
ANNUAL FINANCIAL REPORT COCKE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2011



**ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2011**

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

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Audit Highlights

Annual Financial Report
Cocke County, Tennessee
For the Year Ended June 30, 2011

Scope

We have audited the basic financial statements of Cocke County as of and for the year ended June 30, 2011.

Results

Our report on Cocke County's financial statements is unqualified.

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

Findings and Best Practice

The following are summaries of the audit findings and best practice:

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ Some purchase orders were not issued properly.
- ◆ The office had deficiencies in computer system backup procedures.

OFFICE OF TRUSTEE

- ◆ Investment transactions were not posted to the general ledger.
- ◆ Bank statements were not reconciled with the general ledger currently.

OFFICE OF SHERIFF

- ◆ Bank statements were not reconciled with the general ledger currently.
 - ◆ Several arrestee files did not include an acknowledgment that electronically transmitted fingerprints had been accepted.
-

OFFICES OF GENERAL SESSIONS COURT CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

- ◆ Multiple employees operated from the same cash drawer.
-

COCKE COUNTY

- ◆ Cocke County has a material recurring audit finding.
-

OFFICES OF GENERAL SESSIONS COURT CLERK, REGISTER, AND SHERIFF

- ◆ Duties were not segregated adequately.
-

BEST PRACTICE

Cocke County does not have a central system of accounting, budgeting, and purchasing. The Division of County Audit strongly believes that a central system of accounting, budgeting, and purchasing is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Cocke County.

INTRODUCTORY SECTION

Cocke County Officials

June 30, 2011

Officials

Vaughn Moore, County Mayor
Kenneth Ford, Road Superintendent
Manney Moore, Director of Schools
Rob Mathis, 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
Armando Fontes, Sheriff
Anne Bryant-Hurst, Director of Accounts and Budgets

Board of County Commissioners

Norman Smith, Chairman
Calvin Ball
Clay Blazer
Clayton Ellison
Andrew Fowler, Jr.
Melinda Henderson
Phil Killion

Jimmy Lindsey
Michael McCarter
Scott McClure
Dan Metcalf
Lonnie Ottinger
Tom Sutton
Bill Williamson

Highway Commission

Ronald Blazer, Chairman
Randy Dyke
Kenneth Hall
Danny Shelton

Jackie Smith
Chuck Smithpeters
Willard Taylor

Board of Education

Dr. Kenneth Johnson, Chairman
Richard Coggins
Darrin Costner
Marty Denton

Rose Lovell
Pat Proffitt
Randy Shults

FINANCIAL SECTION



**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

December 15, 2011

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, 2011, 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 did not audit the financial statements of the Cocke County Emergency Communications District, which represent 4.6 percent and 1.3 percent, respectively, of the assets and revenues of the aggregate discretely presented component units. Those financial statements were audited by other auditors whose report thereon has been furnished to us, and our opinion, insofar as it relates to the amounts included for the Cocke County Emergency Communications District, is based on the report of other auditors.

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 and the report of other auditors provide a reasonable basis for our opinions.

In our opinion, based on our audit and the report of other auditors, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County, Tennessee, as of June 30, 2011, 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 December 15, 2011, on our consideration of Cocke 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.

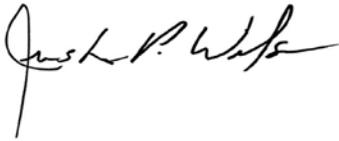
As described in Note V.B., Cocke County has adopted the provisions of Governmental Accounting Standards Board Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions*, which became effective for the year ended June 30, 2011.

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14 through 24 and the budgetary comparison, pension, and other postemployment benefits information on pages 83 through 91 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise Cocke County's financial statements as a whole. 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 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 are

the responsibility of management and were derived from and relate directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole. The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements and, accordingly, we do not express an opinion or provide any assurance on it.

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 end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Cocke County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2011

This discussion and analysis of Cocke County's financial performance provides an overall view of the county's financial activities for the fiscal year ended June 30, 2011. In addition, this discussion and analysis includes an overall view of the Discretely Presented Component Unit (DPCU) Cocke County School Department. A separate set of financial statements is not issued for the Cocke County School Department. The intent of this discussion and analysis is to look at Cocke County's and the Cocke County School Department's financial performance as a whole. Readers should also consider the information presented here in conjunction with the basic financial statements and the notes to the basic financial statements to enhance their understanding of Cocke County's financial performance as well as the Cocke County School Department's financial performance.

Financial Highlights

- The liabilities of Cocke County exceeded its assets at the close of the most recent fiscal year by \$5,183,252. Of Cocke County's long-term debt, \$20,821,592 is attributable to capital acquisitions for the discretely presented Cocke County School Department. This debt is a liability of Cocke County, but the capital assets are reported in the financial statements of the Cocke County 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.
- During the year, Cocke County's total net assets decreased by \$6,097,523. Of this decrease, \$5,575,000 was the direct result of contributing the proceeds from the Qualified School Construction Bond (QSCB) from Cocke County's General Capital Projects Fund to the Cocke County School Department.
- The net assets of the Cocke County School Department increased by \$3,695,768. Cash increased by \$5,341,683. This reflects both the receipt of the proceeds from the QSCB for projects, which will be completed in fiscal 2011-2012 and the receipt of insurance proceeds from the tornado, which damaged school property in April 2011.

Overview of Financial Statements

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Cocke County. The basic financial statements comprise three components: (1) government-wide financial statements, (2) fund financial statements, and (3) notes to the financial statements. These financial statements also contain other supplementary information in addition to the basic financial statements themselves.

Government-wide financial statements. The government-wide financial statements are designed to provide readers with a broad overview of the finances of Coker County in a manner similar to a private sector business. The government-wide financial statements consist of two statements: the Statement of Net Assets and the Statement of Activities.

The Statement of Net Assets presents information on all of the assets and liabilities for Coker County with the difference between the two reported as net assets. Over time, increases or decreases in net assets may serve as a useful indicator of whether the financial position of Coker County is improving or deteriorating.

The Statement of Activities presents information showing how Coker County's net assets changed during the most recent fiscal year. All changes in net assets are reported as soon as the underlying event giving rise to the change occurs, regardless of the timing of related cash flows. Thus, revenues and expenses are reported in this statement for some items that will only result in cash flows in future fiscal periods (e.g., uncollected taxes and earned but unused vacation leave).

Both of the government-wide financial statements distinguish functions of Coker County that are principally supported by taxes and intergovernmental revenues (governmental activities) from other functions that are intended to recover all or a significant portion of their costs through user fees and charges (business-type activities). The governmental activities of Coker County include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; other operations; highways; and education. The Coker County Government has no business-type activities to report.

The government-wide financial statements include not only Coker County Government itself (known as the primary government), but also a legally separate school system for which the Coker County Government is financially accountable. These financial statements also include a legally separate E-911 district. Financial information for these component units is reported separately from the financial information presented for the primary government itself.

The government-wide financial statements can be found in Exhibits A and B of this report.

Fund Financial Statements. A fund is a grouping of related accounts used to maintain control over resources that have been segregated for specific activities or objectives. Coker County and the Coker County School Department, like other state and local governments, use fund accounting to ensure and demonstrate compliance with finance-related legal requirements. All of the funds of Coker County and the Coker County School Department can be divided into three categories: governmental, proprietary, and fiduciary.

Governmental Funds. Governmental funds are used to account for essentially the same functions reported as governmental activities in the government-wide financial statements. However, unlike the government-wide financial statements, governmental fund financial statements focus on near-term inflows and outflows of spendable resources, as well as on balances of spendable resources available at the end of the fiscal year. Such information may be useful in evaluating a government's near-term financing requirements.

Because the focus of the governmental funds is narrower than that of the government-wide statements, it is useful to compare the information presented for governmental funds with similar information presented for governmental activities in the government-wide financial statements. By doing so, readers may better understand the long-term impact of the government's near-term financing decisions. Both the governmental fund balance sheet and the governmental fund statement of revenues, expenditures, and changes in fund balances provide a reconciliation to facilitate this comparison between governmental funds and governmental activities.

Cocke County and the Cocke County School Department maintain several individual governmental funds. Information is presented separately in the governmental funds balance sheet and in the governmental statement of revenues, expenditures, and changes in fund balances for the major funds. The General Fund is always considered a major fund. Cocke County's other major funds are the Highway/Public Works, General Debt Service, and General Capital Projects funds. Major funds of the Cocke County School Department are the General Purpose School, School Federal Projects, School Transportation, and Other Capital Projects-QSCB funds. Data from the other governmental funds are combined into a single, aggregated presentation. Individual fund data for each of these nonmajor governmental funds is provided in the form of combining statements elsewhere in this report. Please refer to the Table of Contents to locate these statements.

Cocke County adopts an annual appropriated budget for its General Fund. A budgetary comparison statement has been provided for the General Fund and each of the other budgeted major funds to demonstrate compliance with these appropriated budgets.

The basic governmental fund financial statements can be found in Exhibits C-1 through C-4 of this report.

Proprietary Funds. Cocke County does not have any proprietary funds to report.

Fiduciary Funds. Fiduciary funds are used to account for resources held for the benefit of parties outside the county. Fiduciary funds are not reflected in the government-wide financial statements because the resources of those funds are not available to support Cocke County's own programs. The accounting used to report fiduciary funds is much like that used to report proprietary funds. Please refer to the Table of Contents to locate these statements.

Notes to the Financial Statements. The notes provide additional information that is essential to the full understanding of the data provided in the government-wide and fund financial statements. Please refer to the Table of Contents to locate these notes.

Other Information. In addition to the basic financial statements and accompanying notes, this report also presents certain required supplementary information concerning Cocke County's major funds' budgetary statements. This required information has been presented in the required supplementary information section of this report.

The combining statements referred to earlier in connection with nonmajor governmental funds are presented immediately following the notes to the required supplementary information.

Government-wide Financial Analysis

As noted earlier, net assets may serve over time as a useful indicator of a government's financial position. In the case of Cocke County, liabilities exceeded assets by \$5.2 million at the close of the most recent fiscal year. The Constitution for the State of Tennessee allows only the local legislative body authorization to issue debt. Therefore, whenever the Cocke County School Department requires additional funds for school construction and equipment, the related debt must be issued by Cocke County Government. As of June 30, 2011, Cocke County had outstanding debt totaling \$20,821,592 for capital purposes of the Cocke County Department, but the assets are reported in the financial statements of the Cocke County School Department. Cocke County has incurred the related liability significantly decreasing its unrestricted net assets without a corresponding increase in the county's capital assets.

Cocke County's and the Cocke County School Department's Net Assets

Table 1 provides a summary of Cocke County's and the Cocke County School Department's net assets for 2011 and a comparison to the prior year.

Table 1

	NET ASSETS			
	Primary Government		Discretely Presented Cocke County School Department	
	2011	2010	2011	2010
Assets				
Current and Other Assets	\$ 21,958,439	\$ 22,694,055	\$ 18,281,995	\$ 12,027,777
Capital Assets	19,517,637	20,574,240	22,148,154	23,073,894
Total Assets	\$ 41,476,076	\$ 43,268,295	\$ 40,430,149	\$ 35,101,671
Liabilities				
Long-term Liabilities				
Outstanding	\$ 37,511,023	\$ 33,528,570	\$ 5,031,151	\$ 3,959,444
Other Liabilities	9,148,305	8,825,454	5,736,508	5,175,505
Total Liabilities	\$ 46,659,328	\$ 42,354,024	\$ 10,767,659	\$ 9,134,949
Net Assets				
Invested in Capital Assets,				
Net of Related Debt	\$ 6,637,424	\$ 7,446,596	\$ 22,102,232	\$ 23,017,825
Restricted	10,358,407	12,311,947	6,445,945	1,970,944
Unrestricted	(22,179,083)	(18,844,272)	1,114,313	977,953
Total Net Assets	\$ (5,183,252)	\$ 914,271	\$ 29,662,490	\$ 25,966,722

The largest portion of Cocke County’s net assets, \$10.4 million, is subject to external restrictions on how they may be used. The major restrictions are funds received for capital projects and debt service funds.

The largest portion of the Cocke County’s School Department’s net assets, \$22.1 million, reflects investment in capital assets (e.g. land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. The Primary Government has an additional \$6.6 million invested in capital assets, net of related debt. Cocke County and the Cocke County School Department use these capital assets to provide services to citizens; consequently these assets are not available for future spending. Although Cocke County’s and the Cocke County School Department’s investment in capital assets is reported net of related debt, it should be noted that the resources needed to repay this debt must be provided from other resources, since the capital assets themselves cannot be used to liquidate these liabilities.

Cocke County’s and Cocke County School Department’s Changes in Net Assets

Table 2 shows changes in net assets for fiscal year 2011 for the Primary Government and the Cocke County School Department, respectively, as well as a comparison to the prior year.

Governmental Activities. Governmental activities decreased Cocke County’s net assets by \$6.1 million. This decrease in net assets is after an increase in total revenues of \$1.3 million. This increase was realized in almost every major revenue category. The primary reason for the decrease in net assets was transferring \$5,575,000 in proceeds received from the Qualified School Construction Bond (QSCB) to the Cocke County School Board Other Capital Projects - QSCB Fund. Without the effect of this one significant transaction, Cocke County would have ended the reporting period with a positive net asset balance.

Table 2

	CHANGES IN NET ASSETS			
	Primary Government		Discretely Presented Cocke County School Department	
	2011	2010	2011	2010
Revenues				
Program Revenues				
Charges for Service	\$ 2,475,799	\$ 2,305,317	\$ 739,606	\$ 864,212
Operating Grants and Contributions	2,353,962	2,195,524	6,857,134	6,728,118
Capital Grants and Contributions	1,418,369	1,552,139	6,122,106	986,783

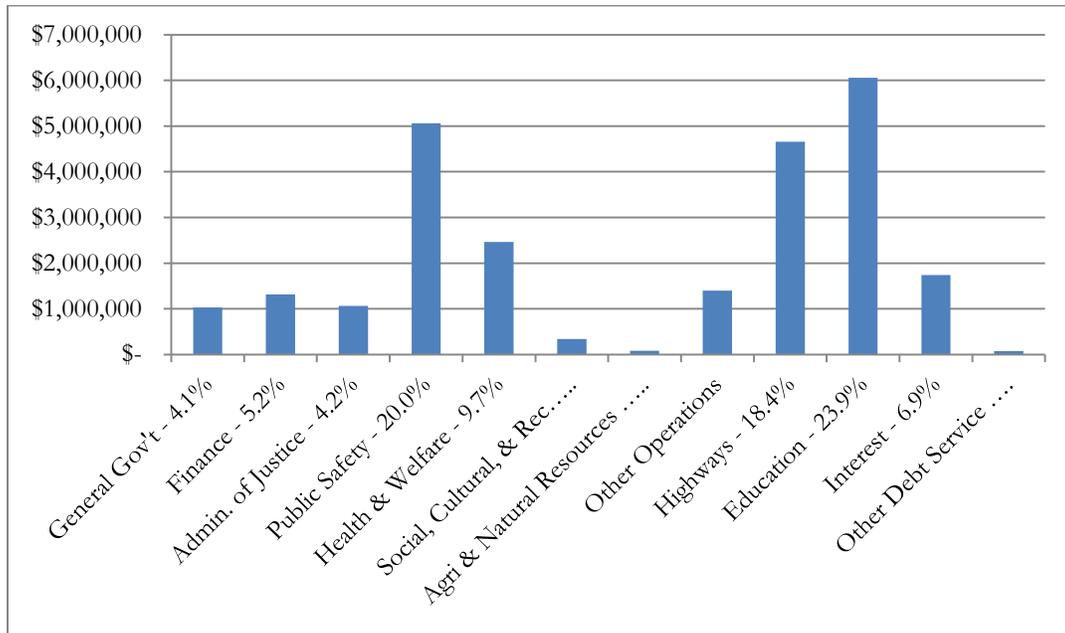
Table 2 (Cont.)

	CHANGES IN NET ASSETS			
	Primary Government		Discretely Presented Cocke County School Department	
	2011	2010	2011	2010
General Revenues				
Property Taxes	\$ 8,016,776	\$ 7,912,318	\$ 4,131,865	\$ 4,084,663
Sales Taxes	1,765,009	1,733,650	3,118,338	3,079,069
Other Taxes	1,060,038	1,030,370	76,919	59,387
Grants and Contributions Not Restricted to Specific Programs	1,609,585	1,166,498	25,417,322	24,642,362
Miscellaneous	119,000	69,300	29,330	31,986
Unrestricted Investment Income	91,510	162,455	47,533	32,931
Insurance Recovery	0	24,741	0	0
Gain on Disposal of Capital Assets	117,158	0	0	0
Total Revenues	\$ 19,027,206	\$ 18,152,312	\$ 46,540,153	\$ 40,509,511
Expenses				
General Government	\$ 1,031,680	\$ 971,647	\$ 0	\$ 0
Finance	1,312,716	1,293,028	0	0
Administration of Justice	1,065,899	1,065,018	0	0
Public Safety	5,062,542	4,820,962	0	0
Public Health and Welfare	2,465,276	1,796,797	0	0
Social, Cultural, and Recreational Services	341,448	323,226	0	0
Agriculture and Natural Resources	82,400	78,274	0	0
Other Operations	1,401,026	1,518,309	0	0
Highways	4,655,901	3,898,119	0	0
Education	6,055,802	448,767	42,844,385	41,387,882
Interest	1,741,864	1,424,494	0	0
Other Debt Service	72,373	62,012	0	0
Total Expenses	\$ 25,288,927	\$ 17,700,653	\$ 42,844,385	\$ 41,387,882
Investment Income (Loss) - Derivatives	\$ 164,198	\$ (212,154)	\$ 0	\$ 0
Increase (Decrease) in Net Assets	\$ (6,097,523)	\$ 239,505	\$ 3,695,768	\$ (878,371)
Net Assets, July 1, 2010	914,271	1,076,904	25,966,722	26,845,093
Prior-period Adjustment - Interest Rate Swap	0	(402,138)	0	0
Net Assets, June 30, 2011	\$ (5,183,252)	\$ 914,271	\$ 29,662,490	\$ 25,966,722

Governmental Program Expense

Education expenses of \$6.1 million, Public Safety Expenses of \$5.1 million, and Highway expenses of \$4.7 million are the largest expenses of Cocke County, the primary government. When combined, these three areas comprise 62.4 percent of the total expenses of the primary government.

Chart 1



Financial Analysis of the Government's Funds

As noted earlier, Cocke County and the Cocke County School Department use fund accounting to ensure and demonstrate compliance with finance-related legal requirements.

Governmental Funds. The focus of the county's governmental funds is to provide information on near-term inflows, outflows, and balances of spendable resources. Such information is useful in assessing Cocke County's and the Cocke County School Department's financing requirements.

In the county's fund financial statements, governmental funds report fund balance in classifications that comprise a hierarchy based on the extent to which the government is bound to honor constraints on the specific purposes for which these funds can be spent. These classifications may consist of the following: nonspendable, restricted, committed, assigned, or unassigned.

- Nonspendable Fund Balance, \$24,942. Includes amounts that cannot be spent because they are either (a) not in spendable form (such as prepaid amounts) or (b) legally or contractually required to be maintained intact.

- Restricted Fund Balance, \$10,425,444. Includes amounts that have constraints placed on the use of the resources that are either (a) externally imposed by creditors, grantors, contributors or laws and regulations of other governments or (b) imposed by law through constitutional provisions or enabling legislation.
- Committed Fund Balance, \$1,500,773. Includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's highest level of decision-making authority.
- Assigned Fund Balance. Cocke County has no assigned fund balance. However, assigned fund balance includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The county's Budget/Finance Committee is the authorized body to make assignments.
- Unassigned Fund Balance, \$268,933. The residual classification of the General Fund. This classification represents fund balance that has not been assigned to other funds and that has not been restricted, committed, or assigned to specific purposes within the General Fund.

As of June 30, 2011, Cocke County's governmental funds reported combined ending fund balances of \$12,220,092, a decrease of \$1,236,745 in comparison with the prior year. This overall decrease was due primarily to a decrease in the General Capital Projects Fund as its assets were moved to other funds to purchase capital assets.

Both the General and the General Debt Service funds saw decreases as unassigned and available fund balances were used to balance the budget and maintain a stable tax rate.

General Fund Budgetary Highlights

During the fiscal year, there were increases in appropriations from the original budget totaling \$219,178 or 2.1 percent of the original budget as compared to \$251,882 or 2.54 percent of the previous year's budget. These changes are summarized as follows:

Table 3

GENERAL FUND BUDGET AMENDMENTS

	Primary Government	
	2011	2010
Expenditures		
General Government	\$ 28,542	\$ 14,232
Finance	26,264	1,707
Administration of Justice	55,471	0
Public Safety	177,197	72,290
Public Health and Welfare	(26,768)	40,100
Social, Cultural, and Recreational Services	2,739	0
Agriculture and Natural Resources	1	0
Other Operations	(45,168)	123,553
Highways	900	0
Total Expenditures	<u>\$ 219,178</u>	<u>\$ 251,882</u>
Amendments as Percentage of the Original Budget	<u>2.14%</u>	<u>2.54%</u>

The reduction in the appropriated budget in Other Operations reflects the transfer of funds appropriated to fund the anticipated mandated salary increase for elected officials due to Coker County changing population classifications as determined by the 2010 census. Elected officials' salaries are set by state statute according to county population classification as determined by the latest certified census.

Other significant amendments were related to a \$500 bonus for all primary government employees (non-officials).

Overall, expenditures exceeded revenues in the General Fund of the primary government by \$687,424 (GAAP basis).

General Purpose School Fund Budgetary Highlights

The General Purpose School Fund is the chief operating fund of the Coker County School Department. During the fiscal year, there were increases in appropriations from the original budget totaling \$412,284 or 1.3 percent of the original budget as compared to \$524,191 or 1.6 percent of the previous year's budget.

In the Discretely Presented Coker County School Department, revenues exceeded expenditures by \$51,022 (GAAP basis).

Capital Assets and Debt Administration

Capital Assets. Cocke County's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$6.6 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, equipment, vehicles, roads and bridges. The Cocke County School Department's investment in capital assets for its governmental activities as of June 30, 2011, totaled \$22.1 million (net of accumulated depreciation and related debt).

Note IV.C. (Capital Assets) provides capital assets activity during the 2011 fiscal year. During 2011, Cocke County began several capital projects. These included primarily construction projects related to school improvements funded with Qualified Construction School Bonds and an addition to the Cocke County Health Department funded primarily with a joint state and federal grant.

Long-term Debt.

Table 4

	LONG-TERM DEBT AND LIABILITIES			
	Primary Government		Discretely Presented Cocke County School Department	
	2011	2010	2011	2010
Bonds	\$ 29,055,000	\$ 30,565,000	\$ 0	\$ 0
Notes	357,142	428,571	45,922	56,069
Other Loans - City of Newport (Utilities)	2,102,070	2,148,894	0	0
Other Loans - QSCB	5,575,000	0	0	0
Landfill Postclosure Care Costs	108,906	132,641	0	0
Compensated Absences	0	7,398	0	0
Other Postemployment Benefits	220,325	122,526	4,545,229	3,479,375
Termination Benefits	0	0	440,000	424,000
Total Long-term Debt	\$ 37,418,443	\$ 33,405,030	\$ 5,031,151	\$ 3,959,444

General obligation bonds, capital outlay notes, and other loans are direct obligations and pledge the full faith and credit of the government. Cocke County Government had total bonds, notes, and other loans outstanding of \$37.1 million. In addition to these loan agreements, Cocke County's long-term obligations include landfill postclosure care costs and other postemployment benefits. Additional information on the county's long-term debt can be found in Note IV.G. of this report. Note I.D.5. discusses compensated absences; Note V.F. discusses landfill postclosure costs; Note V.J. discusses other postemployment benefits.

On November 30, 2011, Cocke County issued \$6,685,000 in General Obligation Bonds and refunded the balloon payment associated with Series 2009A due December 1, 2011. This refunding secured an average coupon rate of 2.55 percent. Additionally, on November 30, 2011, Cocke County issued \$900,000 in taxable General Obligation Bonds to liquidate the interest rate swap agreement associated with Series IV-E 2 loan at an average coupon rate of 2.23 percent. Additional information can be found in Note V.C.

