exhibit J-7

Cocke County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2008

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Total
<u>Local Taxes</u>					
<u>County Property Taxes</u>					
Current Property Tax	\$ 2,521,518	\$ 0	\$ 0	\$ 1,115,696	\$ 3,637,214
Trustee's Collections - Prior Year	112,361	0	0	50,200	162,561
Circuit/Clerk & Master Collections - Prior Years	81,068	0	0	33,578	114,646
Interest and Penalty	16,927	0	0	7,558	24,485
Pick-up Taxes	4	0	0	2	6
Payments in-Lieu-of Taxes - T.V.A.	1,803	0	0	702	2,505
Payments in-Lieu-of Taxes - Local Utilities	44,605	0	0	19,733	64,338
Payments in-Lieu-of Taxes - Other	22	0	0	10	32
<u>County Local Option Taxes</u>					
Local Option Sales Tax	3,145,518	0	0	0	3,145,518
Other County Local Option Taxes	0	0	0	96,113	96,113
<u>Statutory Local Taxes</u>					
Bank Excise Tax	16,212	0	0	7,173	23,385
Interstate Telecommunications Tax	5,896	0	0	0	5,896
Total Local Taxes	\$ 5,945,934	\$ 0	\$ 0	\$ 1,330,765	\$ 7,276,699
<u>Licenses and Permits</u>					
<u>Licenses</u>					
Marriage Licenses	\$ 1,249	\$ 0	\$ 0	\$ 0	\$ 1,249
Total Licenses and Permits	\$ 1,249	\$ 0	\$ 0	\$ 0	\$ 1,249
<u>Charges for Current Services</u>					
<u>Education Charges</u>					
Lunch Payments - Children	\$ 0	\$ 0	\$ 328,642	\$ 0	\$ 328,642
Lunch Payments - Adults	0	0	64,081	0	64,081
Income from Breakfast	0	0	73,505	0	73,505
A la carte Sales	0	0	198,581	0	198,581
Receipts from Individual Schools	54,646	0	0	88,251	142,897
<u>Other Charges for Services</u>					
Other Charges for Services	22,988	0	1,542	0	24,530
Total Charges for Current Services	\$ 77,634	\$ 0	\$ 666,351	\$ 88,251	\$ 832,236
<u>Other Local Revenues</u>					
<u>Recurring Items</u>					
Investment Income	\$ 0	\$ 0	\$ 22,762	\$ 0	\$ 22,762
Lease/Rentals	675	0	0	0	675
Sale of Materials and Supplies	1,671	0	0	0	1,671
Refund of Telecommunication & Internet Fees (E-Rate)	30,112	0	0	0	30,112
Miscellaneous Refunds	22,121	0	12,241	10,142	44,504
<u>Nonrecurring Items</u>					
Sale of Equipment	0	0	200	7,986	8,186
Damages Recovered from Individuals	1,328	0	0	82	1,410
Contributions and Gifts	134,546	0	0	0	134,546
Total Other Local Revenues	\$ 190,453	\$ 0	\$ 35,203	\$ 18,210	\$ 243,866
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
On-Behalf Contributions for OPEB	\$ 169,846	\$ 0	\$ 0	\$ 0	\$ 169,846

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transpor - tation	Total
<u>State of Tennessee (Cont.)</u>					
<u>Public Safety Grants</u>					
Safe and Drug - Free Schools and Communities	\$ 30,800	\$ 0	\$ 0	\$ 0	\$ 30,800
<u>State Education Funds</u>					
Basic Education Program	20,927,212	0	0	228,385	21,155,597
Early Childhood Education	272,504	0	0	0	272,504
School Food Service	29,221	0	0	0	29,221
Driver Education	21,775	0	0	0	21,775
Other State Education Funds	223,631	0	0	0	223,631
Career Ladder Program	257,908	0	0	0	257,908
Career Ladder - Extended Contract	76,838	0	0	0	76,838
Other Vocational	100	0	0	0	100
<u>Other State Revenues</u>					
State Revenue Sharing - T.V.A.	156,214	0	0	60,083	216,297
Other State Revenues	42,238	0	0	0	42,238
Total State of Tennessee	\$ 22,208,287	\$ 0	\$ 0	\$ 288,468	\$ 22,496,755
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,339,672	\$ 0	\$ 1,339,672
Breakfast	0	0	489,327	0	489,327
USDA - Other	0	0	2,348	0	2,348
Adult Education State Grant Program	68,841	0	0	0	68,841
Vocational Education - Basic Grants to States	0	131,852	0	0	131,852
Title I Grants to Local Education Agencies	0	1,313,007	0	0	1,313,007
Innovative Education Program Strategies	0	8,193	0	0	8,193
Special Education - Grants to States	207,354	1,144,400	0	0	1,351,754
Special Education Preschool Grants	13,344	37,200	0	0	50,544
English Language Acquisition Grants	0	4,502	0	0	4,502
Safe and Drug-Free Schools - State Grants	0	27,213	0	0	27,213
Rural Education	0	146,000	0	0	146,000
Eisenhower Professional Development State Grants	0	365,482	0	0	365,482
Other Federal through State	502,320	0	0	0	502,320
<u>Direct Federal Revenue</u>					
ROTC Reimbursement	70,898	0	0	0	70,898
Forest Service	31,166	0	0	0	31,166
Total Federal Government	\$ 893,923	\$ 3,177,849	\$ 1,831,347	\$ 0	\$ 5,903,119
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 1,212,410	\$ 0	\$ 0	\$ 525,812	\$ 1,738,222
Total Other Governments and Citizens Groups	\$ 1,212,410	\$ 0	\$ 0	\$ 525,812	\$ 1,738,222
Total	\$ 30,529,890	\$ 3,177,849	\$ 2,532,901	\$ 2,251,506	\$ 38,492,146

Exhibit J-8

Cocke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2008

General Fund

General Government

County Commission

Secretary to Board	\$	990	
Board and Committee Members Fees		33,900	
Social Security		2,593	
Audit Services		10,010	
Data Processing Services		154	
Dues and Memberships		21,350	
Legal Services		681	
Legal Notices, Recording, and Court Costs		1,466	
Other Contracted Services		360	
Total County Commission			\$ 71,504

Board of Equalization

Board and Committee Members Fees	\$	2,600	
Total Board of Equalization			2,600

Beer Board

Board and Committee Members Fees	\$	4,110	
Legal Notices, Recording, and Court Costs		432	
Printing, Stationery, and Forms		267	
Total Beer Board			4,809

County Mayor/Executive

County Official/Administrative Officer	\$	67,997	
Assistant(s)		29,505	
Secretary(ies)		28,129	
Social Security		9,501	
State Retirement		14,095	
Employee and Dependent Insurance		16,292	
Unemployment Compensation		75	
Communication		6,587	
Maintenance and Repair Services - Office Equipment		187	
Travel		8,950	
Office Supplies		4,751	
Office Equipment		616	
Total County Mayor/Executive			186,685

County Attorney

County Official/Administrative Officer	\$	16,092	
Printing, Stationery, and Forms		34	
Total County Attorney			16,126

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission

County Official/Administrative Officer	\$	52,985	
Clerical Personnel		20,910	
Other Salaries and Wages		4,894	
Election Commission		2,600	
Election Workers		12,864	
Social Security		5,739	
State Retirement		8,476	
Employee and Dependent Insurance		10,862	
Unemployment Compensation		63	
Communication		1,114	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		4,474	
Maintenance Agreements		8,450	
Printing, Stationery, and Forms		3,178	
Travel		2,384	
Office Equipment		12,019	
Total Election Commission			\$ 151,187

Register of Deeds

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		28,160	
Clerical Personnel		39,379	
Part-time Personnel		160	
Social Security		9,579	
State Retirement		13,573	
Employee and Dependent Insurance		21,723	
Unemployment Compensation		94	
Communication		1,590	
Data Processing Services		12,371	
Printing, Stationery, and Forms		14,427	
Furniture and Fixtures		400	
Total Register of Deeds			200,328

Development

Contracts with Government Agencies	\$	11,250	
Total Development			11,250

County Buildings

Maintenance Agreements	\$	14,832	
Maintenance and Repair Services - Buildings		28,477	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings (Cont.)