Economic Factors and Next Year's Budgets and Rates

Cocke County adopted a budget for the fiscal year ending June 30, 2012, on September 19, 2011. As in prior years, many factors were considered when adopting this budget: continuing uncertainty in the economic outlook, stubborn unemployment rates, and low interest earnings on invested funds, which affect various revenue categories and limit options for tax growth.

The property tax rate for tax year 2011 was adopted at the same rate for tax year 2010; however, the distribution was changed.

Table 5

DISTRIBUTION OF THE PROPERTY TAX RATE

Fund	2011		2010	
	Rate	Ratio	Rate	Ratio
General	\$ 0.965	47.07 %	\$ 0.795	38.78 %
Solid Waste/Sanitation	0.125	6.10	0.200	9.76
Economic Development	0.035	1.71	0.055	2.68
Highway/Public Works	0.050	2.44	0.125	6.10
General Purpose School	0.535	26.10	0.535	26.10
School Transportation	0.210	10.24	0.210	10.24
General Debt Service	0.130	6.34	0.130	6.34
Total	<u>\$ 2.050</u>	<u>100.00 %</u>	<u>\$ 2.050</u>	<u>100.00 %</u>

The unemployment rate for Cocke County is currently 12 percent. The state's average unemployment rate is currently 9.6 percent and the national average is nine percent. Inflationary trends in the region compare favorably to national indices. All of these factors were considered in preparing Cocke County's budget for the 2012 fiscal year. At the end of the 2011 fiscal year, unassigned fund balance in the General Fund was \$268,933.

Requests for Information

This financial report is designed to provide a general overview of Cocke County's finances for all those with an interest in the government's finances. For questions concerning any of the information provided in this report, please contact the County Mayor's Office at 360 East Main Street, Courthouse Annex, Suite 146, Newport, Tennessee 37821.

BASIC FINANCIAL STATEMENTS

Exhibit A

Cocke County, Tennessee
Statement of Net Assets
June 30, 2011

	Primary Government Governmental Activities	Component Units	
		Cocke County School Department	Cocke County Emergency Communications District
<u>ASSETS</u>			
Cash	\$ 93,188	\$ 6,451,232	\$ 1,294,198
Equity in Pooled Cash and Investments	11,560,097	5,673,037	0
Investments	554,791	0	0
Accounts Receivable	78,561	195,571	25,465
Due from Other Governments	888,982	1,699,104	54,003
Property Taxes Receivable	8,724,953	4,508,682	0
Allowance for Uncollectible Property Taxes	(466,989)	(245,631)	0
Prepaid Item	24,942	0	6,343
Unamortized Discount on Debt	126,961	0	0
Deferred Charges - Debt Issuance Cost	372,953	0	0
Capital Assets:			
Assets Not Depreciated:			
Land	931,183	601,292	0
Construction in Progress	36,531	453,737	0
Assets Net of Accumulated Depreciation:			
Buildings and Improvements	2,020,904	17,887,541	0
Other Capital Assets	1,747,568	3,205,584	560,945
Infrastructure	14,781,451	0	0
Total Assets	\$ 41,476,076	\$ 40,430,149	\$ 1,940,954
<u>LIABILITIES</u>			
Accounts Payable	\$ 531,597	\$ 334,597	\$ 0
Accrued Payroll	0	4,431	0
Payroll Deductions Payable	112,927	0	0
Accrued Interest Payable	221,993	861	0
Contracts Payable	9,975	163,175	0
Retainage Payable	0	29,626	0
Due to State of Tennessee	2,092	0	0
Derivative - Interest Rate Swap	450,094	0	0
Other Current Liabilities	0	1,163,706	0
Deferred Revenue - Current Property Taxes	7,819,627	4,040,112	0
Noncurrent Liabilities:			
Due Within One Year	6,986,864	90,654	0
Due in More than One Year (net of deferred amount on refunding and unamortized premium on debt)	30,524,159	4,940,497	0
Total Liabilities	\$ 46,659,328	\$ 10,767,659	\$ 0

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Units	
		Cocke County School Department	Cocke County Emergency Communications District
<u>NET ASSETS</u>			
Invested in Capital Assets, Net of Related Debt	\$ 6,637,424	\$ 22,102,232	\$ 0
Invested in Capital Assets	0	0	560,945
Restricted for:			
Finance	100,276	0	0
Administration of Justice	822,977	0	0
Public Safety	47,823	0	0
Public Health and Welfare	477,251	0	0
Social, Cultural, and Recreational	35,092	0	0
Other Operations	342,908	0	0
Highways	1,399,014	0	0
Debt Service	5,402,649	0	0
Education	0	1,405,923	0
Capital Projects	1,730,417	5,040,022	0
Unrestricted	<u>(22,179,083)</u>	<u>1,114,313</u>	<u>1,380,009</u>
Total Net Assets (Deficit)	<u>\$ (5,183,252)</u>	<u>\$ 29,662,490</u>	<u>\$ 1,940,954</u>

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

Exhibit B

Coeke County, Tennessee
Statement of Activities
For the Year Ended June 30, 2011

Functions/Programs	Net (Expenses) Revenue and Changes in Net Assets						
	Primary			Component Units			
	Expenses	Charges for Services	Program Revenues Operating Grants and Contributions	Capital Grants and Contributions	Governmental Activities	School Department	Coeke County Emergency Communications District
Primary Government:							
Governmental Activities:							
General Government	\$ 1,031,680	\$ 237,563	\$ 22,271	\$ 0	\$ (771,846)	\$ 0	\$ 0
Finance	1,312,716	758,516	0	0	(554,200)	0	0
Administration of Justice	1,065,899	594,393	11,486	0	(460,020)	0	0
Public Safety	5,062,542	406,679	232,958	160,805	(4,262,100)	0	0
Public Health and Welfare	2,465,276	75,218	227,691	1,257,564	(904,803)	0	0
Social, Cultural, and Recreational Services	341,448	336,733	6,415	0	1,700	0	0
Agriculture and Natural Resources	82,400	0	0	0	(82,400)	0	0
Other Operations	1,401,026	945	0	0	(1,400,081)	0	0
Highways	4,655,901	65,752	1,853,141	0	(2,737,008)	0	0
Education	6,055,802	0	0	0	(6,055,802)	0	0
Interest on Long-term Debt	1,741,864	0	0	0	(1,741,864)	0	0
Debt Service	72,373	0	0	0	(72,373)	0	0
Total Primary Government	\$ 25,288,927	\$ 2,475,799	\$ 2,353,962	\$ 1,418,369	\$ (19,040,797)	\$ 0	\$ 0
Component Units:							
Coeke County School Department	\$ 42,844,385	\$ 739,606	\$ 6,857,134	\$ 6,122,106	\$ 0	\$ (29,125,539)	\$ 0
Coeke County Emergency Communications District	449,222	486,266	116,077	0	0	0	153,121
Total Component Units	\$ 43,293,607	\$ 1,225,872	\$ 6,973,211	\$ 6,122,106	\$ 0	\$ (29,125,539)	\$ 153,121

(Continued)

Exhibit B

Coeke County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Net (Expenses) Revenue and Changes in Net Assets					
	Program Revenues			Primary Government		Component Units
	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Government Activities	Coeke County School Department	Coeke County Emergency Communications District
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 4,556,856	\$ 2,843,107	\$ 0
Property Taxes Levied for Public Health and Welfare				1,557,701	0	0
Property Taxes Levied for Industrial Development				337,509	0	0
Property Taxes Levied for Highway/Public Works				765,267	0	0
Property Taxes Levied for Transportation				0	1,288,758	0
Property Taxes Levied for Debt Service				799,443	0	0
Local Option Sales Taxes				1,765,009	3,118,338	0
Hotel/Motel Tax				173,640	0	0
Litigation Tax - General				32,064	0	0
Litigation Tax - Special Purpose				4,187	0	0
Litigation Tax - Jail, Workhouse, Courthouse				193,985	0	0
Business Tax				251,473	0	0
Mineral Severance Tax				56,742	0	0
Wholesale Beer Tax				276,025	0	0
Interstate Telecommunications Tax				635	3,198	0
Other Local Taxes				71,287	73,721	0
Grants and Contributions Not Restricted to Specific Programs				1,609,585	25,417,322	0
Unrestricted Investment Income				91,510	47,533	2,791
Miscellaneous				119,000	29,330	0
Gain on Disposal of Capital Assets				117,158	0	0
Total General Revenues				\$ 12,779,076	\$ 32,821,307	\$ 2,791
Change in Fair Value of Derivatives - Interest Rate Swap				\$ 164,198	\$ 0	\$ 0
Change in Net Assets				\$ (6,097,523)	\$ 3,695,768	\$ 155,912
Net Assets, July 1, 2010				914,271	25,966,722	1,785,042
Net Assets (Deficit), June 30, 2011				\$ (5,183,252)	\$ 29,662,490	\$ 1,940,954

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

Exhibit C-1

Cocke County, Tennessee
 Balance Sheet
Governmental Funds
 June 30, 2011

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other Governmental Funds	Governmental Funds	
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,188	\$ 93,188	\$ 93,188
Equity in Pooled Cash and Investments	1,072,898	1,505,185	6,518,882	1,105,723	1,357,409	11,560,097	11,560,097
Investments	0	0	0	0	554,791	554,791	554,791
Accounts Receivable	56,711	0	0	11,969	9,881	78,561	78,561
Due from Other Governments	309,055	337,225	239,089	0	3,613	888,982	888,982
Due from Other Funds	416	0	0	50,059	0	50,475	50,475
Property Taxes Receivable	6,364,813	372,659	869,153	0	1,118,328	8,724,953	8,724,953
Allowance for Uncollectible Property Taxes	(315,451)	(31,070)	(46,520)	0	(73,948)	(466,989)	(466,989)
Prepaid Items	0	0	24,942	0	0	24,942	24,942
Total Assets	\$ 7,488,442	\$ 2,183,999	\$ 7,605,546	\$ 1,167,751	\$ 3,063,262	\$ 21,509,000	\$ 21,509,000

LIABILITIES AND FUND BALANCES

Liabilities	\$ 150,737	\$ 285,232	\$ 0	\$ 11,969	\$ 83,659	\$ 531,597
Accounts Payable	86,428	22,961	0	0	3,538	112,927
Payroll Deductions Payable	0	0	0	9,975	0	9,975
Contracts Payable	50,059	0	0	0	416	50,475
Due to Other Funds	2,092	0	0	0	0	2,092
Due to State of Tennessee	5,782,329	299,602	778,967	0	958,729	7,819,627
Deferred Revenue - Current Property Taxes	243,420	38,274	39,805	0	78,077	399,576
Deferred Revenue - Delinquent Property Taxes	69,699	165,245	127,695	0	0	362,639
Other Deferred Revenues	\$ 6,384,764	\$ 811,314	\$ 946,467	\$ 21,944	\$ 1,124,419	\$ 9,288,908
Total Liabilities						

(Continued)

Exhibit C-1

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	Governmental Funds	
\$	0	0	24,942	\$	0	0	\$ 24,942
2,182	0	0	0	0	98,094	0	100,276
822,977	0	0	0	0	0	0	822,977
9,586	0	0	0	0	38,237	0	47,823
0	0	0	0	0	524,920	0	524,920
0	0	0	0	0	35,092	0	35,092
0	0	0	0	0	326,068	0	326,068
0	1,253,034	0	0	0	0	0	1,253,034
0	0	5,568,016	0	0	16,821	0	5,584,837
0	0	0	1,145,807	0	584,610	0	1,730,417
0	0	0	0	0	57,674	0	57,674
0	0	0	0	0	3,900	0	3,900
0	0	0	0	0	253,427	0	253,427
0	119,651	0	0	0	0	0	119,651
0	0	1,066,121	0	0	0	0	1,066,121
268,933	0	0	0	0	0	0	268,933
\$ 1,103,678	\$ 1,372,685	\$ 6,659,079	\$ 1,145,807	\$ 1,938,843	\$ 12,220,092		
\$ 7,488,442	\$ 2,183,999	\$ 7,605,546	\$ 1,167,751	\$ 3,063,262	\$ 21,509,000		

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances	
Nonspendable:	
Prepaid Items	
Restricted:	
Restricted for Finance	
Restricted for Administration of Justice	
Restricted for Public Safety	
Restricted for Public Health and Welfare	
Restricted for Social, Cultural, and Recreational Services	
Restricted for Other Operations	
Restricted for Highways/Public Works	
Restricted for Debt Service	
Restricted for Capital Projects	
Committed:	
Committed for Public Health and Welfare	
Committed for Social, Cultural, and Recreational Services	
Committed for Other Operations	
Committed for Highways/Public Works	
Committed for Debt Service	
Unassigned	
Total Fund Balances	
Total Liabilities and Fund Balances	

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

Exhibit C-2

Cocke County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds
to the Statement of Net Assets
June 30, 2011

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)		\$ 12,220,092
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 931,183	
Add: construction in progress	36,531	
Add: infrastructure net of accumulated depreciation	14,781,451	
Add: buildings and improvements net of accumulated depreciation	2,020,904	
Add: other capital assets net of accumulated depreciation	<u>1,747,568</u>	19,517,637
(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	\$ (357,142)	
Less: other loans payable	(7,677,070)	
Less: bonds payable	(29,055,000)	
Add: deferred amount on refunding	242,685	
Add: deferred charges - debt issuance costs	372,953	
Add: unamortized discount on debt	126,961	
Less: other postemployment benefits liability	(220,325)	
Less: landfill postclosure care costs	(108,906)	
Less: other deferred revenue - premium on debt	(335,265)	
Less: accrued interest on bonds, notes, and other loans payable	(221,993)	
Less: negative fair market value of interest rate swap	<u>(450,094)</u>	(37,683,196)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>762,215</u>
Net assets (deficit) of governmental activities (Exhibit A)		<u>\$ (5,183,252)</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, 2011

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Highway / Public Works	General Debt Service	General Capital Projects	Other			
					Governmental Funds	Other Funds		
<u>Revenues</u>								
Local Taxes	\$ 6,113,729	\$ 850,127	\$ 2,155,024	\$ 0	\$ 2,067,255	\$ 0	\$ 11,186,135	
Licenses and Permits	103,466	0	0	0	0	0	103,466	
Fines, Forfeitures, and Penalties	99,333	0	0	0	1,335	0	100,668	
Charges for Current Services	371,890	0	0	0	571,226	0	943,116	
Other Local Revenues	171,615	102,308	90,367	0	53,457	0	417,747	
Fees Received from County Officials	839,376	0	0	0	0	0	839,376	
State of Tennessee	923,613	1,885,705	45,737	0	86,914	0	2,941,969	
Federal Government	321,893	113,433	166,722	1,257,564	0	0	1,859,612	
Other Governments and Citizens Groups	82,064	0	71,429	0	323,270	0	476,763	
Total Revenues	\$ 9,026,979	\$ 2,951,573	\$ 2,529,279	\$ 1,257,564	\$ 3,103,457	\$ 0	\$ 18,868,552	
<u>Expenditures</u>								
Current:								
General Government	\$ 995,366	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 995,366	
Finance	765,838	0	0	0	540,155	0	1,305,993	
Administration of Justice	1,053,203	0	0	0	2,250	0	1,055,453	
Public Safety	4,894,536	0	0	0	11,075	0	4,905,611	
Public Health and Welfare	266,694	0	0	0	1,332,489	0	1,599,183	
Social, Cultural, and Recreational Services	281,301	0	0	0	42,893	0	324,194	
Agriculture and Natural Resources	82,400	0	0	0	0	0	82,400	
Other Operations	1,240,518	0	0	3,558	0	0	1,244,076	
Highways	86,083	3,605,456	0	0	0	0	3,691,539	
Debt Service:								
Principal on Debt	0	0	1,341,429	0	286,824	0	1,628,253	
Interest on Debt	0	0	1,541,557	0	160,175	0	1,701,732	
Other Debt Service	0	0	39,418	0	0	0	39,418	
Capital Projects	0	0	0	6,949,898	208,579	0	7,158,477	
Total Expenditures	\$ 9,665,939	\$ 3,605,456	\$ 2,922,404	\$ 6,953,456	\$ 2,584,440	\$ 0	\$ 25,731,695	

(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	
Excess (Deficiency) of Revenues Over Expenditures	\$ (638,960)	\$ (653,883)	\$ (393,125)	\$ (5,695,892)	\$ 519,017	\$ (6,862,843)	
Other Financing Sources (Uses)							
Other Loans Issued	\$ 0	\$ 0	\$ 0	\$ 5,575,000	\$ 0	\$ 5,575,000	
Insurance Recovery	5,495	13,908	0	0	31,695	51,098	
Transfers In	0	972,408	0	50,059	3,900	1,026,367	
Transfers Out	(53,959)	0	0	(972,408)	0	(1,026,367)	
Total Other Financing Sources (Uses)	\$ (48,464)	\$ 986,316	\$ 0	\$ 4,652,651	\$ 35,595	\$ 5,626,098	
Net Change in Fund Balances	\$ (687,424)	\$ 332,433	\$ (393,125)	\$ (1,043,241)	\$ 554,612	\$ (1,236,745)	
Fund Balance, July 1, 2010	1,791,102	1,040,252	7,052,204	2,189,048	1,384,231	13,456,837	
Fund Balance, June 30, 2011	\$ 1,103,678	\$ 1,372,685	\$ 6,659,079	\$ 1,145,807	\$ 1,938,843	\$ 12,220,092	

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, 2011

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)		\$ (1,236,745)
(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	\$ 471,201	
Less: current-year depreciation expense	<u>(1,516,934)</u>	(1,045,733)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Add: gain on disposal of capital assets	\$ 117,158	
Less: proceeds from the sale of disposed assets	<u>(128,028)</u>	(10,870)
(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, 2011	\$ 762,215	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(644,089)</u>	118,126
(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: other loan proceeds	\$ (5,575,000)	
Less: change in deferred debt issuance costs	(41,205)	
Add: principal payments on bonds	1,510,000	
Add: principal payments on notes	71,429	
Add: principal payments on other loans	46,824	
Add: change in discount on debt issuances	8,250	
Less: change in deferred amount on refunding	(37,544)	
Add: change in premium on debt issuances	68,503	
Add: change in fair market value of derivatives - interest rate swap	<u>164,198</u>	(3,784,545)
(5) Some expenses reported in the statement of activities do not require the use of current financial resources and therefore are not reported as expenditures in the governmental funds.		
Change in accrued interest payable	\$ (71,090)	
Change in compensated absences payable	7,398	
Change in other postemployment benefits liability	(97,799)	
Change in landfill postclosure care costs	<u>23,735</u>	<u>(137,756)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ (6,097,523)</u>

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

Exhibit D

Cocke County, Tennessee
Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,161,883
Accounts Receivable	3,437
Due from Other Governments	598,608
Property Taxes Receivable	466,102
Allowance for Uncollectible Property Taxes	(24,948)
Cash Shortage	<u>39,440</u>
Total Assets	<u>\$ 3,244,522</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,039,762
Due to Litigants, Heirs, and Others	<u>2,204,760</u>
Total Liabilities	<u>\$ 3,244,522</u>

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

COCKE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2011

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.

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 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. 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 \$6,006,160 were contributed by the county to the School Department during the year ended June 30, 2011.

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

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

General Capital Projects Fund – This fund is used to account for financial resources to be used for the acquisition or construction of major capital facilities 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 Federal Projects Fund – This special revenue fund is used to account for restricted federal revenues, which must be expended on specific education programs.

School Transportation Fund – This special revenue fund is used to account for transportation operations of the School Department. Local taxes are the foundational revenue of this fund.

Other Capital Projects - QSCB Fund – This fund is used to account for transactions related to the Qualified School Construction Bonds building and renovations projects.

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.

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

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; deposit accounts at state and federal chartered banks and savings and loan associations; repurchase agreements; the State Treasurer's Investment Pool; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government sponsored enterprises; and the county's own legally issued bonds or notes.

The county trustee maintains a cash and internal investment pool that is used by all funds and the discretely presented Coker 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. Coker 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 2.95 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 Other Current Liabilities totaling \$1,163,706 represents the remaining balance in the teacher's insurance account.

Retainage payable 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.

3. Prepaid Items

Certain payments to vendors reflect costs applicable to future accounting periods and are recorded as prepaid items in both the government-wide and fund financial statements. Prepaids are offset in the nonspendable fund balance account in governmental funds.

4. Capital Assets

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

Capital assets, which include property, plant, equipment, and infrastructure assets (e.g., roads, bridges, and similar items), are reported in the governmental column in the government-wide financial statements. Capital assets are defined by the government as assets with an initial, individual cost of \$25,000 or more for buildings, 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

5. Compensated Absences

Vacation leave benefits for employees 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 county's policy to permit employees to accumulate unlimited sick pay benefits. There is no liability for unpaid accumulated sick leave since Cocke County does not have a policy to pay any amounts when employees separate from service with the government.

6. 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, other postemployment benefits, special termination benefits, and landfill postclosure care costs, are recognized to the extent that the liabilities have matured (come due for payment) each period.

7. 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, 2011, Cocke County had \$20,821,592 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 fund balance in classifications that comprise a hierarchy based primarily on the extent to which the government is bound to honor constraints on the specific purposes for which amounts in these funds can be spent. These classifications may consist of the following:

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

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

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

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and Board of Education are authorized bodies to make assignments. Assigned fund balance in the School Department's General Purpose School Fund includes employee termination benefits (\$440,000), other postemployment benefits (\$865,249), fund balance appropriated for use in the 2011-12 budget (\$829,054), and capital projects (\$26,563).

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

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 County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, County Mayor/Executive, 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.

At June 30, 2011, Cocke County and the Cocke County School Department reported the following significant encumbrances for various operational and capital purposes:

Fund	Description	Amount
Primary Government:		
Highway/Public Works	Paving projects	\$ 223,227
General Capital Projects	Construction projects	439,258
School Department:		
General Purpose School	"	234,547
Other Capital Projects - QSCB	"	745,693

B. 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, 2011, Mr. Chesteen had paid \$12,382 toward liquidating the remaining shortage, leaving a balance due the office of \$39,440.

C. Expenditures Exceeded Appropriations

Expenditures exceeded appropriations approved by the County Commission in the Vocational Education Program major appropriations category (the

legal level of control) of the School Department's School Federal Projects Fund by \$10,153. Expenditures that exceed appropriations are a violation of state statutes. These expenditures in excess of appropriations were funded by available fund balance.

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; deposits at state and federal chartered banks and savings and loan associations; bonds of any state or political subdivision rated A or higher by any nationally recognized rating service; nonconvertible debt securities of certain federal government

sponsored enterprises; and the county's own legally issued bonds or notes. These investments may not have a maturity greater than two years. The county may make investments with longer maturities if various restrictions set out in state law are followed. Counties are also authorized to make investments in the State Treasurer's Investment Pool and in repurchase agreements. Repurchase agreements must be approved by the state Comptroller's Office and executed in accordance with procedures established by the State Funding Board. Securities purchased under a repurchase agreement must be obligations of the U.S. government or obligations guaranteed by the U.S. government or any of its agencies. When repurchase agreements are executed, the purchase of the securities must be priced at least two percent below the fair value of the securities on the day of purchase.

Investment Balances. As of June 30, 2011, Cocke County had the following investments carried at fair value or cost. Except for the investments of the Highway Capital Projects Fund, all investments are in the county trustee's investment pool. Separate disclosures concerning pooled investments cannot be made for Cocke County and the discretely presented Cocke County School Department since both pool their deposits and investments through the county trustee.

Investment	Maturities	Fair Value or Cost
Pooled Investments:		
U.S. Treasury Bill	8-18-11	\$ 499,990
Nonpooled Investments:		
Nonmajor Governmental Fund:		
Highway Capital Projects Fund:		
State Treasurer's Investment Pool	Daily	<u>554,791</u>
Total		<u><u>\$ 1,054,781</u></u>

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, 2011, Cocke County's investment in the State Treasurer's Investment Pool was unrated.

B. Derivative Instruments

Primary Government

At June 30, 2011, Cocke County had the following derivative instrument outstanding:

<u>Instrument</u>	<u>Type</u>	<u>Objective</u>	<u>Original Notional Amount</u>	<u>Trade Date (Novation Date)</u>	<u>Maturity Date</u>	<u>Terms</u>
\$5.025M Swap	Pay fixed interest rate	Variable to synthetic fixed rate swap	\$5,025,000	2-11-10	6-1-21 *	Pay 3.825% receive 63% of LIBOR

*This swap agreement was terminated subsequent to June 30, 2011. See Note V.C., Subsequent Events.

The fair value balances and notional amounts of derivative instruments outstanding at June 30, 2011, classified by type, and the changes in fair value of such derivative instruments for the year then ended as reported in the 2011 financial statements are as follows:

<u>Type</u>	<u>Changes in Fair Value</u>		<u>Fair Value at June 30, 2011</u>		<u>Notional Amount 6-30-11</u>
	<u>Classification</u>	<u>Amount</u>	<u>Classification</u>	<u>Amount</u>	
Governmental Activities					
Investment Derivative:					
Pay-fixed interest rate:					
\$5.025M Swap	Interest and investment earnings	\$ 164,198	Debt	\$ (450,094)	\$ 5,025,000
Totals		<u>\$ 164,198</u>		<u>\$ (450,094)</u>	<u>\$ 5,025,000</u>

Interest rate swaps are classified as hedging derivative instruments if the hedging instruments meet effectiveness criteria established by Governmental Accounting Standards Board Statement No. 53, *Accounting and Financial Reporting for Derivative Instruments*. The swap agreement described above did not meet that criteria and therefore is classified as an investment derivative.

Derivative Swap Agreement Detail

\$5.025M Swap:

Under its loan agreement, the Public Building Authority of Sevier County, Tennessee, at the request of the county, has 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. A portion of the Series IV-E-2 bonds have since been refunded with a portion of the proceeds of the Series 2009A bonds and the interest rate swap is now associated with the Series 2009A bonds.

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 bonds hedged by the interest rate swap agreement had an original outstanding principal amount of \$5.025 million. In February 2009, Cocke County refinanced the variable rate bonds associated with this swap. This was due to lack of liquidity in the market and the inability to obtain a satisfactory liquidity facility to back the variable rate bonds. Therefore, per a resolution of the Cocke County legislative body, the variable-rate bonds were refinanced with two-year fixed-rate bonds, which will be due and payable in December 2011. Also per the resolution, the Cocke County legislative body has said that the county expects to refinance these bonds with either variable rate bonds with the exact amortization that was in place before or fixed rate bonds with a simultaneous termination of the interest rate swap agreement. Therefore, with the completion of the December 2011 refinancing, at no time will the notional amount on the interest rate swap agreement exceed the outstanding principal on the associated hedged bonds. The related swap agreement matures on June 1, 2021. As of June 30, 2011, rates were as follows:

	<u>Terms</u>	<u>Rates</u>
Interest Rate Swap:		
Fixed payment to counterparty	Fixed	3.825 %
Variable payment from counterparty		<u>(1.234)</u>
Net interest rate swap payments		2.591 %
True Interest Cost (2009A Bonds)		<u>2.690</u>
 Total		 <u>5.281 %</u>

Fair value. As of June 30, 2011, the swap had a negative fair value of \$450,094. 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, 2011, the county was not exposed to credit risk because the swap had a negative fair value. However, should 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, Morgan Keegan Financial Products ("MKFP"), was rated "A+" by Standard and Poor's as of June 30, 2011, with its Credit Support Provider, Deutsche Bank, rated Aa3/A+/AA- by Moody's, Standard and Poor's, and Fitch, respectively.

Basis risk. As noted above, the swap exposes the county to basis risk should the rate on the bonds increase to above 63 percent of LIBOR, thus increasing the synthetic rate on the bonds. If a change occurs that results in the rate on the bonds 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 disclosed in Note V.C., the debt associated with the swap agreement was refunded subsequent to June 30, 2011, and the swap agreement was terminated upon the issuance of those refunding bonds.

C. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 939,053	\$ 0	\$ 7,870	\$ 931,183
Construction in Progress	0	36,531	0	36,531
Total Capital Assets Not Depreciated	<u>\$ 939,053</u>	<u>\$ 36,531</u>	<u>\$ 7,870</u>	<u>\$ 967,714</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,261,637	\$ 0	\$ 0	\$ 3,261,637
Roads and Bridges	31,554,354	0	0	31,554,354
Other Capital Assets	5,113,633	434,670	89,809	5,458,494
Total Capital Assets Depreciated	<u>\$ 39,929,624</u>	<u>\$ 434,670</u>	<u>\$ 89,809</u>	<u>\$ 40,274,485</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,162,708	\$ 78,025	\$ 0	\$ 1,240,733
Roads and Bridges	15,723,394	1,049,509	0	16,772,903
Other Capital Assets	3,408,335	389,400	86,809	3,710,926
Total Accumulated Depreciation	<u>\$ 20,294,437</u>	<u>\$ 1,516,934</u>	<u>\$ 86,809</u>	<u>\$ 21,724,562</u>
Total Capital Assets Depreciated, Net	<u>\$ 19,635,187</u>	<u>\$ (1,082,264)</u>	<u>\$ 3,000</u>	<u>\$ 18,549,923</u>
Governmental Activities Capital Assets, Net	<u>\$ 20,574,240</u>	<u>\$ (1,082,264)</u>	<u>\$ 3,000</u>	<u>\$ 19,517,637</u>

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

Governmental Activities:

General Government	\$ 30,277
Finance	693
Public Safety	180,178
Public Health and Welfare	28,015
Social, Cultural, and Recreational Services	15,742
Other Operations	3,070
Highways/Public Works	<u>1,258,959</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,516,934</u>

Discretely Presented Cocke County School Department

Governmental Activities:

	Balance 7-1-10	Increases	Decreases	Balance 6-30-11
Capital Assets Not Depreciated:				
Land	\$ 601,292	\$ 0	\$ 0	\$ 601,292
Construction in Progress	62,458	391,279	0	453,737
Total Capital Assets Not Depreciated	\$ 663,750	\$ 391,279	\$ 0	\$ 1,055,029
Capital Assets Depreciated:				
Buildings and Improvements	\$ 34,545,604	\$ 0	\$ 352,965	\$ 34,192,639
Other Capital Assets	6,529,953	627,153	248,601	6,908,505
Total Capital Assets Depreciated	\$ 41,075,557	\$ 627,153	\$ 601,566	\$ 41,101,144
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 15,241,839	\$ 1,135,763	\$ 72,504	\$ 16,305,098
Other Capital Assets	3,423,574	520,491	241,144	3,702,921
Total Accumulated Depreciation	\$ 18,665,413	\$ 1,656,254	\$ 313,648	\$ 20,008,019
Total Capital Assets Depreciated, Net	\$ 22,410,144	\$ (1,029,101)	\$ 287,918	\$ 21,093,125
Governmental Activities Capital Assets, Net	\$ 23,073,894	\$ (637,822)	\$ 287,918	\$ 22,148,154

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

Governmental Activities:

Instruction	\$ 1,201,164
Support Services	430,734
Operation of Non-Instructional Services	<u>24,356</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,656,254</u>

D. Impairment Losses for Capital Assets and Insurance Recoveries

Discretely Presented Cocke County School Department

In the General Purpose School Fund financial statements, extraordinary items are reflected for expenditures incurred (\$750,238) and insurance recoveries received (\$750,000) due to damage caused by a tornado in April 2011. On the government-wide statements, the expenses incurred are netted against insurance recoveries. Program expenses of governmental activities for Instruction include an impairment loss due to the destruction of the Adult Education Center and significant damage to the Cocke County High School gymnasium, track, and HVAC system. The impairment loss for those assets (\$37,264) is net of the associated insurance recovery of \$243,197. Additional insurance recovery is expected to be received in the subsequent year as further repairs and reconstruction costs are incurred.

E. Construction Commitments

At June 30, 2011, Cocke County had uncompleted construction contracts of approximately \$439,258 for renovations to the county's Health Department. Funding has been received for these future expenditures.

Additionally, at June 30, 2011, the Cocke County School Department had uncompleted construction contracts of approximately \$980,240 for various renovation projects and for repair of tornado damage at Cocke County High School. Funding has been provided for these future expenditures.

F. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2011, is as follows:

Due to/from Other Funds:

<u>Receivable Fund</u>	<u>Payable Fund</u>	<u>Amount</u>
General	Nonmajor governmental	\$ 416
General Capital Projects	General	50,059

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

Interfund Transfers:

Interfund transfers for the year ended June 30, 2011, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In		
	Highway/ Public Works Fund	General Capital Projects Fund	Nonmajor Governmental Funds
General Fund	\$ 0	\$ 50,059	\$ 3,900
General Capital Projects Fund	972,408	0	0
Total	\$ 972,408	\$ 50,059	\$ 3,900

Discretely Presented Cocke County School Department

Transfers Out	Transfers In		
	General Purpose School Fund	School Federal Projects Fund	Other Capital Projects - QSCB Fund
General Purpose School Fund	\$ 0	\$ 200,000	\$ 300,000
School Federal Projects Fund	42,416	0	0
Total	\$ 42,416	\$ 200,000	\$ 300,000

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.

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 21 years for bonds, up to seven 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, 2011, will be retired from the General Debt Service, Rural Debt Service, and Industrial/Economic Development funds.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2011, for governmental activities are as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
General Debt Service Fund:			
General Obligation Bonds -			
Refunding	3 to 5 %	\$ 27,540,000	\$ 24,565,000
Build America Bonds	3.44	2,500,000	2,500,000
Capital Outlay Note	0	500,000	357,142
Other Loans - Qualified			
School Construction Bonds	0	5,575,000	5,575,000
Rural Debt Service Fund:			
General Obligation Bonds -			
Refunding	2 to 3.9	3,215,000	1,990,000
Industrial/Economic Development Fund:			
Other Loans - City of			
Newport	2.15 to 4.5	2,299,614	2,102,070

In prior years, Coker County entered into loan agreements with the Sevier County Public Building Authority and the Blount County Public Building Authority. All of those loan agreements have been refunded with other debt instruments. However, an interest rate swap agreement, which was associated with the Sevier County Public Building Authority Series IV-E-2 loan, is still in effect as of June 30, 2011. See Note IV.B. for details of this interest rate swap agreement.

Coker 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 6-30-11	Interest Rates
<u>City of Newport-Newport Utilities</u>			
River Crest (A)	\$ 1,024,000	\$ 964,675	4.13%
River Crest (B)	300,000	281,646	4.38
Hartford	478,417	440,390	2.15
Hwy 25E	497,197	<u>415,359</u>	4.5
Total City of Newport - Newport Utilities		<u>\$ 2,102,070</u>	

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 and notes outstanding as of June 30, 2011, including interest payments are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 6,580,000	\$ 1,112,916	\$ 7,692,916
2013	1,740,000	987,266	2,727,266
2014	1,770,000	930,372	2,700,372
2015	1,835,000	856,593	2,691,593
2016	1,915,000	773,080	2,688,080
2017-2021	4,785,000	2,713,528	7,498,528
2022-2026	6,810,000	1,739,852	8,549,852
2027-2030	3,620,000	310,218	3,930,218
Total	<u>\$ 29,055,000</u>	<u>\$ 9,423,825</u>	<u>\$ 38,478,825</u>

Amounts for the year ended June 30, 2012, include a balloon payment of \$5,010,000 for the Series 2009A refunding bonds. Cocke County issued their Series 2011B General Obligation Bonds on November 30, 2011, which refunded this debt. The 2011B bonds have maturities extending through 2030. An interest rate swap agreement discussed in Note IV.B., was also terminated subsequent to June 30, 2011.

The outstanding note payable is a zero interest note. Annual principal amounts are reflected in the following table:

Year Ending June 30	Notes
2012	\$ 71,428
2013	71,428
2014	71,428
2015	71,429
2016	<u>71,429</u>
Total	<u>\$ 357,142</u>

The minimum annual requirements to amortize the loans payable outstanding as of June 30, 2011, to the City of Newport for the River Crest and Hartford projects, including interest payments, are presented in the following table. Annual requirements for the \$497,197 loan for the Highway 25E project 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.

Year Ending June 30	Other Loans - City of Newport		
	Principal	Interest	Total
2012	\$ 37,571	\$ 61,367	\$ 98,938
2013	38,740	60,198	98,938
2014	39,941	58,997	98,938
2015	41,195	57,743	98,938
2016	42,484	56,454	98,938
2017-2021	233,355	261,335	494,690
2022-2026	272,997	221,692	494,689
2027-2031	261,254	175,760	437,014
2032-2036	214,233	133,216	347,449
2037-2041	262,930	84,520	347,450
2042-2046	<u>242,011</u>	<u>25,469</u>	<u>267,480</u>
Total	<u>\$ 1,686,711</u>	<u>\$ 1,196,751</u>	<u>\$ 2,883,462</u>

Year Ending June 30	Other Loans - QSCB		
	Principal	Interest	Total
2012	\$ 289,893	\$ 0	\$ 289,893
2013	347,871	0	347,871
2014	347,871	0	347,871
2015	347,871	0	347,871
2016	347,871	0	347,871
2017-2021	1,739,355	0	1,739,355
2022-2026	1,739,355	0	1,739,355
2027-2028	414,913	0	414,913
Total	\$ 5,575,000	\$ 0	\$ 5,575,000

There is \$6,675,900 available in the debt service funds to service long-term debt. Bonded debt per capita totaled \$828, based on the 2010 federal census for residents living outside the Newport School District and \$759 for residents living inside the Newport School District. Debt per capita, including bonds, notes, and other loans, totaled \$1,054, based on the 2010 federal census for residents living outside the Newport School District and \$984 for residents living inside the Newport School District.

Changes in Long-term Liabilities

Long-term liability activity for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Bonds	Notes	Other Loans - City of Newport
Balance, July 1, 2010	\$ 30,565,000	\$ 428,571	\$ 2,148,894
Deductions	(1,510,000)	(71,429)	(46,824)
Balance, June 30, 2011	\$ 29,055,000	\$ 357,142	\$ 2,102,070
Balance Due Within One Year	\$ 6,580,000	\$ 71,428	\$ 37,571

	Other Loans - QSCB	Landfill Postclosure Care Costs
Balance, July 1, 2010	\$ 0	\$ 132,641
Additions	5,575,000	1,079
Deductions	0	(24,814)
Balance, June 30, 2011	<u>\$ 5,575,000</u>	<u>\$ 108,906</u>
Balance Due Within One Year	<u>\$ 289,893</u>	<u>\$ 7,972</u>

	Compensated Absences	Other Postemployment Benefits
Balance, July 1, 2010	\$ 7,398	\$ 122,526
Additions	0	121,292
Deductions	(7,398)	(23,493)
Balance, June 30, 2011	<u>\$ 0</u>	<u>\$ 220,325</u>
Balance Due Within One Year	<u>\$ 0</u>	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 37,418,443
Less: Balance Due Within One Year	(6,986,864)
Add: Unamortized Premium on Debt	335,265
Less: Deferred Amount on Refunding	<u>(242,685)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 30,524,159</u>

Landfill postclosure care costs will be paid from the Solid Waste/Sanitation Fund. Other postemployment benefits will be paid by the employing funds.

Discretely Presented Cocke County School Department

Capital Outlay Notes

The county has issued capital outlay notes on behalf of the School Department to fund capital facilities and other capital outlay purchases, such as equipment.

Capital outlay notes are direct obligations and pledge the full faith and credit of the government. Capital outlay notes outstanding were issued for original terms of up to ten years. Repayment terms are generally structured with increasing amounts of principal maturing as interest requirements decrease over the term of the debt. All notes included in long-term debt as of June 30, 2011, will be retired from the General Purpose School Fund.

The capital outlay note outstanding as of June 30, 2011, for governmental activities is as follows:

Type	Interest Rate	Original Amount of Issue	Balance 6-30-11
Capital Outlay Note	5%	\$ 100,000	\$ 45,922

The annual requirements to amortize the note outstanding as of June 30, 2011, including interest payments are presented in the following table:

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 45,922	\$ 5,880	\$ 51,802

Changes in Long-term Liabilities

Long-term liability activity for the discretely presented Coker County School Department for the year ended June 30, 2011, was as follows:

Governmental Activities:

	Note	Termination Benefits
Balance, July 1, 2010	\$ 56,069	\$ 424,000
Additions	0	96,000
Deductions	(10,147)	(80,000)
Balance, June 30, 2011	\$ 45,922	\$ 440,000
Balance Due Within One Year	\$ 10,654	\$ 80,000

Governmental Activities (Cont.):

	Other Postemployment Benefits
Balance, July 1, 2010	\$ 3,479,375
Additions	1,606,267
Deductions	<u>(540,413)</u>
Balance, June 30, 2011	<u>\$ 4,545,229</u>
Balance Due Within One Year	<u>\$ 0</u>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2011	\$ 5,031,151
Less: Balance Due Within One Year	<u>(90,654)</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 4,940,497</u>

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

In addition to the long-term liabilities shown above, in prior years the School Department committed to provide funds to retire the Rural School Refunding Bonds, Series 2004 debt issue. For the year ended June 30, 2011, the General Purpose School Fund contributed \$316,855 to the Rural Debt Service Fund on the debt, which consisted of principal (\$240,000) and interest (\$76,855). As of June 30, 2011, the balance remaining on the rural school refunding bonds was \$1,990,000.

Also, in prior years the School Department committed to provide funds to retire the School Energy Conservation and Renovation capital outlay note debt issue. For the year ended June 30, 2011, the General Purpose School Fund contributed \$71,429 to the General Debt Service Fund on the debt. As of June 30, 2011, the balance remaining on the energy efficiency capital outlay note was \$357,142.

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 (IDB) entered into a tax increment financing plan to fund

infrastructure related to a development on Highway 321. This plan called for the IDB 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 IDB the increment of real and personal property taxes generated by the development over the base year amount in 2004. The IDB 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 \$153,087 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, 2011, was \$2,102,070. 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, 2011, were \$179,059 and \$24,887, 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 (\$1,500,000) and School Transportation (\$250,000) funds. These notes were necessary because cash balances were not sufficient to meet current operations. Short-term debt activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Issued	Paid	Balance 6-30-11
Tax Anticipation Notes	\$ 0	\$ 1,750,000	\$ (1,750,000)	\$ 0

V. **OTHER INFORMATION**

A. **Risk Management**

Primary Government

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. 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.

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 (TCA)*, 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. 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 to which it is exposed. These risks include general liability, property, casualty, and workers' compensation. Settled claims have not exceeded this commercial coverage in any of the past three fiscal years.

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

B. **Accounting Change**

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 54, *Fund Balance Reporting and Governmental Fund Type Definitions* became effective for the year ended June 30, 2011.

GASB Statement No. 54 establishes fund balance classifications that comprise a hierarchy based primarily on the extent to which a government is bound to observe constraints imposed upon the use of the resources reported in governmental funds. These classifications include nonspendable, restricted, committed, assigned, and unassigned and are based on the relative strength of the constraints that control how specific amounts can be spent. Also, Statement No. 54 clarified the definitions of the General Fund and the special revenue, capital projects, debt service, and permanent fund types. Cocke County and the Cocke County School Department have implemented provisions of this statement in the financial statements of this report for their governmental funds.

C. Subsequent Events

Subsequent to June 30, 2011, the primary government's General Fund borrowed \$1,000,000 from the General Debt Service Fund, and the School Department's Transportation Fund borrowed \$142,610 from the General Purpose School Fund. These loans were issued in the form of tax anticipation notes to provide temporary operating funds to the General and School Transportation funds.

On September 19, 2011, the County Commission approved an interfund loan of \$400,000 from the General Purpose School Fund to provide interim financing for School Department capital project expenditures pending the receipt of debt proceeds.

On November 30, 2011, Cocke County issued \$6,685,000 in General Obligation Bonds to refund the \$5,010,000 balloon payment associated with the Series 2009A refunding bonds and to provide financing for various other capital projects. Additionally, on November 30, 2011, Cocke County issued \$900,000 in General Obligation Bonds to liquidate the interest rate swap agreement associated with the Series IV-E-2 loan issue.

D. Contingent Liabilities

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

E. Changes in Administration

The following table lists administration changes as of August 31, 2010:

Departing Official	Office	Successor
Iloff McMahan, Jr.	County Mayor	Vaughn Moore
John Holloway	Road Superintendent	Kenneth Ford
Alfred Hogan	Trustee	Rob Mathis
Claude Strange	Sheriff	Armando Fontes

F. Landfill Postclosure Costs

Cocke County has active permits on file with the State Department of Environment and Conservation for a sanitary landfill and a demolition landfill. The county has provided financial assurances for estimated postclosure liabilities as required by the State of Tennessee. These financial assurances are on file with the Department of Environment and Conservation.

State and federal laws and regulations require the county to place a final cover on its sanitary landfill site when it stops accepting waste and to perform certain maintenance and monitoring functions at the site for 30 years after closure. Although closure and postclosure care costs will be paid only near or after the date that the landfill stops accepting waste, the county reports a portion of these closure and postclosure care costs as an operating expense in each period based on landfill capacity used as of each balance sheet date. Cocke County closed its sanitary landfill in 2000. The \$108,906 reported as postclosure care liability at June 30, 2011, represents amounts based on what it would cost to perform all postclosure care in 2011. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

G. 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, 2011, 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

H. Jointly Governed Organizations

Primary Government

The East Tennessee Regional Agribusiness Marketing Authority was established through Title 64 of *Tennessee Code Annotated (TCA)*, and includes the counties of Claiborne, Cocke, Grainger, Greene, Hamblen, Hancock, Hawkins, Jefferson, Johnson, Sullivan, 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 (UETEC) was reported as a jointly governed organization in prior years, but was dissolved during the 2010-2011 year. The cooperative had been established through a contractual agreement between the Boards of Education of Cocke County and various other counties and cities in the upper East Tennessee area to provide the First Tennessee-Virginia Development District with educational programs and services of higher quality, greater scope, and greater accessibility. The cooperative was governed by a board of control, consisting of one board member and the directors of school from each of the systems. Funding for the cooperative was provided through state grants and member schools' contributions. Upon dissolution, residual balances of the cooperative were remitted to the participating school districts.

UETEC entered into an agreement to establish and operate the Northeast Tennessee Cooperative (NETCO) to obtain lower prices for food supplies, materials, equipment, and services by combining the purchasing requirements of each member's school food service systems. NETCO continues to operate after the dissolution of UETEC. NETCO has contracted with a coordinating district (Johnson City School System) and a service provider to operate this service. The Cocke County School department, along with certain other former member districts of UETEC, is also a member of NETCO. NETCO is governed by a representative committee, including one

representative from each of the member districts and an executive council, consisting of the chair, vice chair, secretary, treasurer, and a member-at-large from the representative committee.

I. Retirement Commitments

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 *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://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

Cocke County requires employees to contribute five percent of their earnable compensation to the plan. The county is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 12.51 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the county is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the county’s annual pension cost of \$1,230,814 to TCRS was equal to the county’s required and actual contributions. The required contribution was determined as part of the July 1, 2009, 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 post retirement increases of 2.5 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 ten-year period. The 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, 2009, was six years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$1,230,814	100%	\$0
6-30-10	1,178,286	100	0
6-30-09	1,122,619	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 83.14 percent funded. The actuarial accrued liability for benefits was \$29 million, and the actuarial value of assets was \$24 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$5 million. The covered payroll (annual payroll of active employees covered by the plan) was \$9 million, and the ratio of the UAAL to the covered payroll was 52.31 percent.

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 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. Cost of living adjustments (COLA) are 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.tn.gov/treasury/tcrs/Schools.

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 School Department is established at an actuarially determined rate. The employer rate for the fiscal year ended June 30, 2011, was 9.05 percent of annual covered payroll. The employer contribution requirement for the 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, 2011, 2010, and 2009, were \$1,634,157, \$1,142,562, and \$1,106,632, respectively, equal to the required contributions for each year.