Other Contracted Services	\$	329	
Custodial Supplies		8,285	
Utilities		91,368	
Building Improvements		22,182	
Site Development		130	
Disabilities Act Improvements		256	
Total County Buildings			\$ 165,859

Other General Administration

Postal Charges	\$	48,123	
Printing, Stationery, and Forms		1,259	
Duplicating Supplies		38,087	
Total Other General Administration			87,469

Preservation of Records

Assistant(s)	\$	19,865	
Supervisor/Director		7,404	
Social Security		2,064	
State Retirement		1,851	
Employee and Dependent Insurance		5,431	
Unemployment Compensation		57	
Communication		324	
Office Supplies		925	
Other Supplies and Materials		1,390	
Office Equipment		2,658	
Total Preservation of Records			41,969

Finance

Accounting and Budgeting

Supervisor/Director	\$	58,872	
Purchasing Personnel		85,479	
Social Security		10,860	
State Retirement		16,557	
Employee and Dependent Insurance		16,322	
Unemployment Compensation		112	
Dues and Memberships		1,304	
Legal Notices, Recording, and Court Costs		136	
Maintenance Agreements		5,448	
Maintenance and Repair Services - Office Equipment		394	
Printing, Stationery, and Forms		394	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Travel	\$	898	
Office Supplies		422	
Office Equipment		11,681	
Total Accounting and Budgeting			\$ 208,879

Property Assessor's Office

County Official/Administrative Officer	\$	58,872	
Assistant(s)		26,939	
Deputy(ies)		23,053	
Laborers		79,528	
Overtime Pay		2,361	
Social Security		13,189	
State Retirement		21,879	
Employee and Dependent Insurance		38,015	
Unemployment Compensation		196	
Communication		3,131	
Contracts with Private Agencies		17,410	
Data Processing Services		7,466	
Legal Notices, Recording, and Court Costs		210	
Maintenance and Repair Services - Vehicles		859	
Printing, Stationery, and Forms		300	
Travel		2,211	
Gasoline		2,933	
Office Supplies		1,111	
Furniture and Fixtures		640	
Other Equipment		299	
Total Property Assessor's Office			300,602

County Trustee's Office

In-Service Training	\$	1,767	
Social Security		15,117	
State Retirement		19,365	
Employee and Dependent Insurance		21,752	
Communication		2,817	
Data Processing Services		12,652	
Dues and Memberships		125	
Maintenance Agreements		8,933	
Postal Charges		2,206	
Printing, Stationery, and Forms		5,070	
Office Supplies		1,812	
Total County Trustee's Office			91,616

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Clerk's Office

Social Security	\$	21,728	
State Retirement		30,550	
Employee and Dependent Insurance		54,740	
Unemployment Compensation		2,080	
Communication		3,321	
Maintenance and Repair Services - Office Equipment		14,166	
Printing, Stationery, and Forms		3,427	
Other Supplies and Materials		2,294	
Office Equipment		7,958	
Total County Clerk's Office			\$ 140,264

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		29,932	
Clerical Personnel		121,258	
Overtime Pay		4,503	
Jury and Witness Fees		33,947	
Social Security		15,901	
State Retirement		24,611	
Employee and Dependent Insurance		32,585	
Unemployment Compensation		168	
Communication		4,148	
Dues and Memberships		90	
Legal Notices, Recording, and Court Costs		7,952	
Maintenance and Repair Services - Office Equipment		10,729	
Printing, Stationery, and Forms		11,541	
Office Supplies		2,995	
Office Equipment		3,374	
Total Circuit Court			362,606

General Sessions Court

County Official/Administrative Officer	\$	58,872
Judge(s)		116,493
Deputy(ies)		55,582
Secretary(ies)		20,638
Clerical Personnel		21,736
Social Security		19,325
State Retirement		31,350
Employee and Dependent Insurance		32,850

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court (Cont.)

Unemployment Compensation	\$	112	
Communication		2,004	
Data Processing Services		4,749	
Printing, Stationery, and Forms		1,905	
Travel		109	
Other Contracted Services		3,725	
Office Supplies		1,205	
Office Equipment		2,262	
Total General Sessions Court			\$ 372,917

Drug Court

Other Charges	\$	3,824	
Total Drug Court			3,824

Chancery Court

County Official/Administrative Officer	\$	58,872	
Deputy(ies)		55,034	
Clerical Personnel		23,252	
Part-time Personnel		13,631	
Overtime Pay		1,006	
Social Security		11,423	
State Retirement		15,847	
Employee and Dependent Insurance		21,723	
Unemployment Compensation		142	
Communication		3,758	
Data Processing Services		4,215	
Legal Services		715	
Maintenance and Repair Services - Office Equipment		495	
Printing, Stationery, and Forms		7,039	
Travel		1,492	
Office Equipment		1,576	
Total Chancery Court			220,220

Juvenile Court

Deputy(ies)	\$	19,612	
Overtime Pay		41	
Social Security		1,465	
State Retirement		898	
Employee and Dependent Insurance		5,431	
Unemployment Compensation		56	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court (Cont.)

Communication	\$	236	
Maintenance and Repair Services - Office Equipment		172	
Printing, Stationery, and Forms		299	
Travel		769	
Office Supplies		158	
Office Equipment		400	
Total Juvenile Court			\$ 29,537

Judicial Commissioners

Other Salaries and Wages	\$	21,600	
Social Security		1,652	
Unemployment Compensation		37	
Printing, Stationery, and Forms		300	
Office Supplies		177	
Total Judicial Commissioners			23,766

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	64,760	
Assistant(s)		37,588	
Supervisor/Director		22,170	
Deputy(ies)		295,509	
Detective(s)		143,173	
Captain(s)		30,810	
Lieutenant(s)		100,875	
Sergeant(s)		166,027	
Salary Supplements		17,400	
Dispatchers/Radio Operators		105,472	
Guards		29,866	
Clerical Personnel		79,224	
Attendants		35,439	
Custodial Personnel		10,356	
Overtime Pay		101,178	
Other Salaries and Wages		42,870	
In-Service Training		20,401	
Social Security		96,134	
State Retirement		128,807	
Employee and Dependent Insurance		216,862	
Unemployment Compensation		1,276	
Communication		19,615	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Maintenance and Repair Services - Office Equipment	\$	502	
Maintenance and Repair Services - Vehicles		40,319	
Medical and Dental Services		1,303	
Printing, Stationery, and Forms		843	
Travel		2,964	
Other Contracted Services		1,101	
Gasoline		149,726	
Law Enforcement Supplies		11,380	
Office Supplies		3,683	
Tires and Tubes		7,773	
Uniforms		14,340	
Other Supplies and Materials		923	
Other Charges		2,184	
Motor Vehicles		161,625	
Total Sheriff's Department			\$ 2,164,478

Special Patrols

Guards	\$	81,592	
Social Security		6,128	
State Retirement		9,358	
Employee and Dependent Insurance		16,292	
Unemployment Compensation		75	
Total Special Patrols			113,445

Administration of the Sexual Offender Registry

Data Processing Equipment	\$	2,067	
Total Administration of the Sexual Offender Registry			2,067