J. Other Postemployment Benefits (OPEB)

Plan Description

Cocke County and the School Department participate in the state-administered Local Education Group Insurance Plan and the Local Government Group Insurance Plan for healthcare benefits. For accounting purposes, the plans are agent multiple-employer defined benefit OPEB plans. Benefits are established and amended by an insurance committee created by Section 8-27-302, *Tennessee Code Annotated (TCA)*, for teachers and Section 8-27-207, *TCA*, for local governments. In previous fiscal years, prior to reaching the age of 65, all members had the option of choosing a preferred provider organization (PPO), point of service (POS), or health maintenance organization (HMO) plan for healthcare benefits. However, as of January 1, 2010, the insurance plan structure was changed, and as a result all members now have the option of choosing between the standard or partnership preferred provider organization (PPO) 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 plans are reported in the State of Tennessee Comprehensive Annual Financial Report (CAFR). The CAFR is available on the state's website at <http://tn.gov/finance/act/cafr.html>.

Funding Policy

The premium requirements of plan members are established and may be amended by the insurance committee. The plans are self-insured and financed on a pay-as-you-go basis with the risk shared equally among the participants. Claims liabilities of the plan are periodically computed using actuarial and statistical techniques to establish premium rates. The employers in each plan develop a contribution policy in terms of subsidizing active employees or retired employees' premiums since the committee is not prescriptive on that issue. The state 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. During the year ended June 30, 2011, Cocke County and the Cocke County School Department contributed \$23,493 and \$540,413, respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 1,598,000	\$ 121,000
Interest on the NPO	156,572	5,514
Adjustment to the ARC	(148,305)	(5,222)
Annual OPEB cost	\$ 1,606,267	\$ 121,292
Amount of contribution	(540,413)	(23,493)
Increase/decrease in NPO	\$ 1,065,854	\$ 97,799
Net OPEB obligation, 7-1-10	3,479,375	122,526
Net OPEB obligation, 6-30-11	\$ 4,545,229	\$ 220,325

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-09	Local Education Group	\$ 1,592,056	23 %	\$ 2,393,694
6-30-10	"	1,592,688	32	3,479,375
6-30-11	"	1,606,267	34	4,545,229
6-30-09	Local Government Group	47,027	67	29,537
6-30-10	"	117,070	21	122,526
6-30-11	"	121,292	19	220,325

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2010, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-10	7-1-10
Actuarial accrued liability (AAL)	\$ 13,701,000	\$ 996,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 13,701,000	\$ 996,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 22,790,543	\$ 6,209,999
UAAL as a % of covered payroll	60.12%	16.04%

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

Actuarial Methods and Assumptions

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

In the July 1, 2010, actuarial valuation for the Local Education plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a 4.5 percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate of ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. The annual healthcare cost trend rate for the Local Government Plan was ten percent for fiscal year 2011. The trend will decrease to 9.5 percent in fiscal year 2012 and then will be reduced by decrements to an ultimate rate of five percent by fiscal year 2021. 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 June 30, 2008.

K. 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. 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, 2011, 55 employees are eligible for the benefit. The estimated cost of the cash payments, reported in the government-wide Statement of Net Assets, by function, is \$440,000. Of the amount reported in the government-wide Statement of Net Assets, \$80,000 is expected to be paid within one year.

L. 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.

M. 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.

VI. OTHER NOTES – DISCRETELY PRESENTED COCKE COUNTY EMERGENCY COMMUNICATIONS DISTRICT

A. Description of Organization

Cocke County Emergency Communications District was created by a countywide referendum on November 8, 1988. The Cocke County Board of Commissioners appointed the district's initial Board of Directors on February 21, 1989, pursuant to Chapter 867 of the Public Acts of 1984. The district is responsible for the installation and maintenance of the emergency communications network of Cocke County, Tennessee (Enhanced 911 Service). The communications system became fully operational on November 15, 1992.

The district is considered a component unit of Cocke County, Tennessee, because the Cocke County Board of Commissioners appoints a majority of the district's Board of Directors and must approve any debt issued by the district.

B. Summary of Significant Accounting Policies

1. Basis of Accounting

The district uses the accrual basis of accounting. Revenue is recognized when earned and measurable, and expenses are recognized when the liability is incurred. Operating revenue is revenue that is generated from the primary operations of the district. All other revenue is reported as nonoperating revenue. Operating expenses are those expenses that are essential to the primary operations of the district. All other expenses are reported as nonoperating expenses.

The district follows all pronouncements of the Governmental Accounting Standards Board (GASB) and pronouncements of the Financial Accounting Standards Board (FASB) issued on or before November 30, 1989. The district has not elected to follow FASB pronouncements issued after November 30, 1989.

GASB Statement No. 34, *Basic Financial Statements – and Management’s Discussion and Analysis – for State and Local Governments* establishes standards for external financial reporting for state and local governments and requires that resources be classified for accounting and reporting purposes into the following three net asset groups:

Invested in capital assets – This category includes capital assets, net of accumulated depreciation. Invested in capital assets at June 30, 2011, has been calculated as follows:

Capital Assets	\$ 919,935
Accumulated Depreciation	<u>(358,990)</u>
Capital Assets Depreciated, Net	<u><u>\$ 560,945</u></u>

Restricted – This category includes net assets whose use is subject to externally imposed stipulations that can be fulfilled by actions of the district pursuant to those stipulations or that expire by the passage of time. The district had no restricted net assets as of June 30, 2011.

Unrestricted – This category includes net assets that are not subject to externally imposed stipulations and that do not meet the definition of “restricted” or “invested in capital assets.” Unrestricted net assets may be designated for specific purposes by action of management or the Board of Directors or may otherwise be limited by contractual agreements with outside parties.

2. Accounts Receivable

Accounts receivable, which are deemed uncollectible based upon a periodic review of the accounts, are charged to revenue. At June 30, 2011, no allowance for uncollectible accounts was considered necessary.

3. Capital Assets

Capital assets, which include property and equipment, are recorded at cost. Capital assets are defined by the district as assets with an initial, individual cost of \$500 or more. Depreciation is computed using the straight-line method over the estimated useful lives, which range from five to thirty years.

4. Operating Budget

The district is required by state law to adopt an annual operating budget. The Board of Directors approves the original budget and any amendments, and maintains the legal level of control at the line-item level. The budget is prepared on the accrual basis of accounting. All appropriations lapse at the end of the year.

5. Compensated Absences

The district's full-time employees are granted vacation leave in varying amounts and may accumulate a maximum of 25 days. In the event of termination, the employee is paid for any unused vacation leave.

C. Cash

Cash represents money on deposit in various banks. The district considers all highly liquid investments with an original maturity date of three months or less when purchased to be cash equivalents.

State of Tennessee law authorizes the district to invest in obligations of the United States or its agencies, nonconvertible debt securities of certain federal agencies, other obligations guaranteed as to principal and interest by the United States or any of its agencies, secured certificates of deposit and other evidences of deposit in state and federal banks and savings and loan associations, and the state treasurer's local government investment pool.

All deposits with financial institutions in excess of Federal Deposit Insurance Corporation (FDIC) limits are required to be secured by one of two methods. Excess funds can be deposited with a financial institution that participates in the State of Tennessee Bank Collateral Pool. For deposits with financial institutions that do not participate in the State of Tennessee 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.

All cash balances at June 30, 2011, were entirely insured through the Federal Deposit Insurance Corporation or collateralized with securities held by the district's agent in the district's name.

D. Capital Assets

Capital assets activity for the year ended June 30, 2011, was as follows:

	Balance 7-1-10	Additions	Retirements	Balance 6-30-11
Capital Assets Depreciated:				
Communications Equipment	\$ 766,362	\$ 1,387	\$ (49,190)	\$ 718,559
Office Equipment	54,583	50,428	(8,964)	96,047
Vehicle	46,456	0	0	46,456
Leasehold Improvements	58,873	0	0	58,873
Total Capital Assets Depreciated	\$ 926,274	\$ 51,815	\$ (58,154)	\$ 919,935
Accumulated Depreciation	(336,704)	(80,440)	58,154	(358,990)
Total	\$ 589,570	\$ (28,625)	\$ 0	\$ 560,945

E. Pension Plan

Plan Description

Employees of the district 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 a disability that is the result of an accident or injury occurring while the member was in the performance of his duties.

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 the state statute found in Title 8, Chapters 34-37 of the *Tennessee Code Annotated (TCA)*. State statutes are amended by the Tennessee General Assembly. Political

subdivisions such as the district participate in the TCRS as individual entities and are liable for all costs associated with the operation and administration of the 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://www.tn.gov/treasury/tcrs/PS/>.

Funding Policy

The district requires employees to contribute five percent of earnable compensation. The district is required to contribute at an actuarially determined rate; the rate for the fiscal year ended June 30, 2011, was 10.26 percent of annual covered payroll. The contribution requirement of plan members is set by state statute. The contribution requirement for the district is established and may be amended by the TCRS Board of Trustees.

Annual Pension Cost

For the year ended June 30, 2011, the district's annual pension cost of \$10,175 to the TCRS was equal to the district's required and actual contributions. The required contribution was determined as part of the July 1, 2009, actuarial valuation using the 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 three percent annual rate of inflation, (c) 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), (d) projected 3.5 percent annual increase in the Social Security wage base, and (e) projected postretirement increases of 2.5 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 ten-year period. The district's unfunded actuarial accrued liability (UAAL) is being amortized as a level dollar amount on a closed basis. The remaining amortization period at July 1, 2009, was 19 years. An actuarial valuation was performed as of July 1, 2009, which established contribution rates effective July 1, 2010.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-11	\$ 10,175	100%	\$ 0
6-30-10	10,905	100	0
6-30-09	9,619	100	0

Funded Status and Funding Progress

As of July 1, 2009, the most recent actuarial valuation date, the plan was 16.51 percent funded. The actuarial accrued liability (AAL) for benefits was \$.1 million, and the actuarial value of assets was zero, resulting in a UAAL of \$.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$.1 million, and the ratio of the UAAL to the covered payroll was 66.07 percent.

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 values of plan assets are increasing or decreasing over time relative to the AAL's 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.

F. Risk Management

The district is exposed to various risks of loss related to torts; theft of, damage to, and destruction of assets; errors and omissions; injuries to employees; and natural disasters. The district carries commercial insurance for all risks of loss, including general liability and workers' compensation coverage. Settled claims resulting from these risks have not exceeded commercial insurance coverage in any of the past three fiscal years.

G. Lease Obligations

The district leases its facilities from the City of Newport, Tennessee, under an operating lease expiring in January 2015. The terms of the lease provide for lease payments of \$1 per year.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Cooke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 6,113,729	\$ 0	\$ 6,113,729	\$ 6,334,735	\$ 6,500,685	\$ (386,956)
Licenses and Permits	103,466	0	103,466	98,200	98,200	5,266
Fines, Forfeitures, and Penalties	99,333	0	99,333	118,770	132,670	(33,337)
Charges for Current Services	371,890	0	371,890	301,100	305,050	66,840
Other Local Revenues	171,615	0	171,615	139,400	154,703	16,912
Fees Received from County Officials	839,376	0	839,376	850,000	850,000	(10,624)
State of Tennessee	923,613	0	923,613	1,016,764	1,013,764	(90,151)
Federal Government	321,893	0	321,893	410,505	437,897	(116,004)
Other Governments and Citizens Groups	82,064	0	82,064	70,000	70,200	11,864
Total Revenues	\$ 9,026,979	\$ 0	\$ 9,026,979	\$ 9,339,474	\$ 9,563,169	\$ (536,190)
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 87,039	\$ 0	\$ 87,039	\$ 95,410	\$ 95,410	\$ 8,371
Board of Equalization	5,765	0	5,765	8,800	8,800	3,035
Beer Board	4,742	0	4,742	5,410	5,410	668
Other Boards and Committees	391	0	391	3,000	3,000	2,609
County Mayor/Executive	194,166	0	194,166	189,665	205,182	11,016
County Attorney	26,426	0	26,426	30,000	30,000	3,574
Election Commission	181,975	0	181,975	186,521	190,848	8,873
Register of Deeds	188,955	0	188,955	218,597	225,492	36,537
Development	11,250	0	11,250	11,250	11,250	0
County Buildings	162,509	0	162,509	179,500	179,500	16,991
Other General Administration	82,408	0	82,408	90,500	90,500	8,092
Preservation of Records	49,740	0	49,740	52,452	54,255	4,515

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	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	\$ 189,659	\$ 0	\$ 189,659	\$ 194,249	\$ 199,943	\$ 10,284
Property Assessor's Office	312,247	0	312,247	329,995	345,624	33,377
Reappraisal Program	4,249	0	4,249	4,249	4,249	0
County Trustee's Office	111,180	0	111,180	122,445	123,345	12,165
County Clerk's Office	148,503	(7,000)	141,503	144,950	148,991	7,488
<u>Administration of Justice</u>						
Circuit Court	372,833	0	372,833	379,967	390,824	17,991
General Sessions Court	374,262	0	374,262	370,662	387,949	13,687
Drug Court	1,596	0	1,596	0	2,416	820
Chancery Court	235,683	0	235,683	230,557	239,813	4,130
Juvenile Court	33,836	0	33,836	36,640	37,840	4,004
Judicial Commissioners	26,194	0	26,194	27,360	27,463	1,269
Victims Assistance Programs	8,799	0	8,799	0	14,352	5,553
<u>Public Safety</u>						
Sheriff's Department	2,263,675	(6,379)	2,257,296	2,228,995	2,298,696	41,400
Special Patrols	127,025	0	127,025	117,856	127,129	104
Administration of the Sexual Offender Registry	4,047	0	4,047	0	4,305	258
Jail	1,181,642	0	1,181,642	1,198,685	1,249,190	67,548
Juvenile Services	206,284	0	206,284	199,669	217,472	11,188
Fire Prevention and Control	863,723	0	863,723	857,391	883,168	19,445
Civil Defense	169,364	0	169,364	296,450	293,523	124,159
Inspection and Regulation	1,435	0	1,435	1,438	1,498	63
County Coroner/Medical Examiner	27,120	0	27,120	52,575	52,575	25,455
Other Public Safety	50,221	0	50,221	52,050	54,750	4,529

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Public Health and Welfare</u>						
Local Health Center	\$ 174,378	\$ 0	\$ 174,378	\$ 405,396	\$ 377,396	\$ 203,018
Rabies and Animal Control	86,316	0	86,316	88,339	89,571	3,255
General Welfare Assistance	6,000	0	6,000	7,000	7,000	1,000
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	3,600	0	3,600	3,600	3,600	0
Libraries	63,827	0	63,827	63,827	63,827	0
Other Social, Cultural, and Recreational	213,874	0	213,874	214,174	216,913	3,039
<u>Agriculture and Natural Resources</u>						
Agriculture Extension Service	58,400	0	58,400	63,197	63,198	4,798
Soil Conservation	24,000	0	24,000	24,000	24,000	0
<u>Other Operations</u>						
Industrial Development	341,100	0	341,100	341,100	341,100	0
Veterans' Services	74,373	0	74,373	74,435	76,835	2,462
Other Charges	537,751	0	537,751	636,400	599,597	61,846
Contributions to Other Agencies	177,000	0	177,000	177,000	177,000	0
Employee Benefits	13,766	0	13,766	44,032	33,267	19,501
ARRA Grant No. 1	83,475	0	83,475	85,000	85,000	1,525
ARRA Grant No. 6	11,971	0	11,971	11,971	11,971	0
Miscellaneous	1,082	0	1,082	5,640	5,640	4,558
<u>Highways</u>						
Litter and Trash Collection	86,083	0	86,083	90,189	91,089	5,006
Total Expenditures	\$ 9,665,939	\$ (13,379)	\$ 9,652,560	\$ 10,252,588	\$ 10,471,766	\$ 819,206
Excess (Deficiency) of Revenues Over Expenditures	\$ (638,960)	\$ 13,379	\$ (625,581)	\$ (913,114)	\$ (908,597)	\$ 283,016

(Continued)

Exhibit E-1

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

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2010	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 5,495	0	5,495	0	8,733	\$ (3,238)
Transfers Out	(53,959)	0	(53,959)	0	(53,959)	0
Total Other Financing Sources (Uses)	\$ (48,464)	0	(48,464)	0	(45,226)	\$ (3,238)
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ (687,424)	13,379	(674,045)	(913,114)	(953,823)	\$ 279,778
Fund Balance, June 30, 2011	1,791,102	(13,379)	1,777,723	1,777,174	1,777,174	549
	\$ 1,103,678	0	1,103,678	864,060	823,351	\$ 280,327

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, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 850,127	\$ 0	\$ 850,127	\$ 844,509	\$ 844,509	\$ 5,618
Other Local Revenues	102,308	0	102,308	6,000	86,230	16,078
State of Tennessee	1,885,705	0	1,885,705	2,293,605	2,293,605	(407,900)
Federal Government	113,433	0	113,433	32,000	67,458	45,975
Total Revenues	\$ 2,951,573	\$ 0	\$ 2,951,573	\$ 3,176,114	\$ 3,291,802	\$ (340,229)
<u>Expenditures</u>						
<u>Highways</u>						
Administration	\$ 235,955	\$ 0	\$ 235,955	\$ 249,974	\$ 255,043	\$ 19,088
Highway and Bridge Maintenance	1,359,830	34,147	1,393,977	1,954,334	1,935,036	541,059
Operation and Maintenance of Equipment	637,074	0	637,074	550,590	684,615	47,541
Quarry Operations	377,804	16,914	394,718	390,677	404,101	9,383
Other Charges	347,082	0	347,082	359,600	355,977	8,895
Employee Benefits	4,729	0	4,729	5,100	5,100	371
Capital Outlay	642,982	190,979	833,961	0	834,020	59
Total Expenditures	\$ 3,605,456	\$ 242,040	\$ 3,847,496	\$ 3,510,275	\$ 4,473,892	\$ 626,396
Excess (Deficiency) of Revenues Over Expenditures	\$ (653,883)	\$ (242,040)	\$ (895,923)	\$ (334,161)	\$ (1,182,090)	\$ 286,167
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 13,908	\$ 0	\$ 13,908	\$ 0	\$ 13,908	\$ 0
Transfers In	972,408	0	972,408	0	972,408	0
Total Other Financing Sources (Uses)	\$ 986,316	\$ 0	\$ 986,316	\$ 0	\$ 986,316	\$ 0
Net Change in Fund Balance	\$ 332,433	\$ (242,040)	\$ 90,393	\$ (334,161)	\$ (195,774)	\$ 286,167
Fund Balance, July 1, 2010	1,040,252	0	1,040,252	358,046	358,046	682,206
Fund Balance, June 30, 2011	\$ 1,372,685	\$ (242,040)	\$ 1,130,645	\$ 23,885	\$ 162,272	\$ 968,373

Exhibit E-3

Cocke County, Tennessee
Schedule of Funding Progress – Pension Plan
Primary Government and Discretely Presented Cocke County School Department
June 30, 2011

(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)
7-1-09	\$ 23,840	\$ 28,676	\$ 4,836	83.14	% \$ 9,245	52.31 %
7-1-07	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 went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-4

Coke County, Tennessee
Schedule of Funding Progress – Pension Plan
Discretely Presented Coke County Emergency Communications District
June 30, 2011

(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)
7-1-09	\$ 15	\$ 93	\$ 78	16.51	% \$ 117	66.07 %
7-1-07	0	N/A	N/A	N/A	0	N/A

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 went into effect during the year of the 2007 actuarial valuation; therefore, only the two most recent valuations are presented.

Exhibit E-5

Cocke County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cocke County School Department
June 30, 2011

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-07	\$ 0	\$ 328	\$ 328	0 %	\$ 5,865	5.6 %
"	7-1-09	0	925	925	0	5,895	15.7
"	7-1-10	0	996	996	0	6,210	16.0
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-07	0	13,032	13,032	0	21,156	61.6
"	7-1-09	0	13,575	13,575	0	22,861	59.4
"	7-1-10	0	13,701	13,701	0	22,791	60.1

COCKE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2011

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 County Uniform Chart of Accounts as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, Board of Equalization, Beer Board, Other Boards and Committees, County Mayor/Executive, 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.

At June 30, 2011, Cocke County reported the following significant encumbrance in the Highway/Public Works Fund:

<u>Fund</u>	<u>Description</u>	<u>Amount</u>
Highway/Public Works	Paving projects	\$ 223,227

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

Nonmajor Governmental Funds

Special Revenue Funds

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

Solid Waste/Sanitation Fund – The Solid Waste/Sanitation Fund is used to account for transactions 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 and report financial resources that are restricted, committed, or assigned to expenditure for principal and interest.

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

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

Exhibit F-1

Cocke County, Tennessee
 Combining Balance Sheet
 Nonmajor Governmental Funds
 June 30, 2011

	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				
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 93,188	\$ 0	\$ 93,188	\$ 0	\$ 0	\$ 93,188	
Equity in Pooled Cash and Investments	654,565	577,861	38,237	40,106	0	16,821	1,310,769	29,819	29,819	1,357,409	
Investments	0	0	0	0	0	0	0	554,791	554,791	554,791	
Accounts Receivable	4,559	0	0	0	5,322	0	9,881	0	0	9,881	
Due from Other Governments	3,613	0	0	0	0	0	3,613	0	0	3,613	
Property Taxes Receivable	874,093	244,235	0	0	0	0	1,118,328	0	0	1,118,328	
Allowance for Uncollectible Property Taxes	(57,909)	(16,039)	0	0	0	0	(73,948)	0	0	(73,948)	
Total Assets	\$ 1,478,921	\$ 806,057	\$ 38,237	\$ 40,106	\$ 98,510	\$ 16,821	\$ 2,461,831	\$ 584,610	\$ 584,610	\$ 3,063,262	

ASSETS

LIABILITIES AND FUND BALANCES

Liabilities										
Accounts Payable	\$ 82,545	\$ 0	\$ 0	\$ 1,114	\$ 0	\$ 0	\$ 83,659	\$ 0	\$ 0	\$ 83,659
Payroll Deductions Payable	3,538	0	0	0	0	0	3,538	0	0	3,538
Due to Other Funds	0	0	0	0	416	0	416	0	0	416
Deferred Revenue - Current Property Taxes	749,007	209,722	0	0	0	0	958,729	0	0	958,729
Deferred Revenue - Delinquent Property Taxes	61,237	16,840	0	0	0	0	78,077	0	0	78,077
Total Liabilities	\$ 896,327	\$ 226,562	\$ 0	\$ 1,114	\$ 416	\$ 0	\$ 1,124,419	\$ 0	\$ 0	\$ 1,124,419

Fund Balances

Restricted:										
Restricted for Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 98,094	\$ 0	\$ 98,094	\$ 0	\$ 0	\$ 98,094
Restricted for Public Safety	0	0	38,237	0	0	0	38,237	0	0	38,237
Restricted for Public Health and Welfare	524,920	0	0	0	0	0	524,920	0	0	524,920
Restricted for Social, Cultural, and Recreational Services	0	0	0	35,092	0	0	35,092	0	0	35,092
Restricted for Other Operations	0	326,068	0	0	0	0	326,068	0	0	326,068
Restricted for Debt Service	0	0	0	0	0	16,821	16,821	0	0	16,821
Restricted for Capital Projects	0	0	0	0	0	0	0	584,610	584,610	584,610

(Continued)

	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					
\$ 57,674	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 57,674	\$ 0	\$ 0	\$ 57,674	
0	0	0	3,900	0	0	3,900	0	0	3,900	
0	253,427	0	0	0	0	253,427	0	0	253,427	
\$ 582,594	\$ 579,495	\$ 38,237	\$ 38,992	\$ 98,094	\$ 1,337,412	\$ 1,337,412	\$ 16,821	\$ 584,610	\$ 1,938,843	
\$ 1,478,921	\$ 806,057	\$ 38,237	\$ 40,106	\$ 98,510	\$ 2,461,831	\$ 2,461,831	\$ 16,821	\$ 584,610	\$ 3,063,262	

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances (Cont.)
 Committed:
 Committed for Public Health and Welfare
 Committed for Social, Cultural, and Recreational Services
 Committed for Other Operations
 Total Fund Balances

Total Liabilities and Fund Balances

Exhibit F-2

Cooke County, Tennessee
 Combining Statement of Revenues, Expenditures,
 and Changes in Fund Balances
 Nonmajor Governmental Funds
 For the Year Ended June 30, 2011

	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	Constitu- tional Officers - Fees	Rural Debt Service				
Revenues										
Local Taxes	\$ 1,714,491	\$ 352,764	\$ 0	\$ 0	\$ 0	\$ 2,067,255	\$ 0	\$ 0	\$ 2,067,255	
Fines, Forfeitures, and Penalties Charges for Current Services	0	0	1,335	0	0	1,335	0	0	1,335	
Other Local Revenues	37,976	0	0	20,980	512,270	571,226	0	0	571,226	
State of Tennessee	67,397	19,517	7,875	7,197	0	52,314	0	1,143	53,457	
Other Governments and Citizens Groups	0	0	0	6,415	0	86,914	0	0	86,914	
Total Revenues	\$ 1,857,106	\$ 372,281	\$ 9,210	\$ 34,592	\$ 512,270	\$ 2,785,459	\$ 316,855	\$ 1,143	\$ 3,103,457	
Expenditures										
Current:										
Finance	\$ 0	\$ 0	\$ 0	\$ 0	\$ 540,155	\$ 540,155	\$ 0	\$ 0	\$ 540,155	
Administration of Justice	0	0	0	0	2,250	2,250	0	0	2,250	
Public Safety	0	0	11,075	0	0	11,075	0	0	11,075	
Public Health and Welfare	1,332,489	0	0	0	0	1,332,489	0	0	1,332,489	
Social, Cultural, and Recreational Services	0	0	0	42,893	0	42,893	0	0	42,893	
Debt Service:										
Principal on Debt	0	46,824	0	0	0	46,824	240,000	0	286,824	
Interest on Debt	0	83,320	0	0	0	83,320	76,855	0	160,175	
Capital Projects	0	160,394	0	0	0	160,394	0	48,185	208,579	
Total Expenditures	\$ 1,332,489	\$ 290,538	\$ 11,075	\$ 42,893	\$ 542,405	\$ 2,219,400	\$ 316,855	\$ 48,185	\$ 2,584,440	
Excess (Deficiency) of Revenues Over Expenditures	\$ 524,617	\$ 81,743	\$ (1,865)	\$ (8,301)	\$ (30,135)	\$ 566,059	\$ 0	\$ (47,042)	\$ 519,017	
Other Financing Sources (Uses)										
Insurance Recovery	\$ 0	\$ 0	\$ 0	\$ 31,695	\$ 0	\$ 31,695	\$ 0	\$ 0	\$ 31,695	
Transfers In	0	0	0	3,900	0	3,900	0	0	3,900	
Total Other Financing Sources (Uses)	\$ 0	\$ 0	\$ 0	\$ 35,595	\$ 0	\$ 35,595	\$ 0	\$ 0	\$ 35,595	
Net Change in Fund Balances	\$ 524,617	\$ 81,743	\$ (1,865)	\$ 27,294	\$ (30,135)	\$ 601,654	\$ 0	\$ (47,042)	\$ 554,612	
Fund Balance, July 1, 2010	57,977	497,752	40,102	11,698	128,229	735,758	16,821	631,652	1,384,231	
Fund Balance, June 30, 2011	\$ 582,594	\$ 579,495	\$ 38,237	\$ 38,992	\$ 98,094	\$ 1,337,412	\$ 16,821	\$ 584,610	\$ 1,938,843	

Exhibit F-3

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,714,491	\$ 1,189,875	\$ 1,751,875	\$ (37,384)
Charges for Current Services	37,976	33,500	33,500	4,476
Other Local Revenues	37,242	26,800	26,800	10,442
State of Tennessee	67,397	95,900	95,900	(28,503)
Total Revenues	<u>\$ 1,857,106</u>	<u>\$ 1,346,075</u>	<u>\$ 1,908,075</u>	<u>\$ (50,969)</u>
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 440,163	\$ 440,074	\$ 470,460	\$ 30,297
Convenience Centers	892,326	930,232	912,982	20,656
Total Expenditures	<u>\$ 1,332,489</u>	<u>\$ 1,370,306</u>	<u>\$ 1,383,442</u>	<u>\$ 50,953</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 524,617</u>	<u>\$ (24,231)</u>	<u>\$ 524,633</u>	<u>\$ (16)</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 0	\$ 0	\$ 1,136	\$ (1,136)
Total Other Financing Sources (Uses)	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,136</u>	<u>\$ (1,136)</u>
Net Change in Fund Balance	\$ 524,617	\$ (24,231)	\$ 525,769	\$ (1,152)
Fund Balance, July 1, 2010	<u>57,977</u>	<u>58,053</u>	<u>58,053</u>	<u>(76)</u>
Fund Balance, June 30, 2011	<u><u>\$ 582,594</u></u>	<u><u>\$ 33,822</u></u>	<u><u>\$ 583,822</u></u>	<u><u>\$ (1,228)</u></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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 352,764	\$ 343,798	\$ 343,798	\$ 8,966
State of Tennessee	19,517	18,700	18,700	817
Total Revenues	<u>\$ 372,281</u>	<u>\$ 362,498</u>	<u>\$ 362,498</u>	<u>\$ 9,783</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 46,824	\$ 47,764	\$ 47,764	\$ 940
<u>Interest on Debt</u>				
General Government	83,320	91,383	91,383	8,063
<u>Capital Projects</u>				
Public Utility Projects	160,394	181,000	181,000	20,606
Total Expenditures	<u>\$ 290,538</u>	<u>\$ 320,147</u>	<u>\$ 320,147</u>	<u>\$ 29,609</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 81,743</u>	<u>\$ 42,351</u>	<u>\$ 42,351</u>	<u>\$ 39,392</u>
Net Change in Fund Balance	\$ 81,743	\$ 42,351	\$ 42,351	\$ 39,392
Fund Balance, July 1, 2010	<u>497,752</u>	<u>497,752</u>	<u>497,752</u>	<u>0</u>
Fund Balance, June 30, 2011	<u><u>\$ 579,495</u></u>	<u><u>\$ 540,103</u></u>	<u><u>\$ 540,103</u></u>	<u><u>\$ 39,392</u></u>

Exhibit F-5

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 1,335	\$ 6,300	\$ 6,300	\$ (4,965)
Other Local Revenues	7,875	0	0	7,875
Total Revenues	<u>\$ 9,210</u>	<u>\$ 6,300</u>	<u>\$ 6,300</u>	<u>\$ 2,910</u>
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 609	\$ 13,500	\$ 13,500	\$ 12,891
Drug Enforcement	10,466	11,700	11,700	1,234
Total Expenditures	<u>\$ 11,075</u>	<u>\$ 25,200</u>	<u>\$ 25,200</u>	<u>\$ 14,125</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (1,865)</u>	<u>\$ (18,900)</u>	<u>\$ (18,900)</u>	<u>\$ 17,035</u>
Net Change in Fund Balance	\$ (1,865)	\$ (18,900)	\$ (18,900)	\$ 17,035
Fund Balance, July 1, 2010	<u>40,102</u>	<u>40,102</u>	<u>40,102</u>	<u>0</u>
Fund Balance, June 30, 2011	<u><u>\$ 38,237</u></u>	<u><u>\$ 21,202</u></u>	<u><u>\$ 21,202</u></u>	<u><u>\$ 17,035</u></u>

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 20,980	\$ 22,100	\$ 22,100	\$ (1,120)
Other Local Revenues	7,197	8,500	8,500	(1,303)
Other Governments and Citizens Groups	6,415	9,400	9,400	(2,985)
Total Revenues	<u>\$ 34,592</u>	<u>\$ 40,000</u>	<u>\$ 40,000</u>	<u>\$ (5,408)</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 42,893	\$ 50,673	\$ 50,673	\$ 7,780
Total Expenditures	<u>\$ 42,893</u>	<u>\$ 50,673</u>	<u>\$ 50,673</u>	<u>\$ 7,780</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (8,301)</u>	<u>\$ (10,673)</u>	<u>\$ (10,673)</u>	<u>\$ 2,372</u>
<u>Other Financing Sources (Uses)</u>				
Insurance Recovery	\$ 31,695	\$ 0	\$ 0	\$ 31,695
Transfers In	3,900	3,900	3,900	0
Total Other Financing Sources (Uses)	<u>\$ 35,595</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 31,695</u>
Net Change in Fund Balance	\$ 27,294	\$ (6,773)	\$ (6,773)	\$ 34,067
Fund Balance, July 1, 2010	<u>11,698</u>	<u>11,698</u>	<u>11,698</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 38,992</u>	<u>\$ 4,925</u>	<u>\$ 4,925</u>	<u>\$ 34,067</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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 316,855	\$ 316,855	\$ 316,855	\$ 0
Total Revenues	<u>\$ 316,855</u>	<u>\$ 316,855</u>	<u>\$ 316,855</u>	<u>\$ 0</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 240,000	\$ 240,000	\$ 240,000	\$ 0
<u>Interest on Debt</u>				
Education	76,855	76,855	76,855	0
Total Expenditures	<u>\$ 316,855</u>	<u>\$ 316,855</u>	<u>\$ 316,855</u>	<u>\$ 0</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	0
Fund Balance, July 1, 2010	<u>16,821</u>	<u>16,821</u>	<u>16,821</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 16,821</u>	<u>\$ 16,821</u>	<u>\$ 16,821</u>	<u>\$ 0</u>

Major Governmental Fund

General Debt Service Fund

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

Exhibit 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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,155,024	\$ 2,124,613	\$ 2,124,613	\$ 30,411
Other Local Revenues	90,367	136,000	136,000	(45,633)
State of Tennessee	45,737	42,500	42,500	3,237
Federal Government	166,722	48,100	167,100	(378)
Other Governments and Citizens Groups	71,429	71,429	71,429	0
Total Revenues	<u>\$ 2,529,279</u>	<u>\$ 2,422,642</u>	<u>\$ 2,541,642</u>	<u>\$ (12,363)</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 42,783	\$ 43,000	\$ 43,000	\$ 217
Highways and Streets	264,543	265,000	265,000	457
Education	1,034,103	1,034,429	1,034,429	326
<u>Interest on Debt</u>				
General Government	90,385	90,000	90,386	1
Highways and Streets	434,115	405,000	434,201	86
Education	1,017,057	756,000	1,042,000	24,943
<u>Other Debt Service</u>				
General Government	39,418	47,000	39,713	295
Total Expenditures	<u>\$ 2,922,404</u>	<u>\$ 2,640,429</u>	<u>\$ 2,948,729</u>	<u>\$ 26,325</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (393,125)</u>	<u>\$ (217,787)</u>	<u>\$ (407,087)</u>	<u>\$ 13,962</u>
Net Change in Fund Balance	\$ (393,125)	\$ (217,787)	\$ (407,087)	\$ 13,962
Fund Balance, July 1, 2010	<u>7,052,204</u>	<u>7,052,206</u>	<u>7,052,204</u>	<u>0</u>
Fund Balance, June 30, 2011	<u>\$ 6,659,079</u>	<u>\$ 6,834,419</u>	<u>\$ 6,645,117</u>	<u>\$ 13,962</u>

Fiduciary Funds

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

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

City School ADA - 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.

Exhibit H-1

Cocke County, Tennessee
Combining Statement of Fiduciary Assets and Liabilities
Fiduciary Funds
June 30, 2011

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Newport	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,161,883	\$ 2,161,883
Accounts Receivable	0	0	3,437	3,437
Due from Other Governments	501,897	96,711	0	598,608
Property Taxes Receivable	0	466,102	0	466,102
Allowance for Uncollectible Property Taxes	0	(24,948)	0	(24,948)
Cash Shortage	0	0	39,440	39,440
Total Assets	<u>\$ 501,897</u>	<u>\$ 537,865</u>	<u>\$ 2,204,760</u>	<u>\$ 3,244,522</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 501,897	\$ 537,865	\$ 0	\$ 1,039,762
Due to Litigants, Heirs, and Others	0	0	2,204,760	2,204,760
Total Liabilities	<u>\$ 501,897</u>	<u>\$ 537,865</u>	<u>\$ 2,204,760</u>	<u>\$ 3,244,522</u>

Exhibit H-2

Cocke County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2011

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 2,922,305	\$ 2,922,305	\$ 0
Due from Other Governments	497,543	501,897	497,543	501,897
Total Assets	\$ 497,543	\$ 3,424,202	\$ 3,419,848	\$ 501,897
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 497,543	\$ 3,424,202	\$ 3,419,848	\$ 501,897
Total Liabilities	\$ 497,543	\$ 3,424,202	\$ 3,419,848	\$ 501,897
<u>City School ADA - Newport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 1,021,246	\$ 1,021,246	\$ 0
Due from Other Governments	95,721	96,711	95,721	96,711
Property Taxes Receivable	457,216	466,102	457,216	466,102
Allowance for Uncollectible Property Taxes	(26,921)	(24,948)	(26,921)	(24,948)
Total Assets	\$ 526,016	\$ 1,559,111	\$ 1,547,262	\$ 537,865
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 526,016	\$ 1,559,111	\$ 1,547,262	\$ 537,865
Total Liabilities	\$ 526,016	\$ 1,559,111	\$ 1,547,262	\$ 537,865
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,911,696	\$ 5,895,722	\$ 5,645,535	\$ 2,161,883
Accounts Receivable	3,437	0	0	3,437
Cash Shortage	40,340	0	900	39,440
Total Assets	\$ 1,955,473	\$ 5,895,722	\$ 5,646,435	\$ 2,204,760
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,955,473	\$ 5,895,722	\$ 5,646,435	\$ 2,204,760
Total Liabilities	\$ 1,955,473	\$ 5,895,722	\$ 5,646,435	\$ 2,204,760

(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	\$ 1,911,696	\$ 5,895,722	\$ 5,645,535	\$ 2,161,883
Equity in Pooled Cash and Investments	0	3,943,551	3,943,551	0
Accounts Receivable	3,437	0	0	3,437
Due from Other Governments	593,264	598,608	593,264	598,608
Property Taxes Receivable	457,216	466,102	457,216	466,102
Allowance for Uncollectible Property Taxes	(26,921)	(24,948)	(26,921)	(24,948)
Cash Shortage	40,340	0	900	39,440
Total Assets	<u>\$ 2,979,032</u>	<u>\$ 10,879,035</u>	<u>\$ 10,613,545</u>	<u>\$ 3,244,522</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,023,559	\$ 4,983,313	\$ 4,967,110	\$ 1,039,762
Due to Litigants, Heirs, and Others	1,955,473	5,895,722	5,646,435	2,204,760
Total Liabilities	<u>\$ 2,979,032</u>	<u>\$ 10,879,035</u>	<u>\$ 10,613,545</u>	<u>\$ 3,244,522</u>

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, one Capital Projects Fund, 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.

Other Capital Projects Fund - QSCB – The Other Capital Projects Fund - QSCB is used to account for transactions related to the Qualified School Construction Bonds Program.

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.

Exhibit I-1

Coke County, Tennessee
Statement of Activities
Discretely Presented Coke County School Department
For the Year Ended June 30, 2011

Functions/Programs	Program Revenues			Net (Expense) Revenue and Changes in Net Assets Total Governmental Activities
	Expenses	Charges for Services	Operating Grants and Contributions	
Governmental Activities:				
Instruction	\$ 26,092,284	\$ 0	\$ 3,784,148	\$ (16,666,832)
Support Services	12,841,371	71,648	177,052	(12,111,869)
Operation of Non-Instructional Services	3,519,878	667,958	2,895,934	44,014
Interest on Long-term Debt	390,852	0	0	(390,852)
Total Governmental Activities	\$ 42,844,385	\$ 739,606	\$ 6,857,134	\$ (29,125,539)
General Revenues:				
Taxes:				
Property Taxes Levied for General Purposes				\$ 2,843,107
Property Taxes Levied for School Transportation				1,288,758
Local Option Sales Taxes				3,118,338
Other Local Taxes				76,919
Grants and Contributions Not Restricted to Specific Programs				25,417,322
Unrestricted Investment Income				47,533
Miscellaneous				29,330
Total General Revenues				\$ 32,821,307
Change in Net Assets				\$ 3,695,768
Net Assets, July 1, 2010				25,966,722
Net Assets, June 30, 2011				\$ 29,662,490

Exhibit I-2

Cocke County, Tennessee
 Balance Sheet - Governmental Funds
 Discretely Presented Cocke County School Department
 June 30, 2011

	Major Funds				Nonmajor Fund	Total
	General Purpose School	School Federal Projects	School Transportation	Other Capital Projects - QSCB	Central Cafeteria Fund	Governmental Funds
Cash	\$ 1,163,706	\$ 0	\$ 0	\$ 5,283,673	\$ 3,853	\$ 6,451,232
Equity in Pooled Cash and Investments	4,183,325	212,779	366,547	210,449	699,937	5,673,037
Accounts Receivable	185,597	0	9,970	0	4	195,571
Due from Other Governments	1,386,884	87,241	0	0	224,979	1,699,104
Property Taxes Receivable	3,106,572	0	1,402,110	0	0	4,508,682
Allowance for Uncollectible Property Taxes	(169,245)	0	(76,386)	0	0	(245,631)
Total Assets	\$ 9,856,839	\$ 300,020	\$ 1,702,241	\$ 5,494,122	\$ 928,773	\$ 18,281,995

ASSETS

LIABILITIES AND FUND BALANCES

<u>Liabilities</u>	\$ 323,966	\$ 0	\$ 10,631	\$ 0	\$ 0	\$ 334,597
Accounts Payable	2,965	0	1,466	0	0	4,431
Accrued Payroll	38,701	0	0	124,474	0	163,175
Contracts Payable	0	0	0	29,626	0	29,626
Retainage Payable	1,163,706	0	0	0	0	1,163,706
Other Current Liabilities	2,783,718	0	1,256,394	0	0	4,040,112
Deferred Revenue - Current Property Taxes	139,789	0	63,092	0	0	202,881
Deferred Revenue - Delinquent Property Taxes	302,612	0	0	0	0	302,612
Other Deferred Revenues	\$ 4,755,457	\$ 0	\$ 1,331,583	\$ 154,100	\$ 0	\$ 6,241,140
Total Liabilities						

(Continued)

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

	Major Funds				Other	Nonmajor Fund	Total
	General Purpose School	School Federal Projects	School Transportation	Capital Projects - QSCB	Central Cafeteria Fund	Governmental Funds	
\$ 265,018 \$	20 \$	149,020 \$	0 \$	0 \$	928,773 \$	1,342,831	
0	0	0	5,040,022	0	0	5,040,022	
615,000	300,000	221,638	0	300,000	0	1,136,638	
0	0	0	0	0	0	300,000	
2,134,303	0	0	0	0	0	2,134,303	
26,563	0	0	0	0	0	26,563	
2,060,498	0	0	0	0	0	2,060,498	
<u>\$ 5,101,382 \$</u>	<u>300,020 \$</u>	<u>370,658 \$</u>	<u>5,340,022 \$</u>	<u>928,773 \$</u>	<u>12,040,855</u>		
\$ 9,856,839 \$	300,020 \$	1,702,241 \$	5,494,122 \$	928,773 \$	18,281,995		

LIABILITIES AND FUND BALANCES (CONT.)

Fund Balances

Restricted:

Restricted for Education
 Restricted for Capital Projects

Committed:

Committed for Education
 Committed for Capital Projects

Assigned:

Assigned for Education
 Assigned for Capital Projects

Unassigned

Total Fund Balances

Total Liabilities and Fund Balances

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, 2011

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)		\$ 12,040,855
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 601,292	
Add: construction in progress	453,737	
Add: buildings and improvements net of accumulated depreciation	17,887,541	
Add: other capital assets net of accumulated depreciation	<u>3,205,584</u>	22,148,154
(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	\$ (45,922)	
Less: accrued interest on note	(861)	
Less: termination benefits payable	(440,000)	
Less: other postemployment benefits liability	<u>(4,545,229)</u>	(5,032,012)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>505,493</u>
Net assets of governmental activities (Exhibit A)		<u><u>\$ 29,662,490</u></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, 2011

	Major Funds				Other Capital Projects - QSCB	Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	School Transpor- tation	School Transpor- tation		Central Cafeteria Fund	Central Cafeteria Fund	
<u>Revenues</u>								
Local Taxes	\$ 6,132,797	\$ 0	\$ 1,435,534	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,568,331
Licenses and Permits	977	0	0	0	0	0	0	977
Charges for Current Services	112,398	0	108,028	0	0	515,448	0	735,874
Other Local Revenues	442,911	0	2,618	7,689	0	54,711	0	507,929
State of Tennessee	23,045,932	0	320,246	0	0	0	0	23,366,178
Federal Government	544,629	5,419,268	0	0	0	2,331,908	0	8,295,805
Other Governments and Citizens Groups	0	0	480,802	5,525,358	0	0	0	6,006,160
Total Revenues	\$ 30,279,644	\$ 5,419,268	\$ 2,347,228	\$ 5,533,047	\$ 2,902,067	\$ 2,902,067	\$ 0	\$ 46,481,254
<u>Expenditures</u>								
Current:								
Instruction	\$ 18,746,442	\$ 4,280,225	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 23,026,667
Support Services	9,444,068	1,107,958	2,369,482	0	0	0	0	12,921,508
Operation of Non-Instructional Services	755,078	0	0	0	0	2,848,145	0	3,603,223
Capital Outlay	485,486	0	0	0	0	0	0	485,486
Debt Service:								
Principal on Debt	10,147	0	0	0	0	0	0	10,147
Interest on Debt	2,803	0	0	0	0	0	0	2,803
Other Debt Service	388,284	0	0	0	0	0	0	388,284
Capital Projects	0	0	0	493,025	0	0	0	493,025
Total Expenditures	\$ 29,832,308	\$ 5,388,183	\$ 2,369,482	\$ 493,025	\$ 2,848,145	\$ 2,848,145	\$ 0	\$ 40,931,143
Excess (Deficiency) of Revenues Over Expenditures	\$ 447,336	\$ 31,085	\$ (22,254)	\$ 5,040,022	\$ 53,922	\$ 53,922	\$ 0	\$ 5,550,111

(Continued)

Exhibit I-4

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Other Capital Projects -	Other	Governmental Funds	Other Funds	
<u>Other Financing Sources (Uses)</u>								
Insurance Recovery	\$ 61,508	\$ 0	\$ 20,869	\$ 0	\$ 0	\$ 0	\$ 0	\$ 82,377
Transfers In	42,416	200,000	0	300,000	0	0	0	542,416
Transfers Out	(500,000)	(42,416)	0	0	0	0	0	(542,416)
Total Other Financing Sources (Uses)	\$ (396,076)	\$ 157,584	\$ 20,869	\$ 300,000	\$ 0	\$ 0	\$ 0	\$ 82,377
Extraordinary Item - Insurance Recovery for Tornado Damage	\$ 750,000	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 750,000
Extraordinary Item - Tornado Damage Expenditures	(750,238)	0	0	0	0	0	0	(750,238)
Net Change in Fund Balances	\$ 51,022	\$ 188,669	\$ (1,385)	\$ 5,340,022	\$ 0	\$ 53,922	\$ 874,851	\$ 5,632,250
Fund Balance, July 1, 2010	5,050,360	111,351	372,043	0	0	0	0	6,408,605
Fund Balance, June 30, 2011	\$ 5,101,382	\$ 300,020	\$ 370,658	\$ 5,340,022	\$ 0	\$ 928,773	\$ 0	\$ 12,040,855

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, 2011

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)		\$ 5,632,250
(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	\$ 1,018,432	
Less: current-year depreciation expense	<u>(1,656,254)</u>	(637,822)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net assets.		
Less: impairment loss due to tornado damage	\$ (280,461)	
Less: loss on disposal of capital assets	<u>(7,457)</u>	(287,918)
(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, 2011	\$ 505,493	
Less: deferred delinquent property taxes and other deferred June 30, 2010	<u>(444,763)</u>	60,730
(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 note		10,147
(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	\$ 235	
Change in termination benefits	(16,000)	
Change in other postemployment benefits liability	<u>(1,065,854)</u>	<u>(1,081,619)</u>
Change in net assets of governmental activities (Exhibit B)		<u>\$ 3,695,768</u>

Exhibit I-6

Cocke County, Tennessee
 Schedule of Revenues, Expenditures, and Changes
 in Fund Balance - Actual (Budgetary Basis) and Budget
 Discretely Presented Cocke County School Department
 General Purpose School Fund
 For the Year Ended June 30, 2011