Jail

Assistant(s)	\$	9,812	
Supervisor/Director		29,517	
Medical Personnel		37,514	
Guards		225,559	
Secretary(ies)		20,089	
Clerical Personnel		14,615	
Cafeteria Personnel		29,215	
Part-time Personnel		78,743	
Overtime Pay		27,472	
In-Service Training		435	
Social Security		35,599	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

State Retirement	\$	31,681	
Employee and Dependent Insurance		93,228	
Unemployment Compensation		978	
Communication		9,742	
Maintenance and Repair Services - Buildings		30,249	
Maintenance and Repair Services - Equipment		4,001	
Medical and Dental Services		67,859	
Printing, Stationery, and Forms		366	
Travel		556	
Other Contracted Services		1,471	
Custodial Supplies		14,316	
Food Preparation Supplies		12,757	
Food Supplies		116,285	
Law Enforcement Supplies		45	
Office Supplies		3,844	
Prisoners Clothing		7,948	
Uniforms		2,220	
Other Charges		30,000	
Data Processing Equipment		18,828	
Furniture and Fixtures		1,123	
Total Jail			\$ 956,067

Juvenile Services

Youth Service Officer(s)	\$	60,149	
Secretary(ies)		26,968	
Overtime Pay		5,597	
Social Security		6,826	
State Retirement		10,634	
Employee and Dependent Insurance		16,322	
Unemployment Compensation		84	
Communication		7,420	
Contracts with Government Agencies		22,455	
Dues and Memberships		520	
Maintenance and Repair Services - Office Equipment		2,100	
Medical and Dental Services		2,315	
Printing, Stationery, and Forms		982	
Travel		1,211	
Office Supplies		2,320	
Office Equipment		8,397	
Total Juvenile Services			174,300

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control

Salary Supplements	\$	7,800	
Overtime Pay		100,482	
Other Salaries and Wages		441,596	
In-Service Training		2,892	
Social Security		40,040	
State Retirement		62,176	
Employee and Dependent Insurance		96,888	
Unemployment Compensation		497	
Communication		2,074	
Contributions		1,000	
Maintenance and Repair Services - Buildings		4,969	
Maintenance and Repair Services - Equipment		6,172	
Maintenance and Repair Services - Vehicles		6,744	
Custodial Supplies		1,221	
Gasoline		10,215	
Office Supplies		544	
Uniforms		3,187	
Utilities		10,946	
Other Supplies and Materials		2,862	
Building Improvements		1,835	
Total Fire Prevention and Control			\$ 804,140

Civil Defense

Supervisor/Director	\$	32,635	
Clerical Personnel		8,104	
Social Security		3,036	
State Retirement		4,615	
Employee and Dependent Insurance		5,431	
Unemployment Compensation		35	
Communication		3,073	
Maintenance and Repair Services - Vehicles		4,114	
Gasoline		4,417	
Other Supplies and Materials		430	
Other Charges		128,556	
Total Civil Defense			194,446

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		237	
State Retirement		367	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Unemployment Compensation	\$	3	
Travel		1,099	
Other Supplies and Materials		242	
Total Inspection and Regulation			\$ 5,148

County Coroner/Medical Examiner

Legal Services	\$	5,805	
Other Contracted Services		32,500	
Total County Coroner/Medical Examiner			38,305

Other Public Safety

Part-time Personnel	\$	25,008	
Social Security		1,913	
Unemployment Compensation		79	
Communication		256	
Maintenance and Repair Services - Equipment		6,660	
Rentals		5,844	
Other Supplies and Materials		88	
Office Equipment		487	
Total Other Public Safety			40,335

Public Health and Welfare

Local Health Center

Medical Personnel	\$	74,732	
Clerical Personnel		60,405	
Social Security		10,022	
State Retirement		9,402	
Employee and Dependent Insurance		24,871	
Unemployment Compensation		284	
Communication		3,260	
Contracts with Government Agencies		64,296	
Janitorial Services		5,700	
Maintenance and Repair Services - Buildings		2,111	
Pest Control		480	
Postal Charges		2,800	
Travel		8,200	
Disposal Fees		2,371	
Natural Gas		1,231	
Office Supplies		829	
Utilities		8,598	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Other Charges	\$ 15,789	
Other Capital Outlay	42,015	
Total Local Health Center		\$ 337,396

Rabies and Animal Control

Supervisor/Director	\$ 18,610	
Overtime Pay	2,205	
Social Security	1,592	
State Retirement	543	
Employee and Dependent Insurance	4,093	
Unemployment Compensation	77	
Communication	1,473	
Contracts with Other Public Agencies	13,274	
Maintenance and Repair Services - Vehicles	772	
Travel	150	
Gasoline	4,390	
Uniforms	338	
Other Supplies and Materials	1,361	
Motor Vehicles	20,350	
Total Rabies and Animal Control		69,228

General Welfare Assistance

Contracts with Government Agencies	\$ 6,500	
Total General Welfare Assistance		6,500

Social, Cultural, and Recreational Services

Senior Citizens Assistance

Utilities	\$ 3,600	
Total Senior Citizens Assistance		3,600

Libraries

Contributions	\$ 53,827	
Total Libraries		53,827

Other Social, Cultural, and Recreational

Supervisor/Director	\$ 28,701	
Laborers	62,094	
Part-time Personnel	30,273	
Overtime Pay	1,002	
Social Security	9,102	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Other Social, Cultural, and Recreational (Cont.)

State Retirement	\$	10,529	
Employee and Dependent Insurance		21,723	
Unemployment Compensation		227	
Communication		3,531	
Contributions		7,000	
Maintenance and Repair Services - Buildings		1,725	
Maintenance and Repair Services - Equipment		1,546	
Custodial Supplies		1,160	
Gasoline		2,571	
Office Supplies		700	
Uniforms		405	
Utilities		9,797	
Other Supplies and Materials		648	
Other Charges		7,120	
Total Other Social, Cultural, and Recreational			\$ 199,854

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$	34,988	
Social Security		1,853	
State Retirement		3,886	
Communication		3,754	
Travel		1,493	
Other Supplies and Materials		3,993	
Total Agriculture Extension Service			49,967

Soil Conservation

Part-time Personnel	\$	24,000	
Total Soil Conservation			24,000

Other Operations

Industrial Development

Contracts with Private Agencies	\$	326,100	
Other Charges		5,000	
Total Industrial Development			331,100

Veterans' Services

Supervisor/Director	\$	27,701	
Secretary(ies)		20,638	
Social Security		3,553	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Veterans' Services (Cont.)

State Retirement	\$	5,544	
Employee and Dependent Insurance		10,861	
Unemployment Compensation		56	
Communication		1,423	
Maintenance and Repair Services - Vehicles		122	
Travel		905	
Office Supplies		1,942	
Motor Vehicles		15,367	
Total Veterans' Services			\$ 88,112

Other Charges

Other Contracted Services	\$	1,307	
Liability Insurance		235,977	
Premiums on Corporate Surety Bonds		875	
Refunds		2,092	
Trustee's Commission		144,442	
Workers' Compensation Insurance		155,147	
Liability Claims		27,227	
Total Other Charges			567,067

Contributions to Other Agencies

Contributions	\$	209,169	
Total Contributions to Other Agencies			209,169

Employee Benefits

Employee and Dependent Insurance	\$	17,494	
Total Employee Benefits			17,494

Miscellaneous

Drugs and Medical Supplies	\$	845	
Other Charges		4,914	
Total Miscellaneous			5,759

Highways

Litter and Trash Collection

Supervisor/Director	\$	56,921	
Social Security		4,331	
State Retirement		3,280	
Employee and Dependent Insurance		5,431	
Unemployment Compensation		56	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Highways (Cont.)