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 6,132,797	\$ 0	\$ 6,132,797	\$ 6,007,798	\$ 6,007,798	\$ 124,999
Licenses and Permits	977	0	977	1,000	1,000	(23)
Charges for Current Services	112,398	0	112,398	115,720	115,720	(3,322)
Other Local Revenues	442,911	0	442,911	55,825	421,264	21,647
State of Tennessee	23,045,932	0	23,045,932	23,056,297	23,115,660	(89,728)
Federal Government	544,629	0	544,629	547,276	534,757	9,872
Total Revenues	\$ 30,279,644	\$ 0	\$ 30,279,644	\$ 29,783,916	\$ 30,196,199	\$ 83,445
<u>Expenditures</u>						
<u>Instruction</u>						
Regular Instruction Program	\$ 15,606,581	\$ 0	\$ 15,606,581	\$ 17,356,762	\$ 17,376,762	\$ 1,770,181
Alternative Instruction Program	191,459	0	191,459	193,298	193,298	1,839
Special Education Program	1,639,875	0	1,639,875	1,637,394	1,703,092	63,217
Vocational Education Program	1,185,306	0	1,185,306	1,206,837	1,206,837	21,531
Student Body Education Program	1,378	0	1,378	3,250	3,250	1,872
Adult Education Program	121,843	0	121,843	123,453	123,453	1,610
<u>Support Services</u>						
Attendance	114,284	0	114,284	117,080	117,080	2,796
Health Services	307,974	0	307,974	334,570	335,570	27,596
Other Student Support	939,134	0	939,134	997,126	997,126	57,992
Regular Instruction Program	1,132,731	0	1,132,731	1,186,011	1,186,011	53,280
Special Education Program	169,607	0	169,607	163,004	172,504	2,897
Vocational Education Program	117,656	0	117,656	122,828	122,828	5,172
Adult Programs	5,683	0	5,683	7,359	7,359	1,676

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Expenditures (Cont.)</u>						
<u>Support Services (Cont.)</u>						
Other Programs	\$ 203,946	\$ 0	\$ 203,946	\$ 0	\$ 203,946	\$ 0
Board of Education	388,685	0	388,685	481,383	481,383	92,698
Director of Schools	217,913	0	217,913	227,105	227,105	9,192
Office of the Principal	2,144,668	0	2,144,668	2,266,556	2,266,556	121,888
Fiscal Services	154,371	0	154,371	180,656	180,656	26,285
Operation of Plant	2,497,226	0	2,497,226	2,580,585	2,610,585	113,359
Maintenance of Plant	635,589	0	635,589	745,144	715,144	79,555
Transportation	49,989	0	49,989	69,412	69,412	19,423
Central and Other	364,612	0	364,612	281,452	391,491	26,879
<u>Operation of Non-Instructional Services</u>						
Food Service	72,120	0	72,120	74,869	74,869	2,749
Community Services	381,692	0	381,692	449,317	451,417	69,725
Early Childhood Education	301,266	0	301,266	301,265	301,266	0
<u>Capital Outlay</u>						
Regular Capital Outlay	485,486	234,547	720,033	1,112,531	1,112,531	392,498
<u>Principal on Debt</u>						
Education	10,147	0	10,147	321,577	10,148	1
Interest on Debt						
Education	2,803	0	2,803	214,659	137,804	135,001
<u>Other Debt Service</u>						
Education	388,284	0	388,284	0	388,284	0
<u>Total Expenditures</u>	<u>\$ 29,832,308</u>	<u>\$ 234,547</u>	<u>\$ 30,066,855</u>	<u>\$ 32,755,483</u>	<u>\$ 33,167,767</u>	<u>\$ - 3,100,912</u>

(Continued)

Exhibit I-6

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2011	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
Excess (Deficiency) of Revenues Over Expenditures	\$ 447,336	\$ (234,547)	\$ 212,789	\$ (2,971,567)	\$ (2,971,568)	\$ 3,184,357
Other Financing Sources (Uses)						
Insurance Recovery	\$ 61,508	\$ 0	\$ 61,508	\$ 50,000	\$ 50,000	\$ 11,508
Transfers In	42,416	0	42,416	64,110	64,110	(21,694)
Transfers Out	(500,000)	0	(500,000)	(200,000)	(500,000)	0
Total Other Financing Sources (Uses)	\$ (396,076)	\$ 0	\$ (396,076)	\$ (85,890)	\$ (385,890)	\$ (10,186)
Special Items						
Extraordinary Item - Insurance Recovery for Tornado Damage	\$ 750,000	\$ 0	\$ 750,000	\$ 0	\$ 1,500,000	\$ (750,000)
Extraordinary Item - Tornado Damage Expenditures	(750,238)	0	(750,238)	0	(1,500,000)	749,762
Net Change in Fund Balance Fund Balance, July 1, 2010	\$ 51,022	\$ (234,547)	\$ (183,525)	\$ (3,057,457)	\$ (3,357,458)	\$ 3,173,933
	5,050,360	0	5,050,360	5,376,377	5,376,377	(326,017)
Fund Balance, June 30, 2011	\$ 5,101,382	\$ (234,547)	\$ 4,866,835	\$ 2,318,920	\$ 2,018,919	\$ 2,847,916

Exhibit I-7

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cocke County School Department
School Federal Projects Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 5,419,268	\$ 8,791,100	\$ 8,782,743	\$ (3,363,475)
Total Revenues	\$ 5,419,268	\$ 8,791,100	\$ 8,782,743	\$ (3,363,475)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,659,637	\$ 4,494,409	\$ 4,506,940	\$ 1,847,303
Alternative Instruction Program	7,912	6,612	7,912	0
Special Education Program	1,517,364	2,007,920	2,007,920	490,556
Vocational Education Program	95,312	92,159	85,159	(10,153)
<u>Support Services</u>				
Other Student Support	414,922	524,906	498,736	83,814
Regular Instruction Program	546,482	1,197,880	1,217,763	671,281
Special Education Program	4,116	5,000	5,000	884
Vocational Education Program	4,296	6,200	6,200	1,904
Transportation	138,142	403,254	394,353	256,211
Total Expenditures	\$ 5,388,183	\$ 8,738,340	\$ 8,729,983	\$ 3,341,800
Excess (Deficiency) of Revenues Over Expenditures	\$ 31,085	\$ 52,760	\$ 52,760	\$ (21,675)
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 200,000	\$ 0	\$ 0	\$ 200,000
Transfers Out	(42,416)	(64,111)	(64,111)	21,695
Total Other Financing Sources (Uses)	\$ 157,584	\$ (64,111)	\$ (64,111)	\$ 221,695
Net Change in Fund Balance	\$ 188,669	\$ (11,351)	\$ (11,351)	\$ 200,020
Fund Balance, July 1, 2010	111,351	11,351	11,351	100,000
Fund Balance, June 30, 2011	\$ 300,020	\$ 0	\$ 0	\$ 300,020

Exhibit I-8

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Cocke County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 515,448	\$ 550,436	\$ 550,436	\$ (34,988)
Other Local Revenues	54,711	35,777	35,777	18,934
Federal Government	2,331,908	1,843,530	2,143,336	188,572
Total Revenues	<u>\$ 2,902,067</u>	<u>\$ 2,429,743</u>	<u>\$ 2,729,549</u>	<u>\$ 172,518</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 2,848,145	\$ 3,300,611	\$ 3,052,333	\$ 204,188
Total Expenditures	<u>\$ 2,848,145</u>	<u>\$ 3,300,611</u>	<u>\$ 3,052,333</u>	<u>\$ 204,188</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 53,922</u>	<u>\$ (870,868)</u>	<u>\$ (322,784)</u>	<u>\$ 376,706</u>
Net Change in Fund Balance	\$ 53,922	\$ (870,868)	\$ (322,784)	\$ 376,706
Fund Balance, July 1, 2010	<u>874,851</u>	<u>870,868</u>	<u>870,868</u>	<u>3,983</u>
Fund Balance, June 30, 2011	<u>\$ 928,773</u>	<u>\$ 0</u>	<u>\$ 548,084</u>	<u>\$ 380,689</u>

Exhibit I-9

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, 2011

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,435,534	\$ 1,389,253	\$ 1,389,253	\$ 46,281
Charges for Current Services	108,028	100,000	100,000	8,028
Other Local Revenues	2,618	6,900	6,900	(4,282)
State of Tennessee	320,246	335,385	335,385	(15,139)
Other Governments and Citizens Groups	480,802	0	481,202	(400)
Total Revenues	<u>\$ 2,347,228</u>	<u>\$ 1,831,538</u>	<u>\$ 2,312,740</u>	<u>\$ 34,488</u>
<u>Expenditures</u>				
<u>Support Services</u>				
Board of Education	\$ 28,496	\$ 27,500	\$ 29,000	\$ 504
Transportation	2,340,986	2,459,285	2,482,785	141,799
Total Expenditures	<u>\$ 2,369,482</u>	<u>\$ 2,486,785</u>	<u>\$ 2,511,785</u>	<u>\$ 142,303</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (22,254)</u>	<u>\$ (655,247)</u>	<u>\$ (199,045)</u>	<u>\$ 176,791</u>
<u>Other Financing Sources (Uses)</u>				
Notes Issued	\$ 0	\$ 481,202	\$ 0	\$ 0
Insurance Recovery	20,869	4,000	29,000	(8,131)
Total Other Financing Sources (Uses)	<u>\$ 20,869</u>	<u>\$ 485,202</u>	<u>\$ 29,000</u>	<u>\$ (8,131)</u>
Net Change in Fund Balance	\$ (1,385)	\$ (170,045)	\$ (170,045)	\$ 168,660
Fund Balance, July 1, 2010	<u>372,043</u>	<u>368,105</u>	<u>368,105</u>	<u>3,938</u>
Fund Balance, June 30, 2011	<u>\$ 370,658</u>	<u>\$ 198,060</u>	<u>\$ 198,060</u>	<u>\$ 172,598</u>

Exhibit I-10

Coke County, Tennessee
Statement of Fiduciary Net Assets
Discretely Presented Coke County School Department
Fiduciary Fund
June 30, 2011

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 391,573
Total Assets	<u>\$ 391,573</u>
<u>NET ASSETS</u>	
Funds Held in Trust for Scholarships	<u>\$ 391,573</u>
Total Net Assets	<u><u>\$ 391,573</u></u>

Exhibit I-11

Cocke County, Tennessee
Statement of Changes in Fiduciary Net Assets
Discretely Presented Cocke County School Department
Fiduciary Fund
For the Year Ended June 30, 2011

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ADDITIONS</u>	
Investment Income	\$ 1,154
Total Additions	<u>\$ 1,154</u>
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	<u>\$ 2,000</u>
Total Deductions	<u>\$ 2,000</u>
Change in Net Assets	\$ (846)
Net Assets, July 1, 2010	<u>392,419</u>
Net Assets, June 30, 2011	<u><u>\$ 391,573</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cocke County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
Primary Government and Discretely Presented Cocke County School Department
For the Year Ended June 30, 2011

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or Matured During Period	Outstanding 6-30-11
PRIMARY GOVERNMENT								
NOTES PAYABLE								
Payable through General Debt Service Fund								
School Energy Conservation and Renovation	\$ 500,000	0 %	5-30-08	7-15-15	\$ 428,571	\$ 0	\$ 71,429	\$ 357,142
Total Payable through General Debt Service Fund					<u>\$ 428,571</u>	<u>\$ 0</u>	<u>\$ 71,429</u>	<u>\$ 357,142</u>
Total Notes Payable					<u>\$ 428,571</u>	<u>\$ 0</u>	<u>\$ 71,429</u>	<u>\$ 357,142</u>

OTHER LOANS PAYABLE								
Payable through Industrial/Economic Development Fund								
City of Newport - River Crest Project (A)	1,024,000	4.13	2-14-06	5-1-45	\$ 978,863	\$ 0	\$ 14,188	\$ 964,675
City of Newport - River Crest Project (B)	300,000	4.38	2-14-06	5-1-46	285,724	0	4,078	281,646
City of Newport - Hwy 25E Projects	497,197	4.5	7-13-06	(1)	424,185	0	8,826	415,359
City of Newport - Hartford Project	478,417	2.15	2-14-08	12-31-27	460,122	0	19,732	440,390
Total Payable through Industrial/Economic Development Fund					<u>\$ 2,148,894</u>	<u>\$ 0</u>	<u>\$ 46,824</u>	<u>\$ 2,102,070</u>
Payable through General Debt Service Fund								
Qualified School Construction Bonds	5,575,000	0	10-7-10	9-15-27	\$ 0	\$ 5,575,000	\$ 0	\$ 5,575,000
Total Payable through General Debt Service Fund					<u>\$ 0</u>	<u>\$ 5,575,000</u>	<u>\$ 0</u>	<u>\$ 5,575,000</u>
Total Other Loans Payable					<u>\$ 2,148,894</u>	<u>\$ 5,575,000</u>	<u>\$ 46,824</u>	<u>\$ 7,677,070</u>

(Continued)

Exhibit J-1

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

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-10	Issued During Period	Paid and/or	
							Matured During Period	Outstanding 6-30-11
<u>PRIMARY GOVERNMENT (CONT.)</u>								
<u>BONDS PAYABLE</u>								
<u>Payable through General Debt Service Fund</u>								
School Refunding Bonds, Series 2004	\$ 9,705,000	3 to 5 %	3-23-04	6-1-18	\$ 9,090,000	0	\$ 730,000	\$ 8,360,000
General Obligation Refunding Bonds, Series 2008	7,300,000	3 to 4.1	4-16-08	5-1-28	7,070,000	0	150,000	6,920,000
General Obligation Refunding Bonds, Series 2008B	5,525,000	4 to 5	12-15-08	5-1-28	4,665,000	0	390,000	4,275,000
General Obligation Refunding Bonds, Series 2009A	5,010,000	3	2-26-09	12-1-11	5,010,000	0	0	5,010,000
Build America Bonds, Series 2009B	2,500,000	3.44	10-20-09	6-1-30	2,500,000	0	0	2,500,000
Total Payable through General Debt Service Fund					\$ 28,335,000	0	\$ 1,270,000	\$ 27,065,000
<u>Payable through Rural Debt Service Fund</u>								
Rural School Refunding Bonds, Series 2004	3,215,000	2 to 3.9	3-23-04	6-1-18	\$ 2,230,000	0	\$ 240,000	\$ 1,990,000
Total Payable through Rural Debt Service Fund					\$ 2,230,000	0	\$ 240,000	\$ 1,990,000
Total Bonds Payable					\$ 30,565,000	0	\$ 1,510,000	\$ 29,055,000
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>								
<u>NOTES PAYABLE</u>								
<u>Payable through General Purpose School Fund</u>								
Land	100,000	5	2-17-05	2-17-15	\$ 56,069	0	\$ 10,147	\$ 45,922
Total Payable through General Purpose School Fund					\$ 56,069	0	\$ 10,147	\$ 45,922
Total Notes Payable					\$ 56,069	0	\$ 10,147	\$ 45,922

(1) 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.

(2) The effective interest rate is zero percent after rebate under the Qualified School Construction Bond program.

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	Note		Total
	Principal	Interest	
2012	\$ 71,428	\$ 0	\$ 71,428
2013	71,428	0	71,428
2014	71,428	0	71,428
2015	71,429	0	71,429
2016	71,429	0	71,429
Total	<u>\$ 357,142</u>	<u>\$ 0</u>	<u>\$ 357,142</u>

Year Ending June 30	Other Loans - City of Newport		
	Principal (1)	Interest (1)	Total
2012	\$ 37,571	\$ 61,367	\$ 98,938
2013	38,740	60,198	98,938
2014	39,941	58,997	98,938
2015	41,195	57,743	98,938
2016	42,484	56,454	98,938
2017	43,818	55,120	98,938
2018	45,189	53,749	98,938
2019	46,620	52,318	98,938
2020	48,102	50,837	98,939
2021	49,626	49,312	98,938
2022	51,202	47,735	98,937
2023	52,846	46,092	98,938
2024	54,538	44,400	98,938
2025	56,299	42,639	98,938
2026	58,112	40,826	98,938
2027 - 2046	980,428	418,964	1,399,392
Total	<u>\$ 1,686,711</u>	<u>\$ 1,196,751</u>	<u>\$ 2,883,462</u>

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

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Other Loans - QSCB		
	Principal	Interest	Total
2012	\$ 289,893	\$ 0	\$ 289,893
2013	347,871	0	347,871
2014	347,871	0	347,871
2015	347,871	0	347,871
2016	347,871	0	347,871
2017	347,871	0	347,871
2018	347,871	0	347,871
2019	347,871	0	347,871
2020	347,871	0	347,871
2021	347,871	0	347,871
2022	347,871	0	347,871
2023	347,871	0	347,871
2024	347,871	0	347,871
2025	347,871	0	347,871
2026	347,871	0	347,871
2027	347,871	0	347,871
2028	67,042	0	67,042
Total	\$ 5,575,000	\$ 0	\$ 5,575,000

(Continued)

Exhibit J-2

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

PRIMARY GOVERNMENT (CONT.)

Year Ending June 30	Bonds		
	Principal	Interest	Total
2012	\$ 6,580,000	\$ 1,112,916	\$ 7,692,916
2013	1,740,000	987,266	2,727,266
2014	1,770,000	930,372	2,700,372
2015	1,835,000	856,593	2,691,593
2016	1,915,000	773,080	2,688,080
2017	2,005,000	684,603	2,689,603
2018	2,100,000	589,785	2,689,785
2019	225,000	489,892	714,892
2020	225,000	479,755	704,755
2021	230,000	469,493	699,493
2022	1,280,000	458,818	1,738,818
2023	1,310,000	406,365	1,716,365
2024	1,350,000	350,352	1,700,352
2025	1,400,000	292,515	1,692,515
2026	1,470,000	231,802	1,701,802
2027	1,525,000	167,618	1,692,618
2028	1,595,000	99,850	1,694,850
2029	250,000	28,500	278,500
2030	250,000	14,250	264,250
Total	\$ 29,055,000	\$ 9,423,825	\$ 38,478,825

DISCRETELY PRESENTED COCKE
COUNTY SCHOOL DEPARTMENT

Year Ending June 30	Notes		
	Principal	Interest	Total
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	\$ 45,922	\$ 5,880	\$ 51,802

Exhibit J-3

Cocke County, Tennessee
Schedule of Investments
June 30, 2011

<u>Fund and Type</u>	<u>Amount</u>
<u>Highway Capital Projects Fund</u>	
State Treasurer's Investment Pool	<u>\$ 554,791</u>
Total Investments	<u>\$ 554,791</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, 2011

From Fund	To Fund	Purpose	Amount
<u>PRIMARY GOVERNMENT</u>			
General	Sports and Recreation	Operations	\$ 3,900
General	General Capital Projects	Capital projects	50,059
General Capital Projects	Highway/Public Works	Capital projects	<u>972,408</u>
Total Transfers Primary Government			<u>\$ 1,026,367</u>
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>			
General Purpose School	School Federal Projects	Cash flow	\$ 200,000
General Purpose School	Other Capital Projects - QSCB	Cash flow	300,000
School Federal Projects	General Purpose School	Indirect cost	<u>42,416</u>
Total Transfers Discretely Presented Cocke County School Department			<u>\$ 542,416</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, 2011

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor:				
Iliff McMahan, Jr. (7-1-10 through 8-31-10)	Section 8-24-102, TCA	\$ 12,947	\$ 50,000	Ohio Casualty Insurance Company
Vaughn Moore (9-1-10 through 6-30-11)	Section 8-24-102, TCA	61,555	50,000	Hartford Fire Insurance Company
Road Superintendent:				
John Holloway (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,331	100,000	Ohio Casualty Insurance Company
Kenneth Ford (9-1-10 through 6-30-11)	Section 8-24-102, TCA	58,625	100,000	Hartford Fire Insurance Company
Director of Schools	State Board of Education and County Board of Education	105,379 (1)	50,000	Western Surety Company
Trustee:				
Alfred Hogan (7-1-10 through 8-31-10)	Section 8-24-102, TCA	11,210	1,072,000	Ohio Casualty Insurance Company
Rob Mathis (9-1-10 through 6-30-11)	Section 8-24-102, TCA	53,295	1,250,302	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	64,505	10,000	Ohio Casualty Insurance Company
Director of Accounts and Budgets	County Commission	64,505	50,000	Hartford Fire Insurance Company
County Clerk	Section 8-24-102, TCA	64,505	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	64,505	50,000	"
General Sessions Court Clerk	Section 8-24-102, TCA	64,505	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	64,505 (2)	50,000	Ohio Casualty Insurance Company
Register	Section 8-24-102, TCA	64,505	25,000	Hartford Fire Insurance Company
Sheriff:				
Claude Strange (7-1-10 through 8-31-10)	Section 8-24-102, TCA	12,331	25,000	Ohio Casualty Insurance Company
Armando Fontes (9-1-10 through 6-30-11)	Section 8-24-102, TCA	58,625 (3)	25,000	Hartford Fire Insurance Company
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	Montgomery Mutual Insurance Company

(1) Includes a chief executive officer training supplement of \$1,000.
(2) Does not include special commissioner fees of \$2,250.
(3) Does not include a law enforcement training supplement of \$600.