Litter and Trash Collection (Cont.)

Maintenance and Repair Services - Vehicles	\$	118	
Gasoline		5,235	
Instructional Supplies and Materials		6,400	
Tires and Tubes		10	
Other Supplies and Materials		272	
Law Enforcement Equipment		438	
Total Litter and Trash Collection			<u>\$ 82,492</u>

Total General Fund \$ 9,232,313

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$	31,638
Foremen		26,677
Laborers		108,132
Overtime Pay		5,788
Social Security		12,817
State Retirement		19,755
Employee and Dependent Insurance		38,474
Unemployment Compensation		196
Communication		453
Contracts with Government Agencies		2,075
Contracts with Private Agencies		34,363
Engineering Services		26,554
Other Contracted Services		664
Custodial Supplies		127
Equipment and Machinery Parts		15,309
Fertilizer, Lime, and Seed		671
Gasoline		35,901
Lubricants		651
Office Supplies		267
Tires and Tubes		1,449
Utilities		8,272
Other Supplies and Materials		2,117
Liability Insurance		13,369
Trustee's Commission		382
Vehicle and Equipment Insurance		18,152
Workers' Compensation Insurance		21,624
Transportation Equipment		9,995

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Other Construction	\$ 9,205	
Total Sanitation Management		\$ 445,077

Convenience Centers

Laborers	\$ 254,608	
Social Security	19,480	
Unemployment Compensation	744	
Rentals	3,480	
Disposal Fees	565,445	
Other Contracted Services	2,400	
Other Supplies and Materials	5,381	
Solid Waste Equipment	15,760	
Total Convenience Centers		<u>867,298</u>

Total Solid Waste/Sanitation Fund		\$ 1,312,375
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Industrial/Economic Development Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 87,191	
Total General Government		\$ 87,191

Interest on Debt

General Government

Interest on Other Loans	\$ 68,652	
Total General Government		68,652

Capital Projects

Public Utility Projects

Contributions	\$ 632,089	
Trustee's Commission	6,973	
Total Public Utility Projects		<u>639,062</u>

Total Industrial/Economic Development Fund		794,905
--------------------------------------------	--	---------

Drug Control Fund

Public Safety

Sheriff's Department

Other Supplies and Materials	\$ 1,088	
Motor Vehicles	47,539	
Total Sheriff's Department		\$ 48,627

(Continued)

Exhibit J-8

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

Drug Control Fund (Cont.)

Public Safety (Cont.)

Drug Enforcement

Trustee's Commission

\$ 129

Total Drug Enforcement

\$ 129

Total Drug Control Fund

\$ 48,756

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Per Diem and Fees

\$ 14,221

Communication

3,344

Maintenance and Repair Services - Buildings

208

Maintenance and Repair Services - Equipment

88

Other Contracted Services

9,452

Food Supplies

5,758

Uniforms

390

Other Supplies and Materials

2,571

Liability Insurance

1,164

Trustee's Commission

30

Other Charges

2,323

Total Other Social, Cultural, and Recreational

\$ 39,549

Total Sports and Recreation Fund

39,549

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses

\$ 201,745

Total County Trustee's Office

\$ 201,745

County Clerk's Office

Constitutional Officers' Operating Expenses

\$ 295,065

Total County Clerk's Office

295,065

Administration of Justice

General Sessions Court

Constitutional Officers' Operating Expenses

\$ 562

Total General Sessions Court

562

Chancery Court

Constitutional Officers' Operating Expenses

\$ 31,405

Total Chancery Court

31,405

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund (Cont.)

Public Safety

Sheriff's Department

Constitutional Officers' Operating Expenses	\$ 30	
Total Sheriff's Department		\$ 30

Total Constitutional Officers - Fees Fund \$ 528,807

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 64,760	
Assistant(s)	34,149	
Secretary(ies)	32,411	
Clerical Personnel	25,175	
Board and Committee Members Fees	17,100	
Social Security	13,073	
State Retirement	17,950	
Employee and Dependent Insurance	21,723	
Unemployment Compensation	84	
Data Processing Services	1,966	
Dues and Memberships	2,848	
Maintenance and Repair Services - Office Equipment	436	
Travel	495	
Other Contracted Services	2,126	
Office Supplies	327	
Total Administration		\$ 234,623

Highway and Bridge Maintenance

Foremen	\$ 137,089
Equipment Operators	546,864
Overtime Pay	16,515
Social Security	51,231
State Retirement	72,273
Employee and Dependent Insurance	163,492
Unemployment Compensation	866
Matching Share	33,511
Other Contracted Services	16,719
Asphalt	264,021
Crushed Stone	31,670
General Construction Materials	8,663
Pipe	11,087
Road Signs	7,639

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Other Supplies and Materials	\$	300	
Bridge Construction		11,588	
State Aid Projects		191,341	
Total Highway and Bridge Maintenance			\$ 1,564,869

Operation and Maintenance of Equipment

Foremen	\$	30,410	
Mechanic(s)		62,658	
Social Security		6,277	
State Retirement		9,628	
Employee and Dependent Insurance		21,723	
Unemployment Compensation		111	
Diesel Fuel		178,845	
Equipment and Machinery Parts		113,819	
Garage Supplies		4,514	
Gasoline		49,219	
Lubricants		13,732	
Propane Gas		5,939	
Tires and Tubes		25,748	
Total Operation and Maintenance of Equipment			522,623

Quarry Operations

Foremen	\$	26,709	
Equipment Operators - Heavy		26,560	
Equipment Operators - Light		84,667	
Social Security		10,267	
State Retirement		15,821	
Employee and Dependent Insurance		28,019	
Unemployment Compensation		164	
Explosive and Drilling Services		44,078	
Maintenance and Repair Services - Equipment		45,474	
Fines, Assessments, and Penalties		912	
Total Quarry Operations			282,671

Other Charges

Communication	\$	11,970	
Electricity		28,344	
Trustee's Commission		32,405	
Vehicle and Equipment Insurance		108,913	
Workers' Compensation Insurance		173,671	
Total Other Charges			355,303

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$ 5,289	
Total Employee Benefits		\$ 5,289

Capital Outlay

Highway Equipment	\$ 419,456	
Other Capital Outlay	193,761	
Total Capital Outlay		<u>613,217</u>

Total Highway/Public Works Fund		\$ 3,578,595
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General Debt Service Fund

Principal on Debt

General Government

Principal on Other Loans	\$ 64,918	
Total General Government		\$ 64,918

Highways and Streets

Principal on Other Loans	\$ 168,514	
Total Highways and Streets		168,514

Education

Principal on Notes	\$ 579,219	
Principal on Other Loans	221,568	
Total Education		800,787

Interest on Debt

General Government

Interest on Other Loans	\$ 90,783	
Total General Government		90,783

Highways and Streets

Interest on Other Loans	\$ 328,238	
Total Highways and Streets		328,238

Education

Interest on Bonds	\$ 419,169	
Interest on Notes	27,185	
Interest on Other Loans	321,941	
Total Education		768,295

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Other Debt Service

General Government

Trustee's Commission	\$ 36,404	
Underwriter's Discount	36,500	
Other Debt Issuance Charges	144,077	
Other Debt Service	<u>1,605</u>	
Total General Government		\$ <u>218,586</u>

Total General Debt Service Fund \$ 2,440,121

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 220,000	
Total Education		\$ 220,000

Interest on Debt

Education

Interest on Bonds	\$ 92,192	
Total Education		<u>92,192</u>

Total Rural Debt Service Fund 312,192

General Capital Projects Fund

Capital Projects

Public Utility Projects

Water and Sewer	\$ 465,503	
Total Public Utility Projects		\$ 465,503

Other General Government Projects

Other Contracted Services	\$ 3,000	
Other Construction	<u>117,451</u>	
Total Other General Government Projects		120,451

Education Capital Projects

Contributions	\$ 1,738,222	
Total Education Capital Projects		<u>1,738,222</u>

Total General Capital Projects Fund 2,324,176

(Continued)

Exhibit J-8

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

<u>Highway Capital Projects Fund</u>		
<u>Capital Projects</u>		
<u>Highway and Street Capital Projects</u>		
Bridge Construction	\$ 317,648	
Total Highway and Street Capital Projects		\$ 317,648
 Total Highway Capital Projects Fund		 \$ 317,648
 Total Governmental Funds - Primary Government		 \$ 20,929,437

Exhibit J-9

Cocke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
Discretely Presented Cocke County School Department
For the Year Ended June 30, 2008

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,121,344	
Career Ladder Program	152,973	
Career Ladder Extended Contracts	48,470	
Educational Assistants	197,306	
Other Salaries and Wages	30,204	
Certified Substitute Teachers	13,219	
Non-certified Substitute Teachers	127,312	
Social Security	625,027	
State Retirement	651,494	
Medical Insurance	1,529,692	
Employer Medicare	147,733	
Other Fringe Benefits	150,147	
Maintenance and Repair Services - Equipment	27,440	
Instructional Supplies and Materials	230,155	
Textbooks	267,038	
Other Supplies and Materials	23,807	
Other Charges	38,139	
Regular Instruction Equipment	264,808	
Total Regular Instruction Program		\$ 14,646,308

Alternative Instruction Program

Teachers	\$ 138,577	
Non-certified Substitute Teachers	450	
Social Security	7,428	
State Retirement	7,513	
Medical Insurance	5,796	
Employer Medicare	1,974	
Instructional Supplies and Materials	1,459	
Total Alternative Instruction Program		163,197

Special Education Program

Teachers	\$ 1,017,166
Career Ladder Program	18,930
Homebound Teachers	45,960
Educational Assistants	191,006
Speech Pathologist	136,441
Certified Substitute Teachers	472
Non-certified Substitute Teachers	11,520
Social Security	84,730

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$ 96,424	
Medical Insurance	208,033	
Employer Medicare	20,147	
Contracts with Private Agencies	69,770	
Other Contracted Services	166	
Instructional Supplies and Materials	29,452	
Total Special Education Program		\$ 1,930,217

Vocational Education Program

Teachers	\$ 877,126	
Career Ladder Program	6,995	
Other Salaries and Wages	17,474	
Certified Substitute Teachers	90	
Non-certified Substitute Teachers	8,842	
Social Security	54,365	
State Retirement	55,728	
Medical Insurance	116,271	
Employer Medicare	12,714	
Maintenance and Repair Services - Equipment	1,376	
Instructional Supplies and Materials	55,876	
Other Charges	600	
Total Vocational Education Program		1,207,457

Student Body Education Program

Other Charges	\$ 8,383	
Total Student Body Education Program		8,383

Adult Education Program

Teachers	\$ 88,931	
Career Ladder Program	1,000	
Clerical Personnel	8,842	
Social Security	5,177	
State Retirement	5,069	
Medical Insurance	4,993	
Employer Medicare	1,425	
Instructional Supplies and Materials	2,146	
Total Adult Education Program		117,583

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services

Attendance

Supervisor/Director	\$	58,100	
Career Ladder Program		1,000	
Clerical Personnel		9,842	
Social Security		3,742	
State Retirement		4,731	
Medical Insurance		10,854	
Employer Medicare		875	
Travel		3,137	
Total Attendance			\$ 92,281

Health Services

Medical Personnel	\$	115,246	
Other Salaries and Wages		88,954	
Social Security		11,549	
State Retirement		12,989	
Medical Insurance		24,967	
Employer Medicare		2,469	
Travel		15,263	
Drugs and Medical Supplies		1,500	
Other Supplies and Materials		34,465	
Other Charges		21,792	
Total Health Services			329,194

Other Student Support

Career Ladder Program	\$	9,000	
Guidance Personnel		607,939	
Other Salaries and Wages		54,609	
Social Security		39,527	
State Retirement		41,193	
Medical Insurance		88,540	
Employer Medicare		9,244	
Contracts with Government Agencies		78,073	
Evaluation and Testing		900	
Other Contracted Services		20,645	
Other Supplies and Materials		7,013	
Total Other Student Support			956,683

Regular Instruction Program

Supervisor/Director	\$	94,654	
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(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Regular Instruction Program (Cont.)

Career Ladder Program	\$	7,980	
Career Ladder Extended Contracts		450	
Librarians		444,537	
Education Media Personnel		10,361	
Instructional Computer Personnel		49,540	
Secretary(ies)		34,052	
Educational Assistants		45,077	
Other Salaries and Wages		69,278	
Social Security		39,574	
State Retirement		48,501	
Medical Insurance		86,703	
Employer Medicare		10,324	
Travel		25,372	
Library Books/Media		14,190	
Periodicals		4,939	
Other Supplies and Materials		15,524	
In Service/Staff Development		26,001	
Other Charges		60	
Total Regular Instruction Program			\$ 1,027,117

Special Education Program

Supervisor/Director	\$	59,104	
Secretary(ies)		31,947	
Social Security		5,589	
State Retirement		7,352	
Medical Insurance		4,993	
Employer Medicare		1,307	
Travel		25,600	
In Service/Staff Development		9,978	
Other Charges		6,396	
Total Special Education Program			152,266

Vocational Education Program

Supervisor/Director	\$	60,500
Career Ladder Program		3,000
Career Ladder Extended Contracts		600
Other Salaries and Wages		14,862
Social Security		4,841
State Retirement		5,704

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Vocational Education Program (Cont.)

Medical Insurance	\$	4,993	
Employer Medicare		1,132	
Travel		7,559	
Other Supplies and Materials		2,432	
Other Charges		2,496	
Total Vocational Education Program			\$ 108,119

Adult Programs

Communication	\$	1,788	
Travel		343	
In Service/Staff Development		1,043	
Total Adult Programs			3,174

Other Programs

On-Behalf Payments to OPEB	\$	169,846	
Total Other Programs			169,846

Board of Education

Other Salaries and Wages	\$	11,588	
Board and Committee Members Fees		17,100	
Social Security		1,774	
State Retirement		980	
Life Insurance		11,432	
Medical Insurance		2,497	
Unemployment Compensation		18,528	
Employer Medicare		415	
Audit Services		4,100	
Dues and Memberships		16,676	
Legal Services		19,001	
Travel		8,728	
Liability Insurance		13,241	
Trustee's Commission		139,852	
Workers' Compensation Insurance		131,137	
Other Charges		15,983	
Total Board of Education			413,032

Director of Schools

County Official/Administrative Officer	\$	111,487	
Secretary(ies)		33,549	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Director of Schools (Cont.)

Social Security	\$	8,203	
State Retirement		10,396	
Medical Insurance		11,002	
Employer Medicare		2,055	
Communication		14,538	
Postal Charges		5,684	
Travel		3,310	
Office Supplies		271	
Other Charges		2,184	
Total Director of Schools			\$ 202,679

Office of the Principal

Principals	\$	700,798	
Career Ladder Program		17,917	
Assistant Principals		339,888	
Secretary(ies)		374,229	
Social Security		82,722	
State Retirement		107,850	
Medical Insurance		185,733	
Employer Medicare		19,468	
Communication		92,325	
Travel		14,132	
Other Contracted Services		3,086	
Other Supplies and Materials		87,446	
Other Charges		2,000	
Total Office of the Principal			2,027,594

Fiscal Services

Accountants/Bookkeepers	\$	40,066	
Clerical Personnel		41,440	
Other Salaries and Wages		15,552	
Social Security		5,958	
State Retirement		6,536	
Medical Insurance		10,706	
Employer Medicare		1,393	
Data Processing Services		5,440	
Travel		22	
Other Contracted Services		11,055	
Data Processing Supplies		4,720	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Fiscal Services (Cont.)