Exhibit J-6

Cooke County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
For the Year Ended June 30, 2011

	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	\$ 4,052,061	\$ 1,394,860	\$ 301,082	\$ 0	\$ 0	\$ 0	\$ 0	\$ 684,291
Trustee's Collections - Prior Year	233,660	0	13,353	0	0	0	0	23,842
Circuit/Clerk & Master Collections - Prior Years	201,943	100,000	16,113	0	0	0	0	36,287
Interest and Penalty	46,749	1,604	2,748	0	0	0	0	5,121
Payments in-Lieu-of-Taxes - T.V.A.	3,289	0	193	0	0	0	0	427
Payments in-Lieu-of-Taxes - Local Utilities	99,989	212,890	17,295	0	0	0	0	39,307
Payments in-Lieu-of-Taxes - Other	9,963	9	570	0	0	0	0	905
<u>County Local Option Taxes</u>								
Local Option Sales Tax	442,872	0	0	0	0	0	0	0
Hotel/Motel Tax	173,640	0	0	0	0	0	0	0
Litigation Tax - General	32,064	0	0	0	0	0	0	0
Litigation Tax - Special Purpose	4,187	0	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	193,985	0	0	0	0	0	0	0
Business Tax	251,473	0	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0	56,742
Other County Local Option Taxes	71,287	0	0	0	0	0	0	0
<u>Statutory Local Taxes</u>								
Bank Excise Tax	20,383	5,128	1,410	0	0	0	0	3,205
Wholesale Beer Tax	276,025	0	0	0	0	0	0	0
Interstate Telecommunications Tax	159	0	0	0	0	0	0	0
Total Local Taxes	\$ 6,113,729	\$ 1,714,491	\$ 352,764	\$ 0	\$ 0	\$ 0	\$ 0	\$ 850,127
<u>Licenses and Permits</u>								
<u>Licenses</u>								
Marriage Licenses	\$ 1,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Cable TV Franchise	96,373	0	0	0	0	0	0	0
<u>Permits</u>								
Beer Permits	5,977	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 103,466	\$ 0	\$ 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							Highway / Public Works
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees		
<u>Fines, Forfeitures, and Penalties</u>								
<u>Circuit Court</u>								
Fines	\$ 9,087	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Officers Costs	3,697	0	0	0	0	0	0	0
Drug Control Fines	1,363	0	0	0	0	0	0	0
Drug Court Fees	722	0	0	0	0	0	0	0
Jail Fees	2,815	0	0	0	0	0	0	0
DUI Treatment Fines	1,692	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	645	0	0	0	0	0	0	0
Courtroom Security Fee	114	0	0	0	0	0	0	0
<u>General Sessions Court</u>								
Fines	18,918	0	0	0	0	0	0	0
Officers Costs	17,628	0	0	0	0	0	0	0
Game and Fish Fines	589	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	1,235	0	0	0	0
Drug Court Fees	1,345	0	0	0	0	0	0	0
Jail Fees	16,438	0	0	0	0	0	0	0
DUI Treatment Fines	475	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	7,424	0	0	0	0	0	0	0
<u>Juvenile Court</u>								
Fines	512	0	0	0	0	0	0	0
Officers Costs	1,559	0	0	0	0	0	0	0
Drug Control Fines	20	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	279	0	0	0	0	0	0	0
<u>Chancery Court</u>								
Officers Costs	361	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	884	0	0	0	0	0	0	0
<u>Other Courts - In-county</u>								
Fines for Littering	556	0	0	0	0	0	0	0
Officers Costs	36	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>								
Courtroom Security Fee	4	0	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						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>Judicial District Drug Program (Cont.)</u>							
Victims Assistance Assessments	\$ 12,170	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Other Fines, Forfeitures, and Penalties	0	0	0	100	0	0	0
Proceeds from Confiscated Property							
Total Fines, Forfeitures, and Penalties	\$ 99,333	\$ 0	\$ 0	\$ 1,335	\$ 0	\$ 0	\$ 0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 32,128	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Disposal Fees	0	5,848	0	0	0	0	0
Work Release Charges for Board	11,435	0	0	0	0	0	0
Other General Service Charges	7,476	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	317,579	0	0	0	19,154	0	0
Copy Fees	3,365	0	0	0	0	0	0
Telephone Commissions	14,007	0	0	0	0	0	0
Vending Machine Collections	485	0	0	0	881	0	0
Tourism Fees	0	0	0	0	945	0	0
Constitutional Officers' Fees and Commissions	0	0	0	0	0	510,020	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	2,250	0
Data Processing Fee - Register	9,856	0	0	0	0	0	0
Data Processing Fee - Sheriff	1,359	0	0	0	0	0	0
Sexual Offender Registration Fees - Sheriff	3,450	0	0	0	0	0	0
Data Processing Fee - County Clerk	2,878	0	0	0	0	0	0
Total Charges for Current Services	\$ 371,890	\$ 37,976	\$ 0	\$ 0	\$ 20,980	\$ 512,270	\$ 0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Lease/Rentals	14,490	0	0	0	0	0	0
Sale of Materials and Supplies	271	32,936	0	0	0	0	79,679

(Continued)

Exhibit J-6

Cooke 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>								
<u>Recurring Items (Cont.)</u>								
Commissary Sales	\$ 5,446	\$ 0	\$ 0	\$ 0	\$ 7,106	\$ 0	\$ 0	0
Sale of Recycled Materials	0	4,306	0	0	0	0	0	0
Miscellaneous Refunds	33,807	0	0	7,875	91	0	0	22,629
<u>Nonrecurring Items</u>								
Sale of Equipment	1	0	0	0	0	0	0	0
Sale of Property	117,400	0	0	0	0	0	0	0
Contributions and Gifts	200	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 171,615	\$ 37,242	\$ 0	\$ 7,875	\$ 7,197	\$ 0	\$ 0	\$ 102,308
<u>Fees Received from County Officials</u>								
<u>Excess Fees</u>								
County Clerk	\$ 21,116	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	223,386	0	0	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>								
Circuit Court Clerk	199,464	0	0	0	0	0	0	0
General Sessions Court Clerk	227,076	0	0	0	0	0	0	0
Clerk and Master	53,622	0	0	0	0	0	0	0
Juvenile Court Clerk	11,313	0	0	0	0	0	0	0
Register	98,389	0	0	0	0	0	0	0
Sheriff	5,010	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 839,376	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>								
<u>General Government Grants</u>								
Juvenile Services Program	\$ 11,486	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	14,851	0	0	0	0	0	0
<u>Public Safety Grants</u>								
Law Enforcement Training Programs	25,200	0	0	0	0	0	0	0
<u>Health and Welfare Grants</u>								
Health Department Programs	129,365	0	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							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								
Litter Program								
Other State Revenues								
Income Tax	\$ 24,865	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Beer Tax	53,893	0	0	0	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0	0	0	18,724
Mixed Drink Tax	0	0	0	0	0	0	0	55,832
State Revenue Sharing - T.V.A.	5,729	0	0	0	0	0	0	0
Board of Jurors	297,548	52,546	19,517	0	0	0	0	41,890
Contracted Prisoner Boarding	1,497	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	358,866	0	0	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0	0	0	1,742,303
Registrar's Salary Supplement	0	0	0	0	0	0	0	26,956
Total State of Tennessee	15,164	0	0	0	0	0	0	0
	\$ 923,613	\$ 67,397	\$ 19,517	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,885,705
<u>Federal Government</u>								
Federal Through State								
USDA - Other	\$ 1,107	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Appalachian Regional Commission	0	0	0	0	0	0	0	0
Community Development	0	0	0	0	0	0	0	0
Disaster Relief	0	0	0	0	0	0	0	84,607
Homeland Security Grants	93,287	0	0	0	0	0	0	0
ARRA Grant No. 1	83,475	0	0	0	0	0	0	0
Other Federal through State	18,647	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>								
Forest Service	49,618	0	0	0	0	0	0	28,826
Tax Credit Bond Rebate	0	0	0	0	0	0	0	0
ARRA Grant No. 6	42,653	0	0	0	0	0	0	0
Other Direct Federal Revenue	33,106	0	0	0	0	0	0	0
Total Federal Government	\$ 321,893	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 113,433

(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
Other Governments and Citizens Groups							
Other Governments							
Contributions	\$ 82,064	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups	0	0	0	0	5,665	0	0
Donations							
Other	0	0	0	0	750	0	0
Total Other Governments and Citizens Groups	\$ 82,064	\$ 0	\$ 0	\$ 0	\$ 6,415	\$ 0	\$ 0
Total	\$ 9,026,979	\$ 1,857,106	\$ 372,281	\$ 9,210	\$ 34,592	\$ 512,270	\$ 2,951,573

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Rural	Debt	General	Highway	Capital	
	Service	Debt	Service	Projects	Projects	Projects	
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 711,661	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 7,143,955
Trustee's Collections - Prior Year	30,519	0	0	0	0	0	301,374
Circuit/Clerk & Master Collections - Prior Years	40,004	0	0	0	0	0	394,347
Interest and Penalty	6,316	0	0	0	0	0	62,538
Payments in-Lieu-of Taxes - T.V.A.	440	0	0	0	0	0	4,349
Payments in-Lieu-of Taxes - Local Utilities	40,879	0	0	0	0	0	410,360
Payments in-Lieu-of Taxes - Other	729	0	0	0	0	0	12,176
<u>County Local Option Taxes</u>							
Local Option Sales Tax	1,320,667	0	0	0	0	0	1,763,539
Hotel/Motel Tax	0	0	0	0	0	0	173,640
Litigation Tax - General	0	0	0	0	0	0	32,064
Litigation Tax - Special Purpose	0	0	0	0	0	0	4,187
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	193,985
Business Tax	0	0	0	0	0	0	251,473
Mineral Severance Tax	0	0	0	0	0	0	56,742
Other County Local Option Taxes	0	0	0	0	0	0	71,287
<u>Statutory Local Taxes</u>							
Bank Excise Tax	3,333	0	0	0	0	0	33,459
Wholesale Beer Tax	0	0	0	0	0	0	276,025
Interstate Telecommunications Tax	476	0	0	0	0	0	635
Total Local Taxes	\$ 2,155,024	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 11,186,135
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,116
Cable TV Franchise	0	0	0	0	0	0	96,373
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	5,977
Total Licenses and Permits	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 103,466

(Continued)

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Rural	Debt	General	Highway	Capital	
	Debt Service	Debt Service	Debt Service	Capital Projects	Capital Projects	Projects	
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	0	0	0	0	0	0	9,087
Officers Costs	0	0	0	0	0	0	3,697
Drug Control Fines	0	0	0	0	0	0	1,363
Drug Court Fees	0	0	0	0	0	0	722
Jail Fees	0	0	0	0	0	0	2,815
DUI Treatment Fines	0	0	0	0	0	0	1,692
Data Entry Fee - Circuit Court	0	0	0	0	0	0	645
Courtroom Security Fee	0	0	0	0	0	0	114
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	18,918
Officers Costs	0	0	0	0	0	0	17,628
Game and Fish Fines	0	0	0	0	0	0	589
Drug Control Fines	0	0	0	0	0	0	1,235
Drug Court Fees	0	0	0	0	0	0	1,345
Jail Fees	0	0	0	0	0	0	16,438
DUI Treatment Fines	0	0	0	0	0	0	475
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	7,424
<u>Juvenile Court</u>							
Fines	0	0	0	0	0	0	512
Officers Costs	0	0	0	0	0	0	1,559
Drug Control Fines	0	0	0	0	0	0	20
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	279
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	361
Data Entry Fee - Chancery Court	0	0	0	0	0	0	884
<u>Other Courts - In-county</u>							
Fines for Littering	0	0	0	0	0	0	556
Officers Costs	0	0	0	0	0	0	36
<u>Judicial District Drug Program</u>							
Courtroom Security Fee	0	0	0	0	0	0	4

(Continued)

Exhibit J-6

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

	Debt Service Funds			Capital Projects Funds			Total
	General	Rural	Debt	General	Highway	Capital	
	Service	Debt	Service	Projects	Projects	Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Judicial District Drug Program (Cont.)</u>							
Victims Assistance Assessments	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 12,170
Other Fines, Forfeitures, and Penalties	0	0	0	0	0	0	100
Proceeds from Confiscated Property	0	0	0	0	0	0	100
Total Fines, Forfeitures, and Penalties	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 100,668
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tipping Fees	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 32,128
Solid Waste Disposal Fees	0	0	0	0	0	0	5,848
Work Release Charges for Board	0	0	0	0	0	0	11,435
Other General Service Charges	0	0	0	0	0	0	7,476
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	336,733
Copy Fees	0	0	0	0	0	0	3,365
Telephone Commissions	0	0	0	0	0	0	14,007
Vending Machine Collections	0	0	0	0	0	0	1,366
Tourism Fees	0	0	0	0	0	0	945
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0	510,020
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0	2,250
Data Processing Fee - Register	0	0	0	0	0	0	9,856
Data Processing Fee - Sheriff	0	0	0	0	0	0	1,359
Sexual Offender Registration Fees - Sheriff	0	0	0	0	0	0	3,450
Data Processing Fee - County Clerk	0	0	0	0	0	0	2,878
Total Charges for Current Services	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 943,116
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 90,367	\$ 0	\$ 0	\$ 0	\$ 1,143	\$ 0	\$ 91,510
Lease/Rentals	0	0	0	0	0	0	14,490
Sale of Materials and Supplies	0	0	0	0	0	0	112,886

(Continued)

Cooke 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>Other Local Revenues (Cont.)</u>							
<u>Recurring Items (Cont.)</u>							
Commissary Sales	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	12,552
Sale of Recycled Materials	0	0	0	0	0	0	4,306
Miscellaneous Refunds	0	0	0	0	0	0	64,402
<u>Nonrecurring Items</u>							
Sale of Equipment	0	0	0	0	0	0	1
Sale of Property	0	0	0	0	0	0	117,400
Contributions and Gifts	0	0	0	0	0	0	200
Total Other Local Revenues	\$ 90,367	\$ 0	\$ 0	\$ 0	\$ 1,143	\$ 1,143	\$ 417,747
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	21,116
Trustee	0	0	0	0	0	0	223,386
<u>Fees in-Lieu-of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	199,464
General Sessions Court Clerk	0	0	0	0	0	0	227,076
Clerk and Master	0	0	0	0	0	0	53,622
Juvenile Court Clerk	0	0	0	0	0	0	11,313
Register	0	0	0	0	0	0	98,389
Sheriff	0	0	0	0	0	0	5,010
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 839,376
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	11,486
Solid Waste Grants	0	0	0	0	0	0	14,851
<u>Public Safety Grants</u>							
Law Enforcement Training Programs	0	0	0	0	0	0	25,200
Health and Welfare Grants	0	0	0	0	0	0	129,365

(Continued)

Cooke 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>State of Tennessee (Cont.)</u>							
<u>Public Works Grants</u>							
Litter Program	0	0	0	0	0	0	24,865
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	53,893
Beer Tax	0	0	0	0	0	0	18,724
Alcoholic Beverage Tax	0	0	0	0	0	0	55,832
Mixed Drink Tax	0	0	0	0	0	0	5,729
State Revenue Sharing - T.V.A.	45,737	0	0	0	0	0	457,238
Board of Jurors	0	0	0	0	0	0	1,497
Contracted Prisoner Boarding	0	0	0	0	0	0	358,866
Gasoline and Motor Fuel Tax	0	0	0	0	0	0	1,742,303
Petroleum Special Tax	0	0	0	0	0	0	26,956
Registrar's Salary Supplement	0	0	0	0	0	0	15,164
Total State of Tennessee	\$ 45,737	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 2,941,969
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA - Other	0	0	0	0	0	0	1,107
Appalachian Regional Commission	0	0	0	473,578	0	0	473,578
Community Development	0	0	0	383,987	0	0	383,987
Disaster Relief	0	0	0	0	0	0	84,607
Homeland Security Grants	0	0	0	0	0	0	93,287
ARRA Grant No. 1	0	0	0	0	0	0	83,475
Other Federal through State	0	0	0	399,999	0	0	418,646
<u>Direct Federal Revenue</u>							
Forest Service	0	0	0	0	0	0	78,444
Tax Credit Bond Rebate	166,722	0	0	0	0	0	166,722
ARRA Grant No. 6	0	0	0	0	0	0	42,653
Other Direct Federal Revenue	0	0	0	0	0	0	33,106
Total Federal Government	\$ 166,722	\$ 0	\$ 1,257,564	\$ 0	\$ 1,859,612	\$ 0	\$ 1,859,612

(Continued)

Exhibit J-6

Cooke 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>Other Governments and Citizens Groups</u>							
<u>Other Governments</u>							
Contributions	\$ 71,429	\$ 316,855	\$ 0	\$ 0	\$ 0	\$ 470,348	
<u>Citizens Groups</u>							
Donations	0	0	0	0	0	5,665	
<u>Other</u>							
Other	0	0	0	0	0	750	
Total Other Governments and Citizens Groups	<u>\$ 71,429</u>	<u>\$ 316,855</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 476,763</u>	
Total	\$ 2,529,279	\$ 316,855	\$ 1,257,564	\$ 1,143	\$ 18,868,852		

Exhibit J-7

Cooke County, Tennessee
Schedule of Detailed Revenues -
All Governmental Fund Types
Discretely Presented Cooke County School Department
For the Year Ended June 30, 2011

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects - QSCB	Total
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,520,516	\$ 0	\$ 0	\$ 1,143,362	\$ 0	\$ 3,663,878
Trustee's Collections - Prior Year	120,974	0	0	53,922	0	174,896
Circuit/Clerk & Master Collections - Prior Years	141,172	0	0	62,853	0	204,025
Interest and Penalty	21,552	0	0	9,620	0	31,172
Payments in-Lieu-of-Taxes - T.V.A.	47,054	0	0	18,098	0	65,152
Payments in-Lieu-of-Taxes - Local Utilities	146,356	0	0	66,035	0	212,391
Payments in-Lieu-of-Taxes - Other	4,605	0	0	2,539	0	7,144
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,115,502	0	0	0	0	3,115,502
Other County Local Option Taxes	0	0	0	73,721	0	73,721
<u>Statutory Local Taxes</u>						
Bank Excise Tax	11,868	0	0	5,384	0	17,252
Interstate Telecommunications Tax	3,198	0	0	0	0	3,198
Total Local Taxes	\$ 6,132,797	\$ 0	\$ 0	\$ 1,435,534	\$ 0	\$ 7,568,331
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	\$ 977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 977
Total Licenses and Permits	\$ 977	\$ 0	\$ 0	\$ 0	\$ 0	\$ 977
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 269,911	\$ 0	\$ 0	\$ 269,911
Lunch Payments - Adults	0	0	61,742	0	0	61,742
Income from Breakfast	0	0	53,716	0	0	53,716
A la carte Sales	0	0	130,079	0	0	130,079
Contract for Instructional Services with Other LEAs	67,006	0	0	0	0	67,006
Receipts from Individual Schools	40,750	0	0	108,028	0	148,778
<u>Other Charges for Services</u>						
Other Charges for Services	4,642	0	0	0	0	4,642
Total Charges for Current Services	\$ 112,398	\$ 0	\$ 515,448	\$ 108,028	\$ 0	\$ 735,874

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects -	Total
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 0	\$ 0	\$ 39,844	\$ 0	\$ 7,689	\$ 47,533
Lease/Rentals	675	0	0	0	0	675
Sale of Materials and Supplies	3,057	0	0	0	0	3,057
Refund of Telecommunication and Internet Fees (E-Rate)	35,140	0	0	0	0	35,140
Miscellaneous Refunds	12,898	0	14,842	769	0	28,509
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	25	1,831	0	1,856
Damages Recovered from Individuals	778	0	0	18	0	796
Contributions and Gifts	390,363	0	0	0	0	390,363
Total Other Local Revenues	\$ 442,911	\$ 0	\$ 54,711	\$ 2,618	\$ 7,689	\$ 507,929
<u>State of Tennessee</u>						
<u>General Government Grants</u>						
On-Behalf Contributions for OPEB	\$ 203,946	\$ 0	\$ 0	\$ 0	\$ 0	\$ 203,946
<u>State Education Funds</u>						
Basic Education Program	19,398,935	0	0	264,385	0	19,663,320
Basic Education Program - ARRA	2,296,677	0	0	0	0	2,296,677
Early Childhood Education	297,265	0	0	0	0	297,265
School Food Service	28,571	0	0	0	0	28,571
Energy Efficient School Initiative	77,506	0	0	0	0	77,506
Driver Education	21,038	0	0	0	0	21,038
Other State Education Funds	121,395	0	0	0	0	121,395
Coordinated School Health - ARRA	95,000	0	0	0	0	95,000
Internet Connectivity - ARRA	14,311	0	0	0	0	14,311
Family Resource Centers - ARRA	33,244	0	0	0	0	33,244
Statewide Student Management System (SSMS) - ARRA	11,966	0	0	0	0	11,966
Career Ladder Program	224,528	0	0	0	0	224,528
Career Ladder - Extended Contract - ARRA	48,767	0	0	0	0	48,767
<u>Other State Revenues</u>						
State Revenue Sharing - T.V.A.	142,348	0	0	55,861	0	198,209
Safe Schools - ARRA	27,300	0	0	0	0	27,300
Other State Revenues	3,135	0	0	0	0	3,135
Total State of Tennessee	\$ 23,045,932	\$ 0	\$ 0	\$ 320,246	\$ 0	\$ 23,366,178

(Continued)

Exhibit J-7

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

	General Purpose School	School Federal Projects	Central Cafeteria	School Transportation	Other Capital Projects -	Total
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,472,552	\$ 0	\$ 0	\$ 1,472,552
USDA - Commodities	0	0	299,806	0	0	299,806
Breakfast	0	0	544,417	0	0	544,417
USDA - Other	0	0	15,133	0	0	15,133
Adult Education State Grant Program	84,087	0	0	0	0	84,087
Vocational Education - Basic Grants to States	0	125,859	0	0	0	125,859
Title I Grants to Local Education Agencies	0	2,943,748	0	0	0	2,943,748
Special Education - Grants to States	75,198	1,596,950	0	0	0	1,672,148
Special Education Preschool Grants	0	55,037	0	0	0	55,037
English Language Acquisition Grants	0	4,112	0	0	0	4,112
Rural Education	0	130,920	0	0	0	130,920
Eisenhower Professional Development State Grants	0	294,095	0	0	0	294,095
Race to the Top - ARRA	0	237,186	0	0	0	237,186
Other Federal through State	205,263	31,361	0	0	0	236,624
<u>Direct Federal Revenue</u>						
ROTC Reimbursement	93,604	0	0	0	0	93,604
Forest Service	86,477	0	0	0	0	86,477
Total Federal Government	\$ 544,629	\$ 5,419,268	\$ 2,331,908	\$ 0	\$ 0	\$ 8,295,805
<u>Other Governments and Citizens Groups</u>						
<u>Other Governments</u>						
Contributions	\$ 0	\$ 0	\$ 0	\$ 480,802	\$ 5,525,358	\$ 6,006,160
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 480,802	\$ 5,525,358	\$ 6,006,160
Total	\$ 30,279,644	\$ 5,419,268	\$ 2,902,067	\$ 2,347,228	\$ 5,533,047	\$ 46,481,254

Exhibit J-8

Coke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2011

General Fund

General Government

County Commission

Secretary to Board	\$	1,623	
Board and Committee Members Fees		33,900	
Social Security		2,593	
Audit Services		10,070	
Data Processing Services		25	
Dues and Memberships		21,738	
Legal Services		14,076	
Legal Notices, Recording, and Court Costs		1,872	
Travel		467	
Other Contracted Services		675	
Total County Commission			\$ 87,039

Board of Equalization

Board and Committee Members Fees	\$	5,765	
Total Board of Equalization			5,765

Beer Board

Board and Committee Members Fees	\$	4,005	
Legal Notices, Recording, and Court Costs		475	
Printing, Stationery, and Forms		262	
Total Beer Board			4,742

Other Boards and Committees

Evaluation and Testing	\$	391	
Total Other Boards and Committees			391

County Mayor/Executive

County Official/Administrative Officer	\$	74,502	
Assistant(s)		39,043	
Secretary(ies)		24,932	
Social Security		10,527	
State Retirement		9,569	
Employee and Dependent Insurance		12,623	
Unemployment Compensation		258	
Communication		5,236	
Travel		10,574	
Office Supplies		4,651	
Office Equipment		2,251	
Total County Mayor/Executive			194,166

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Attorney

County Official/Administrative Officer	\$ 26,426	
Total County Attorney		\$ 26,426

Election Commission

County Official/Administrative Officer	\$ 58,055	
Clerical Personnel	21,910	
Election Commission	2,600	
Election Workers	26,014	
Social Security	6,324	
State Retirement	9,577	
Employee and Dependent Insurance	12,115	
Unemployment Compensation	125	
Communication	916	
Dues and Memberships	175	
Legal Notices, Recording, and Court Costs	5,692	
Maintenance Agreements	20,905	
Printing, Stationery, and Forms	4,226	
Travel	2,281	
Other Contracted Services	9,702	
Office Equipment	1,358	
Total Election Commission		181,975

Register of Deeds

County Official/Administrative Officer	\$ 64,505	
Deputy(ies)	27,968	
Clerical Personnel	40,166	
Social Security	10,058	
State Retirement	12,678	
Employee and Dependent Insurance	19,697	
Unemployment Compensation	205	
Communication	1,051	
Data Processing Services	9,610	
Printing, Stationery, and Forms	3,017	
Total Register of Deeds		188,955

Development

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

County Buildings

Maintenance Agreements	\$	22,555	
Maintenance and Repair Services - Buildings		19,746	
Custodial Supplies		8,858	
Utilities		110,823	
Building Improvements		<u>527</u>	
Total County Buildings	\$		162,509

Other General Administration

Postal Charges	\$	46,017	
Printing, Stationery, and Forms		1,686	
Duplicating Supplies		<u>34,705</u>	
Total Other General Administration			82,408

Preservation of Records

Assistant(s)	\$	10,645	
Supervisor/Director		24,500	
Social Security		2,652	
State Retirement		2,932	
Employee and Dependent Insurance		6,058	
Unemployment Compensation		111	
Communication		516	
Office Supplies		846	
Other Supplies and Materials		<u>1,480</u>	
Total Preservation of Records			49,740

Finance

Accounting and Budgeting

Supervisor/Director	\$	64,505	
Accountants/Bookkeepers		67,719	
Social Security		9,927	
State Retirement		15,830	
Employee and Dependent Insurance		19,189	
Unemployment Compensation		162	
Dues and Memberships		761	
Legal Notices, Recording, and Court Costs		599	
Maintenance Agreements		7,908	
Maintenance and Repair Services - Office Equipment		165	
Printing, Stationery, and Forms		996	
Travel		699	
Office Supplies		202	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Accounting and Budgeting (Cont.)