Other Supplies and Materials	\$	299	
Administration Equipment		5,976	
Total Fiscal Services			\$ 149,163

Operation of Plant

Custodial Personnel	\$	642,292	
Social Security		38,956	
State Retirement		68,655	
Medical Insurance		133,634	
Employer Medicare		9,111	
Maintenance and Repair Services - Equipment		8,259	
Rentals		3,583	
Disposal Fees		1,000	
Other Contracted Services		90,793	
Custodial Supplies		71,150	
Electricity		753,996	
Natural Gas		338,311	
Water and Sewer		41,997	
Building and Contents Insurance		85,351	
Other Charges		54,572	
Total Operation of Plant			2,341,660

Maintenance of Plant

Supervisor/Director	\$	41,988	
Secretary(ies)		20,880	
Maintenance Personnel		140,534	
Other Salaries and Wages		12,641	
Social Security		13,447	
State Retirement		23,498	
Medical Insurance		42,826	
Employer Medicare		3,145	
Travel		50	
Other Contracted Services		72,218	
Other Supplies and Materials		168,303	
Other Charges		1,324	
Maintenance Equipment		5,000	
Total Maintenance of Plant			545,854

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Support Services (Cont.)

Transportation

Bus Drivers	\$	42,436	
Social Security		2,595	
State Retirement		4,621	
Medical Insurance		7,024	
Employer Medicare		607	
Contracts with Vehicle Owners		12,533	
Transportation Equipment		39,599	
Total Transportation			\$ 109,415

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	50,037	
Career Ladder Program		1,000	
Social Security		3,151	
State Retirement		3,185	
Medical Insurance		630	
Employer Medicare		737	
Total Food Service			58,740

Community Services

Other Salaries and Wages	\$	364,820	
Social Security		19,652	
State Retirement		23,976	
Medical Insurance		43,295	
Employer Medicare		5,156	
Other Charges		342,137	
Total Community Services			799,036

Early Childhood Education

Teachers	\$	111,045	
Educational Assistants		39,545	
Other Salaries and Wages		17,984	
Non-certified Substitute Teachers		90	
Social Security		9,031	
State Retirement		11,045	
Medical Insurance		33,328	
Employer Medicare		2,340	
Travel		855	
Instructional Supplies and Materials		30,911	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-Instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Supplies and Materials	\$ 45,339	
In Service/Staff Development	452	
Total Early Childhood Education		\$ 301,965

Capital Outlay

Regular Capital Outlay

Architects	\$ 79,224	
Building Improvements	1,248,327	
Total Regular Capital Outlay		1,327,551

Principal on Debt

Education

Principal on Notes	\$ 8,765	
Principal on Capital Leases	34,422	
Total Education		43,187

Interest on Debt

Education

Interest on Notes	\$ 4,185	
Interest on Capital Leases	1,666	
Total Education		5,851

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 312,192	
Total Education		312,192

Total General Purpose School Fund \$ 29,549,744

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 859,926
Educational Assistants	178,308
Certified Substitute Teachers	158
Non-certified Substitute Teachers	13,096
Social Security	61,361
State Retirement	71,492
Medical Insurance	181,710

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Instruction (Cont.)

Regular Instruction Program (Cont.)

Employer Medicare	\$	14,671	
Instructional Supplies and Materials		34,804	
Other Supplies and Materials		15,783	
Other Charges		2,938	
Regular Instruction Equipment		22,521	
Total Regular Instruction Program			\$ 1,456,768

Special Education Program

Teachers	\$	154,225	
Educational Assistants		250,632	
Speech Pathologist		42,298	
Other Salaries and Wages		101,222	
Non-certified Substitute Teachers		2,160	
Social Security		32,078	
State Retirement		45,568	
Medical Insurance		133,379	
Employer Medicare		7,508	
Contracts with Private Agencies		10,000	
Evaluation and Testing		11,133	
Maintenance and Repair Services - Equipment		272	
Other Contracted Services		58,862	
Instructional Supplies and Materials		82,717	
Total Special Education Program			932,054

Vocational Education Program

Other Salaries and Wages	\$	34,329	
Social Security		2,128	
State Retirement		2,142	
Medical Insurance		4,993	
Employer Medicare		498	
Vocational Instruction Equipment		12,402	
Total Vocational Education Program			56,492

Support Services

Other Student Support

Other Salaries and Wages	\$	30,217	
Social Security		1,873	
State Retirement		1,886	
Medical Insurance		2,497	

(Continued)

Exhibit J-9

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

School Federal Projects Fund (Cont.)

Support Services (Cont.)

Other Student Support (Cont.)

Employer Medicare	\$	438	
Travel		16,904	
Other Supplies and Materials		57,897	
In Service/Staff Development		4,524	
Other Charges		22,352	
Total Other Student Support			\$ 138,588

Regular Instruction Program

Supervisor/Director	\$	59,772	
Instructional Computer Personnel		12,575	
Secretary(ies)		14,277	
Other Salaries and Wages		63,543	
In-Service Training		17,500	
Social Security		10,458	
State Retirement		10,411	
Medical Insurance		18,988	
Employer Medicare		2,565	
Postal Charges		280	
Travel		9,974	
Library Books/Media		8,193	
Other Supplies and Materials		23,647	
In Service/Staff Development		27,250	
Other Charges		905	
Total Regular Instruction Program			280,338

Vocational Education Program

Travel	\$	4,157	
Total Vocational Education Program			4,157

Transportation

Bus Drivers	\$	112,578	
Social Security		6,749	
State Retirement		12,228	
Medical Insurance		36,393	
Employer Medicare		1,578	
Total Transportation			169,526

Total School Federal Projects Fund \$ 3,037,923

(Continued)

Exhibit J-9

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

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	27,242	
Cafeteria Personnel		784,254	
Other Salaries and Wages		59,599	
Social Security		52,062	
State Retirement		87,927	
Medical Insurance		243,483	
Unemployment Compensation		5,204	
Employer Medicare		12,176	
Communication		5,123	
Maintenance and Repair Services - Equipment		12,232	
Transportation - Other than Students		11,204	
Travel		2,753	
Other Contracted Services		138,365	
Food Supplies		885,879	
Office Supplies		5,776	
Uniforms		1,548	
Other Supplies and Materials		110,440	
In Service/Staff Development		1,028	
Food Service Equipment		66,116	
Total Food Service			\$ 2,512,411

Total Central Cafeteria Fund

\$ 2,512,411

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	26,219	
Total Board of Education			\$ 26,219

Transportation

Supervisor/Director	\$	41,988	
Mechanic(s)		111,604	
Bus Drivers		463,981	
Other Salaries and Wages		52,227	
Social Security		40,593	
State Retirement		74,012	
Medical Insurance		196,736	
Employer Medicare		9,494	
Communication		2,835	

(Continued)

Exhibit J-9

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Contracts with Vehicle Owners	\$	4,219	
Maintenance and Repair Services - Vehicles		12,000	
Medical and Dental Services		6,646	
Rentals		5,999	
Diesel Fuel		280,344	
Garage Supplies		4,530	
Gasoline		33,886	
Lubricants		5,347	
Tires and Tubes		36,510	
Vehicle Parts		280,900	
Other Supplies and Materials		15,000	
Vehicle and Equipment Insurance		39,208	
Other Charges		5,242	
Transportation Equipment		591,663	
Total Transportation			\$ <u>2,314,964</u>

Total School Transportation Fund \$ 2,341,183

Total Governmental Funds - Coke County School Department \$ 37,441,261

Exhibit J-10

Cocke County, Tennessee
Schedule of Detailed Receipts, Disbursements, and Changes
in Cash Balances - City Agency Funds
For the Year Ended June 30, 2008

	Cities - Sales Tax Fund	City School ADA - Newport Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 379,104	\$ 379,104
Trustee's Collections - Prior Years	0	17,461	17,461
Circuit/Clerk and Master Collections - Prior Years	0	11,242	11,242
Interest and Penalty	0	2,605	2,605
Payments in-Lieu-of Taxes - Local Utilities	0	6,701	6,701
Payments in-Lieu-of Taxes - Other	0	3	3
Local Option Sales Tax	3,047,315	555,083	3,602,398
Bank Excise Tax	0	2,438	2,438
Interstate Telecommunications Tax	0	571	571
Marriage Licenses	0	160	160
Other Local Revenues	0	126	126
Total Cash Receipts	<u>\$ 3,047,315</u>	<u>\$ 975,494</u>	<u>\$ 4,022,809</u>
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,016,842	\$ 962,420	\$ 3,979,262
Trustee's Commission	30,473	13,596	44,069
Total Cash Disbursements	<u>\$ 3,047,315</u>	<u>\$ 976,016</u>	<u>\$ 4,023,331</u>
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ (522)	\$ (522)
Cash Balance, July 1, 2007	0	522	522
Cash Balance, June 30, 2008	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>

SINGLE AUDIT SECTION

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

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

January 20, 2009

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

To the County Mayor and Board of County Commissioners:

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 Cocke County, Tennessee, as of and for the year ended June 30, 2008, which collectively comprise Cocke County's basic financial statements and have issued our report thereon dated January 20, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Cocke County Emergency Communications District, which were not available from other auditors as of the date of this report. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the auditing standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered Cocke County's internal control over financial reporting as a basis for designing our auditing procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of Cocke County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Cocke County's internal control over financial reporting.

Our consideration of internal control over financial reporting was for the limited purpose described in the preceding paragraph and would not necessarily identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses. However, as discussed below, we identified certain deficiencies in internal control over financial reporting that we consider to be significant deficiencies.

A control deficiency 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 misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles such that there is more than a remote likelihood that a misstatement of the entity's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies in internal control over financial reporting: 08.01 and 08.02.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by Cocke County's internal control.

Our consideration of the internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in the internal control that might be significant deficiencies and, accordingly, would not necessarily disclose all significant deficiencies that are also considered to be material weaknesses. However, of the significant deficiencies described above, we consider item 08.01 to be a material weakness.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cocke County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under Government Auditing Standards.

We also noted certain matters that we reported to management of Cocke County in separate communications.

Cocke County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Cocke County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Cocke County, federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Very truly yours,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is fluid and cursive, with a prominent vertical stroke at the beginning.

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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STATE OF TENNESSEE
COMPTROLLER OF THE TREASURY
DEPARTMENT OF AUDIT
DIVISION OF COUNTY AUDIT
SUITE 1500
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PHONE (615) 401-7841

REPORT ON COMPLIANCE WITH REQUIREMENTS APPLICABLE TO
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

January 20, 2009

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

To the County Mayor and Board of County Commissioners:

Compliance

We have audited the compliance of Cocke County with the types of compliance requirements described in the U.S. Office of Management and Budget (OMB) Circular A-133 Compliance Supplement that are applicable to each of its major federal programs for the year ended June 30, 2008. Cocke County's major federal programs are identified in the summary of auditor's results section of the accompanying Schedule of Findings and Questioned Costs. Compliance with the requirements of laws, regulations, contracts, and grants applicable to each of its major federal programs is the responsibility of Cocke County's management. Our responsibility is to express an opinion on Cocke County's compliance based on our audit.

We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in Government Auditing Standards, issued by the Comptroller General of the United States; and OMB Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about Cocke County's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances. We believe that our

audit provides a reasonable basis for our opinion. Our audit does not provide a legal determination of Cocke County's compliance with those requirements.

In our opinion, Cocke County complied, in all material respects, with the requirements referred to above that are applicable to each of its major federal programs for the year ended June 30, 2008.

Internal Control Over Compliance

The management of Cocke County is responsible for establishing and maintaining effective internal control over compliance with the requirements of laws, regulations, contracts, and grants applicable to federal programs. In planning and performing our audit, we considered Cocke County's internal control over compliance with the requirements that could have a direct and material effect on a major federal program in order to determine our auditing procedures for the purpose of expressing our opinion on compliance, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of Cocke County's internal control over compliance.

A control deficiency in an entity's internal control over compliance 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 noncompliance with a type of compliance requirement of a federal program on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the entity's ability to administer a federal program such that there is more than a remote likelihood that noncompliance with a type of compliance requirement of a federal program that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that material noncompliance with a type of compliance requirement of a federal program will not be prevented or detected by the entity's internal control.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above.

Schedule of Expenditures of Federal Awards

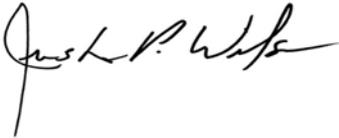
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County as of and for the year ended June 30, 2008, and have issued our report thereon dated January 20, 2009. Our report on the aggregate discretely presented component units was qualified due to not including the financial statements of the Cocke County Emergency Communications District, which were not available from other auditors as of the date of this report. Our audit was performed for the purpose of forming our opinions on the financial statements that collectively comprise Cocke County's

basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects, in relation to the basic financial statements taken as a whole.

Cocke County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. We did not audit Cocke County's responses and, accordingly, we express no opinion on them.

This report is intended solely for the information and use of management, the county mayor, director of schools, road superintendent, County Commission, Board of Education, others within Cocke County, and federal awarding agencies and pass-through entities and is not intended to be and should not be used by anyone other than these specified parties.

Yours very truly,

A handwritten signature in black ink, appearing to read "Justin P. Wilson". The signature is written in a cursive style with a large initial "J" and "W".

Justin P. Wilson
Comptroller of the Treasury

JPW/yu

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Cocke County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2008

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	\$ 489,327
National School Lunch Program	10.555	N/A	1,342,020 (4)
Passed-through State Department of Agriculture:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	230,513 (4)
Total U.S. Department of Agriculture			<u>\$ 2,061,860</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grants/State's Program	14.228	GG-05-11769-00	\$ 465,679
Total U.S. Department of Housing and Urban Development			<u>\$ 465,679</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 41,555
Total U.S. Department of Interior			<u>\$ 41,555</u>
U.S. Department of Justice:			
Direct Program:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2005-DJ-BX-0920	\$ 12,907
Passed-through State Office of Criminal Justice Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	Z-06-027545-00	17,830
Total U.S. Department of Justice			<u>\$ 30,737</u>
U.S. Department of Labor:			
Passed-through Walters State Community College:			
WIA Youth Activities	17.259	332-96-08-803P	\$ 64,274
Total U.S. Department of Labor			<u>\$ 64,274</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
State and Community Highway Safety	20.600	Z-07-035746-00	\$ 5,000
Total U.S. Department of Transportation			<u>\$ 5,000</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 1,259,968
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,123,334 (5)
Special Education - Preschool Grants	84.173	N/A	42,109 (6)
Career and Technical Education - Basic Grants to States	84.048	N/A	139,976
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-08-22025-00	30,949
Safe and Drug-Free Schools and Communities - State Grants	84.186	(2)	27,213

(Continued)

Cocke County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Education (Cont.):			
Passed-through State Department of Education (Cont.):			
Twenty-First Century Community Learning Centers	84.287	(2)	\$ 67,836
State Grants for Innovative Programs	84.298	N/A	8,193
Education Technology State Grants	84.318	(2)	14,322
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-08-21818-00	118,564
Reading First State Grants	84.357	GG-05-11254-00	262,188
Rural Education	84.358	(2)	141,228
English Language Acquisition Grants	84.365	N/A	4,502
Improving Teacher Quality State Grants	84.367	N/A	346,390
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-08-020771-00	68,841
Passed-through the City of Newport:			
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	143,491 (5)
Special Education - Preschool Grants	84.173	N/A	13,344 (6)
Total U.S. Department of Education			<u>\$ 3,812,448</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	N/A	\$ 1,773
Total U.S. Election Assistance Commission			<u>\$ 1,773</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Health:			
Block Grants for Prevention and Treatment of Substance Abuse	93.959	GG-08-22779-00	\$ 65,173
Total U.S. Department of Health and Human Services			<u>\$ 65,173</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Homeland Security Grant Program	97.067	(3)	\$ 77,770
Total U.S. Department of Homeland Security			<u>\$ 77,770</u>
Total Expenditures of Federal Awards			<u>\$ 6,626,269</u>

(Continued)

Cocke County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1) (Cont.)

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Contract Number	Expenditures
<u>State Grants</u>			
Juvenile Services Program - State Commission on Children and Youth	N/A	(2)	\$ 10,710
State Reappraisal - Comptroller of the Treasury	N/A	(2)	14,577
Health Department Program - State Department of Health	N/A	(2)	187,415
Litter Program - State Department of Transportation	N/A	(2)	37,154
Solid Waste Grants - State Department of Environment and Conservation	N/A	(2)	24,000
Fast Track Infrastructure Development Project - State Department of Economic and Community Development	N/A	GG-07-12916-00	281,235
Tobacco Cessation Grant - State Department of Health	N/A	(2)	28,907
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	272,504
Safe Schools Act - State Department of Education	N/A	(2)	30,800
Adult Basic Education - State Department of Education	N/A	(2)	38,284
Consolidated School Health - State Department of Education	N/A	GZ8/AAX9	100,000
Families Resource Center Grant - State Department of Education	N/A	(2)	<u>26,480</u>
Total State Grants			<u>\$ 1,052,066</u>

CFDA = Catalog of Federal Domestic Assistance
N/A = Not Applicable

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
- (2) Information not available.
- (3) GG-07-022341-00: \$40,000; GG-08-024207-00: \$37,770.
- (4) Total for CFDA No. 10.555 is \$1,572,533.
- (5) Total for CFDA No. 84.027 is \$1,266,825.
- (6) Total for CFDA No. 84.173 is \$55,453.

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Cocke County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2008

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below is a finding from the Annual Financial Report for Cocke County, Tennessee, for the year ended June 30, 2007, which has not been corrected.

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
07.03	19	Duties were not segregated adequately in the Offices of General Sessions Court Clerk, Register, and Sheriff

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COCKE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2008

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the aggregate discretely presented component units is qualified. Our report on the governmental activities, each major fund, and the aggregate remaining fund information is unqualified.
2. The audit of the financial statements of Cocke County disclosed significant deficiencies in internal control. One of these deficiencies was considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Cocke County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unqualified opinion was issued on compliance for major programs.
6. The audit revealed no findings that are required to be reported under Section 510(a) of OMB Circular A-133.
7. The Child Nutrition Cluster: School Breakfast Program and National School Lunch Program (CFDA Nos. 10.553 and 10.555), the Community Development Block Grants/State's Program (CFDA No. 14.228), the Title I Grants to Local Educational Agencies (CFDA No. 84.010), and the Improving Teacher Quality State Grants (84.367) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cocke County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The written responses of the county mayor, finance director, and director of schools are presented in this report. Other officials offered oral responses to certain findings and recommendations; however, these oral responses have not been included in this report.

COCKE COUNTY AND COCKE COUNTY SCHOOL DEPARTMENT

FINDING 08.01 **MATERIAL AUDIT ADJUSTMENTS WERE REQUIRED FOR PROPER FINANCIAL STATEMENT PRESENTATION**
(Internal Control – Material Weakness Under Government Auditing Standards)

Generally accepted accounting principles require Cocke County and the Cocke County School Department to have adequate internal controls over the maintenance of their accounting records. At June 30, 2008, various general ledgers were not materially correct, and multiple audit adjustments were required for the financial statements to be materially correct at year-end. Therefore, the county's and School Department's financial reporting systems did not prevent, detect, or correct potential misstatements in the accounting records. Although it is permissible for us, as the external auditors, to assist the county and School Department in preparing their financial statements, it is a strong indicator of a material weakness in internal controls if the county and the School Department have ineffective controls over the maintenance of their accounting records, which are used to prepare the financial statements, including the related notes. We presented audit adjustments to management that they approved and posted to properly present the financial statements in this report.

RECOMMENDATION

Cocke County and the Cocke County School Department should have appropriate processes in place to ensure that their general ledgers are materially correct.

MANAGEMENTS' RESPONSE – COUNTY MAYOR AND FINANCE DIRECTOR

The material audit adjustments required were historically made as part of the routine audit process by County Audit. Cocke County has relied on County Audit to give us sufficient notification when changes in auditing standards have changed the way the routine audit process will be conducted. Cocke County was aware that new independence standards were in place. However, we were not aware of how County Audit would interpret and implement these changes. When we were notified that these particular historical adjustments were no longer allowed without incurring an audit finding, it was part of the audit pre-exit without allowing us any opportunity to make the entries ourselves.

Cocke County now understands which audit adjustments are the responsibility of Cocke County and which will be made by County Audit, and we intend to take responsibility for these adjustments in future audits as we would have done this year given sufficient notice.

AUDITOR'S REBUTTAL

Our office notified all county mayors, highway superintendents, directors of schools, and finance directors by letter dated January 31, 2008, of the impact of new standards on the annual audit. That letter brought attention to the requirements of Statement on Auditing Standards No. 112 that identified commonly encountered situations that must be reported as constituting a material weakness or significant deficiency, including "discovery by the auditor of a material audit adjustment." Cocke County is responsible for all adjusting entries, not the auditor.

MANAGEMENTS' RESPONSE –DIRECTOR OF SCHOOLS

We will make every effort to comply with this finding. We understand this is a new accounting procedure/policy and will make every effort to be in compliance for 2008-09.

OTHER FINDING

FINDING 08.02 **DUTIES WERE NOT SEGREGATED ADEQUATELY IN THE OFFICES OF GENERAL SESSIONS COURT CLERK, REGISTER, AND SHERIFF**
(Internal Control – Significant Deficiency Under Government Auditing Standards)

Duties were not segregated adequately among officials and employees in the Offices of General Sessions Court Clerk, Register, and Sheriff. Officials and employees responsible for maintaining accounting records were also involved in receipting, depositing, and/or disbursing funds. Accounting standards provide that internal controls be designed to give reasonable assurance of the reliability in financial reporting and of the effectiveness and efficiency of operations. This lack of segregation of duties is the result of managements' decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions.

RECOMMENDATION

Officials should segregate duties to the extent possible using available resources.

**PART III, FINDINGS AND QUESTIONED
COSTS FOR FEDERAL AWARDS**

There were no findings and questioned costs for federal awards.

COCKE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2008

There were no audit findings relative to federal awards presented in the prior- or current-years' Schedules of Findings and Questioned Costs.