Office Equipment	\$ 997	
Total Accounting and Budgeting		\$ 189,659

Property Assessor's Office

County Official/Administrative Officer	\$ 64,505	
Assistant(s)	27,939	
Deputy(ies)	22,446	
Laborers	83,528	
Overtime Pay	2,619	
Social Security	13,766	
State Retirement	24,065	
Employee and Dependent Insurance	42,404	
Unemployment Compensation	378	
Communication	3,073	
Data Processing Services	5,944	
Legal Notices, Recording, and Court Costs	165	
Maintenance and Repair Services - Vehicles	466	
Printing, Stationery, and Forms	432	
Travel	353	
Gasoline	1,598	
Office Supplies	2,878	
Motor Vehicles	15,399	
Other Equipment	289	
Total Property Assessor's Office		312,247

Reappraisal Program

Overtime Pay	\$ 3,035	
Social Security	216	
State Retirement	362	
Travel	282	
Gasoline	354	
Total Reappraisal Program		4,249

County Trustee's Office

In-Service Training	\$ 4,257	
Social Security	7,505	
State Retirement	19,754	
Employee and Dependent Insurance	23,723	
Communication	2,314	
Data Processing Services	15,056	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

County Trustee's Office (Cont.)

Dues and Memberships	\$	10	
Maintenance Agreements		9,347	
Maintenance and Repair Services - Buildings		3,490	
Postal Charges		2,585	
Printing, Stationery, and Forms		2,820	
Office Supplies		3,763	
Office Equipment		<u>16,556</u>	
Total County Trustee's Office	\$		111,180

County Clerk's Office

Social Security	\$	22,761	
State Retirement		32,682	
Employee and Dependent Insurance		60,577	
Unemployment Compensation		1,759	
Communication		2,796	
Maintenance and Repair Services - Office Equipment		14,354	
Printing, Stationery, and Forms		2,934	
Other Supplies and Materials		1,332	
Office Equipment		<u>9,308</u>	
Total County Clerk's Office			148,503

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	64,505	
Deputy(ies)		30,932	
Clerical Personnel		119,833	
Overtime Pay		4,921	
Jury and Witness Expense		30,178	
Social Security		16,339	
State Retirement		26,361	
Employee and Dependent Insurance		36,346	
Unemployment Compensation		313	
Communication		3,949	
Dues and Memberships		90	
Legal Notices, Recording, and Court Costs		8,479	
Maintenance and Repair Services - Office Equipment		12,341	
Printing, Stationery, and Forms		10,787	
Office Supplies		2,975	
Office Equipment		<u>4,484</u>	
Total Circuit Court			372,833

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

General Sessions Court

County Official/Administrative Officer	\$	64,505	
Judge(s)		124,306	
Deputy(ies)		57,582	
Secretary(ies)		7,468	
Clerical Personnel		22,485	
Social Security		19,490	
State Retirement		32,202	
Employee and Dependent Insurance		30,289	
Unemployment Compensation		239	
Communication		1,578	
Data Processing Services		4,810	
Maintenance and Repair Services - Office Equipment		667	
Printing, Stationery, and Forms		814	
Office Supplies		1,428	
Office Equipment		6,399	
Total General Sessions Court			\$ 374,262

Drug Court

Other Charges	\$	1,596	
Total Drug Court			1,596

Chancery Court

County Official/Administrative Officer	\$	64,505	
Deputy(ies)		56,494	
Clerical Personnel		24,252	
Part-time Personnel		14,442	
Overtime Pay		155	
Social Security		11,993	
State Retirement		17,410	
Employee and Dependent Insurance		24,231	
Unemployment Compensation		278	
Communication		2,929	
Data Processing Services		6,505	
Legal Services		560	
Maintenance and Repair Services - Office Equipment		487	
Printing, Stationery, and Forms		7,019	
Travel		1,441	
Office Equipment		2,982	
Total Chancery Court			235,683

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Juvenile Court

Deputy(ies)	\$	21,342	
Social Security		1,595	
State Retirement		2,554	
Employee and Dependent Insurance		6,058	
Unemployment Compensation		54	
Communication		984	
Printing, Stationery, and Forms		776	
Travel		15	
Office Supplies		458	
Total Juvenile Court			\$ 33,836

Judicial Commissioners

Other Salaries and Wages	\$	21,180	
In-Service Training		675	
Social Security		1,620	
State Retirement		2,537	
Unemployment Compensation		54	
Printing, Stationery, and Forms		30	
Office Supplies		98	
Total Judicial Commissioners			26,194

Victims Assistance Programs

Contracts with Private Agencies	\$	8,799	
Total Victims Assistance Programs			8,799

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	70,956	
Assistant(s)		34,251	
Supervisor/Director		26,842	
Deputy(ies)		329,190	
Detective(s)		122,896	
Captain(s)		29,440	
Lieutenant(s)		106,614	
Sergeant(s)		164,886	
Salary Supplements		16,200	
Dispatchers/Radio Operators		113,049	
Guards		32,866	
Clerical Personnel		64,013	
Attendants		33,943	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Custodial Personnel	\$	18,364	
Overtime Pay		144,059	
Other Salaries and Wages		44,870	
In-Service Training		22,447	
Social Security		101,475	
State Retirement		176,059	
Employee and Dependent Insurance		245,839	
Unemployment Compensation		2,553	
Communication		21,932	
Maintenance and Repair Services - Equipment		1,729	
Maintenance and Repair Services - Vehicles		39,284	
Medical and Dental Services		2,025	
Printing, Stationery, and Forms		1,393	
Travel		8,095	
Other Contracted Services		1,041	
Gasoline		154,246	
Law Enforcement Supplies		27,136	
Office Supplies		3,975	
Tires and Tubes		12,489	
Uniforms		11,968	
Other Supplies and Materials		1,850	
Other Charges		7,645	
Motor Vehicles		68,055	
Total Sheriff's Department			\$ 2,263,675

Special Patrols

Guards	\$	88,356	
Social Security		6,680	
State Retirement		13,668	
Employee and Dependent Insurance		18,173	
Unemployment Compensation		148	
Total Special Patrols			127,025

Administration of the Sexual Offender Registry

Criminal Investigation of Applicants - TBI	\$	250	
Other Charges		3,298	
Data Processing Equipment		499	
Total Administration of the Sexual Offender Registry			4,047

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail

Assistant(s)	\$	26,272	
Supervisor/Director		30,516	
Medical Personnel		41,693	
Guards		248,499	
Secretary(ies)		21,089	
Clerical Personnel		19,055	
Cafeteria Personnel		26,934	
Part-time Personnel		138,230	
Overtime Pay		45,240	
In-Service Training		2,843	
Social Security		45,173	
State Retirement		38,573	
Employee and Dependent Insurance		107,489	
Unemployment Compensation		2,136	
Communication		10,948	
Maintenance and Repair Services - Buildings		42,283	
Maintenance and Repair Services - Equipment		3,973	
Medical and Dental Services		111,487	
Printing, Stationery, and Forms		193	
Travel		3,590	
Other Contracted Services		30	
Custodial Supplies		18,585	
Food Preparation Supplies		13,527	
Food Supplies		124,928	
Law Enforcement Supplies		10,331	
Office Supplies		6,651	
Prisoners Clothing		11,994	
Uniforms		6,201	
Data Processing Equipment		21,358	
Furniture and Fixtures		1,821	
Total Jail			\$ 1,181,642

Juvenile Services

Youth Service Officer(s)	\$	62,149
Secretary(ies)		27,968
Part-time Personnel		9,320
Overtime Pay		7,112
Social Security		7,729
State Retirement		11,637
Employee and Dependent Insurance		18,173

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Juvenile Services (Cont.)

Unemployment Compensation	\$	178	
Communication		7,059	
Contracts with Government Agencies		16,356	
Contracts with Private Agencies		376	
Dues and Memberships		505	
Maintenance and Repair Services - Office Equipment		2,800	
Medical and Dental Services		130	
Printing, Stationery, and Forms		762	
Travel		3,738	
Office Supplies		2,461	
Communication Equipment		12,647	
Office Equipment		15,184	
Total Juvenile Services			\$ 206,284

Fire Prevention and Control

Salary Supplements	\$	9,000	
Overtime Pay		111,876	
Other Salaries and Wages		436,150	
In-Service Training		4,192	
Social Security		40,830	
State Retirement		80,982	
Employee and Dependent Insurance		103,300	
Unemployment Compensation		983	
Communication		1,386	
Contributions		1,000	
Maintenance and Repair Services - Buildings		7,456	
Maintenance and Repair Services - Equipment		16,037	
Maintenance and Repair Services - Vehicles		9,984	
Custodial Supplies		1,527	
Gasoline		10,966	
Office Supplies		285	
Uniforms		1,461	
Utilities		12,403	
Other Supplies and Materials		3,530	
Other Charges		4,971	
Building Improvements		5,404	
Total Fire Prevention and Control			863,723

Civil Defense

Supervisor/Director	\$	35,135	
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(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Civil Defense (Cont.)

Clerical Personnel	\$	8,147	
Social Security		3,231	
State Retirement		5,392	
Employee and Dependent Insurance		6,058	
Unemployment Compensation		67	
Communication		1,840	
Maintenance and Repair Services - Vehicles		153	
Gasoline		447	
Other Supplies and Materials		373	
Other Charges		108,521	
Total Civil Defense			\$ 169,364

Inspection and Regulation

Supervisor/Director	\$	646	
Social Security		49	
State Retirement		77	
Travel		663	
Total Inspection and Regulation			1,435

County Coroner/Medical Examiner

Legal Services	\$	6,245	
Other Contracted Services		20,800	
Premiums on Corporate Surety Bonds		75	
Total County Coroner/Medical Examiner			27,120

Other Public Safety

Part-time Personnel	\$	35,764	
Social Security		2,736	
Unemployment Compensation		169	
Communication		147	
Maintenance and Repair Services - Equipment		3,615	
Printing, Stationery, and Forms		487	
Rentals		6,922	
Other Supplies and Materials		381	
Total Other Public Safety			50,221

Public Health and Welfare

Local Health Center

Medical Personnel	\$	52,213	
Clerical Personnel		31,181	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Local Health Center (Cont.)

Social Security	\$	6,188	
State Retirement		6,281	
Employee and Dependent Insurance		12,115	
Unemployment Compensation		249	
Communication		2,255	
Contracts with Government Agencies		44,296	
Janitorial Services		5,700	
Maintenance and Repair Services - Buildings		1,211	
Pest Control		440	
Travel		2,362	
Disposal Fees		575	
Natural Gas		1,272	
Office Supplies		776	
Utilities		7,264	
Total Local Health Center			\$ 174,378

Rabies and Animal Control

Supervisor/Director	\$	19,991	
Overtime Pay		2,995	
Social Security		1,758	
State Retirement		2,751	
Employee and Dependent Insurance		6,058	
Unemployment Compensation		54	
Communication		1,285	
Contracts with Other Public Agencies		45,000	
Maintenance and Repair Services - Vehicles		939	
Travel		110	
Gasoline		4,713	
Uniforms		471	
Other Supplies and Materials		191	
Total Rabies and Animal Control			86,316

General Welfare Assistance

Contracts with Government Agencies	\$	5,500	
Pauper Burials		500	
Total General Welfare Assistance			6,000

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Social, Cultural, and Recreational Services (Cont.)

Libraries

Contributions	\$ 63,827	
Total Libraries		\$ 63,827

Other Social, Cultural, and Recreational

Supervisor/Director	\$ 29,701	
Laborers	65,292	
Part-time Personnel	30,286	
Overtime Pay	995	
Social Security	9,348	
State Retirement	11,488	
Employee and Dependent Insurance	24,231	
Unemployment Compensation	377	
Communication	2,681	
Contributions	7,000	
Maintenance and Repair Services - Buildings	818	
Maintenance and Repair Services - Equipment	1,958	
Custodial Supplies	993	
Gasoline	2,828	
Office Supplies	499	
Uniforms	400	
Utilities	11,466	
Other Supplies and Materials	287	
Other Charges	13,226	
Total Other Social, Cultural, and Recreational		213,874

Agriculture and Natural Resources

Agriculture Extension Service

Salary Supplements	\$ 39,952	
Social Security	2,111	
State Retirement	4,284	
Communication	3,105	
Travel	1,529	
Other Supplies and Materials	7,419	
Total Agriculture Extension Service		58,400

Soil Conservation

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

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations

Industrial Development

Contracts with Private Agencies	\$ 341,100	
Total Industrial Development		\$ 341,100

Veterans' Services

Supervisor/Director	\$ 28,701	
Secretary(ies)	21,638	
Social Security	3,656	
State Retirement	6,025	
Employee and Dependent Insurance	10,109	
Unemployment Compensation	108	
Communication	1,379	
Maintenance and Repair Services - Vehicles	1,497	
Travel	129	
Office Supplies	1,131	
Total Veterans' Services		74,373

Other Charges

Liability Insurance	\$ 234,876	
Premiums on Corporate Surety Bonds	13,042	
Refunds	1,721	
Trustee's Commission	129,598	
Workers' Compensation Insurance	155,877	
Liability Claims	2,637	
Total Other Charges		537,751

Contributions to Other Agencies

Contributions	\$ 177,000	
Total Contributions to Other Agencies		177,000

Employee Benefits

Employee and Dependent Insurance	\$ 13,766	
Total Employee Benefits		13,766

ARRA Grant No. 1

Other Contracted Services	\$ 83,475	
Total ARRA Grant No. 1		83,475

ARRA Grant No. 6

Contracts with Private Agencies	\$ 11,971	
Total ARRA Grant No. 6		11,971

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Miscellaneous

Other Charges	\$ 1,082	
Total Miscellaneous	<u>1,082</u>	\$ 1,082

Highways

Litter and Trash Collection

Supervisor/Director	\$ 58,921	
Social Security	4,480	
State Retirement	3,542	
Employee and Dependent Insurance	6,058	
Unemployment Compensation	108	
Maintenance and Repair Services - Vehicles	298	
Gasoline	5,858	
Instructional Supplies and Materials	6,400	
Tires and Tubes	224	
Other Supplies and Materials	194	
Total Litter and Trash Collection	<u>86,083</u>	<u>86,083</u>

Total General Fund \$ 9,665,939

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 32,638
Foremen	27,677
Laborers	97,067
Overtime Pay	6,052
Social Security	12,059
State Retirement	19,578
Employee and Dependent Insurance	39,105
Unemployment Compensation	607
Communication	393
Contracts with Government Agencies	4,000
Contracts with Private Agencies	32,056
Engineering Services	21,252
Other Contracted Services	389
Equipment and Machinery Parts	33,641
Fertilizer, Lime, and Seed	887
Gasoline	30,719
Lubricants	894
Office Supplies	454

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Tires and Tubes	\$	2,189	
Utilities		9,349	
Other Supplies and Materials		1,707	
Trustee's Commission		24,008	
Vehicle and Equipment Insurance		18,067	
Workers' Compensation Insurance		25,375	
Total Sanitation Management			\$ 440,163

Convenience Centers

Laborers	\$	266,199	
Social Security		20,367	
Unemployment Compensation		1,073	
Rentals		3,480	
Disposal Fees		578,556	
Other Supplies and Materials		7,030	
Solid Waste Equipment		15,621	
Total Convenience Centers			<u>892,326</u>

Total Solid Waste/Sanitation Fund \$ 1,332,489

Industrial/Economic Development Fund

Principal on Debt

General Government

Principal on Other Loans	\$	46,824	
Total General Government			\$ 46,824

Interest on Debt

General Government

Interest on Other Loans	\$	83,320	
Total General Government			83,320

Capital Projects

Public Utility Projects

Contributions	\$	153,087	
Trustee's Commission		7,307	
Total Public Utility Projects			<u>160,394</u>

Total Industrial/Economic Development Fund 290,538

(Continued)

Exhibit J-8

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

Drug Control Fund

Public Safety

Sheriff's Department

Other Supplies and Materials	\$	303	
Law Enforcement Equipment		306	
Total Sheriff's Department			\$ 609

Drug Enforcement

Confidential Drug Enforcement Payments	\$	3,500	
Other Supplies and Materials		979	
Trustee's Commission		15	
Law Enforcement Equipment		5,972	
Total Drug Enforcement			10,466

Total Drug Control Fund \$ 11,075

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Per Diem and Fees	\$	18,175	
Communication		2,273	
Maintenance and Repair Services - Buildings		96	
Other Contracted Services		10,282	
Food Supplies		5,389	
Other Supplies and Materials		1,853	
Liability Insurance		2,541	
Trustee's Commission		200	
Other Charges		2,084	
Total Other Social, Cultural, and Recreational			\$ 42,893

Total Sports and Recreation Fund 42,893

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	229,230	
Total County Trustee's Office			\$ 229,230

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	310,925	
Total County Clerk's Office			310,925

(Continued)

Exhibit J-8

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

Constitutional Officers - Fees Fund (Cont.)

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$ 2,250	
Total Chancery Court		\$ 2,250

Total Constitutional Officers - Fees Fund \$ 542,405

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$ 70,956	
Assistant(s)	35,149	
Secretary to Board	570	
Secretary(ies)	33,410	
Clerical Personnel	17,934	
Board and Committee Members Fees	17,100	
Social Security	13,162	
State Retirement	17,198	
Employee and Dependent Insurance	17,672	
Unemployment Compensation	875	
Data Processing Services	2,863	
Dues and Memberships	2,848	
Maintenance and Repair Services - Office Equipment	719	
Travel	129	
Other Contracted Services	3,529	
Office Supplies	1,841	
Total Administration		\$ 235,955

Highway and Bridge Maintenance

Foremen	\$ 133,987
Equipment Operators	572,286
Overtime Pay	36,384
Social Security	54,535
State Retirement	70,484
Employee and Dependent Insurance	169,514
Unemployment Compensation	6,371
Matching Share	6,780
Other Contracted Services	33,194
Asphalt	141,253
Concrete	302
Crushed Stone	9,834
General Construction Materials	23,435

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Highway and Bridge Maintenance (Cont.)

Pipe	\$	76,135	
Road Signs		10,822	
Other Supplies and Materials		14,514	
Total Highway and Bridge Maintenance			\$ 1,359,830

Operation and Maintenance of Equipment

Foremen	\$	27,701	
Mechanic(s)		78,886	
Social Security		9,039	
State Retirement		10,913	
Employee and Dependent Insurance		24,706	
Unemployment Compensation		1,127	
Diesel Fuel		184,813	
Equipment and Machinery Parts		207,811	
Garage Supplies		7,012	
Gasoline		30,383	
Lubricants		16,542	
Propane Gas		4,443	
Tires and Tubes		33,698	
Total Operation and Maintenance of Equipment			637,074

Quarry Operations

Foremen	\$	27,749	
Equipment Operators - Heavy		28,736	
Equipment Operators - Light		94,091	
Social Security		11,249	
State Retirement		14,904	
Employee and Dependent Insurance		31,218	
Unemployment Compensation		1,396	
Explosive and Drilling Services		86,403	
Maintenance and Repair Services - Equipment		82,058	
Total Quarry Operations			377,804

Other Charges

Communication	\$	8,273	
Electricity		29,071	
Trustee's Commission		35,527	
Vehicle and Equipment Insurance		108,404	
Workers' Compensation Insurance		165,807	
Total Other Charges			347,082

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Employee Benefits

Employee and Dependent Insurance	\$ 4,729	
Total Employee Benefits		\$ 4,729

Capital Outlay

Highway Equipment	\$ 220,933	
Other Capital Outlay	422,049	
Total Capital Outlay		<u>642,982</u>

Total Highway/Public Works Fund		\$ 3,605,456
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General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$ 42,783	
Total General Government		\$ 42,783

Highways and Streets

Principal on Bonds	\$ 264,543	
Total Highways and Streets		264,543

Education

Principal on Bonds	\$ 962,674	
Principal on Notes	71,429	
Total Education		1,034,103

Interest on Debt

General Government

Interest on Bonds	\$ 77,269	
Interest on Other Loans	13,116	
Total General Government		90,385

Highways and Streets

Interest on Bonds	\$ 392,412	
Interest on Other Loans	41,703	
Total Highways and Streets		434,115

Education

Interest on Bonds	\$ 704,404	
Interest on Other Loans	312,653	
Total Education		1,017,057

(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	\$ 31,788	
Other Debt Service	7,630	
Total General Government	<u>39,418</u>	\$ 39,418

Total General Debt Service Fund \$ 2,922,404

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 240,000	
Total Education		\$ 240,000

Interest on Debt

Education

Interest on Bonds	\$ 76,855	
Total Education		<u>76,855</u>

Total Rural Debt Service Fund 316,855

General Capital Projects Fund

Other Operations

Other Charges

Other Charges	\$ 3,558	
Total Other Charges		\$ 3,558

Capital Projects

Public Health and Welfare Projects

Architects	\$ 26,556	
Building Construction	9,025	
Building Improvements	950	
Total Public Health and Welfare Projects		<u>36,531</u>

Public Utility Projects

Engineering Services	\$ 65,453	
Other Construction	792,112	
Total Public Utility Projects		857,565

Education Capital Projects

Contributions	\$ 6,006,160	
Other Debt Issuance Charges	49,642	
Total Education Capital Projects		<u>6,055,802</u>

Total General Capital Projects Fund 6,953,456

(Continued)

Exhibit J-8

Coke 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	\$	<u>48,185</u>	
Total Highway and Street Capital Projects			\$ <u>48,185</u>
Total Highway Capital Projects Fund			\$ <u>48,185</u>
Total Governmental Funds - Primary Government			\$ <u><u>25,731,695</u></u>

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, 2011

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,564,867	
Career Ladder Program	136,355	
Career Ladder Extended Contracts	45,246	
Homebound Teachers	8,054	
Educational Assistants	235,230	
Other Salaries and Wages	36,848	
Certified Substitute Teachers	20,860	
Non-certified Substitute Teachers	123,554	
Social Security	649,098	
State Retirement	970,176	
Medical Insurance	1,591,689	
Employer Medicare	154,754	
Other Fringe Benefits	176,354	
Maintenance and Repair Services - Equipment	30,000	
Instructional Supplies and Materials	239,298	
Textbooks	285,026	
Other Supplies and Materials	24,774	
Other Charges	65,589	
Regular Instruction Equipment	<u>248,809</u>	
Total Regular Instruction Program		\$ 15,606,581

Alternative Instruction Program

Teachers	\$ 127,893	
Career Ladder Program	1,000	
Clerical Personnel	14,933	
Social Security	8,810	
State Retirement	13,454	
Medical Insurance	21,799	
Employer Medicare	2,060	
Instructional Supplies and Materials	<u>1,510</u>	
Total Alternative Instruction Program		191,459

Special Education Program

Teachers	\$ 781,134
Career Ladder Program	20,000
Homebound Teachers	17,074
Educational Assistants	73,845
Speech Pathologist	141,602
Other Salaries and Wages	113,178

(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.)

Certified Substitute Teachers	\$	1,581	
Non-certified Substitute Teachers		10,029	
Social Security		69,769	
State Retirement		107,290	
Medical Insurance		165,592	
Employer Medicare		16,329	
Contracts with Private Agencies		22,000	
Evaluation and Testing		8,461	
Maintenance and Repair Services - Equipment		331	
Tuition		673	
Other Contracted Services		37,787	
Instructional Supplies and Materials		48,931	
Special Education Equipment		4,269	
Total Special Education Program			\$ 1,639,875

Vocational Education Program

Teachers	\$	844,729	
Career Ladder Program		6,600	
Certified Substitute Teachers		536	
Non-certified Substitute Teachers		13,209	
Social Security		51,419	
State Retirement		76,058	
Medical Insurance		115,116	
Employer Medicare		12,183	
Maintenance and Repair Services - Equipment		1,651	
Instructional Supplies and Materials		62,985	
Other Charges		820	
Total Vocational Education Program			1,185,306

Student Body Education Program

Other Charges	\$	1,378	
Total Student Body Education Program			1,378

Adult Education Program

Teachers	\$	87,819	
Career Ladder Program		1,000	
Clerical Personnel		12,015	
Social Security		4,919	
State Retirement		6,850	

(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.)

Adult Education Program (Cont.)

Medical Insurance	\$	4,796	
Employer Medicare		1,455	
Instructional Supplies and Materials		2,989	
Total Adult Education Program			\$ 121,843

Support Services

Attendance

Supervisor/Director	\$	61,606	
Career Ladder Program		1,000	
Clerical Personnel		13,330	
Social Security		4,208	
State Retirement		7,263	
Medical Insurance		10,403	
Employer Medicare		984	
Travel		3,524	
Other Supplies and Materials		11,966	
Total Attendance			114,284

Health Services

Medical Personnel	\$	111,210	
Other Salaries and Wages		104,486	
Social Security		13,204	
State Retirement		19,108	
Medical Insurance		27,649	
Employer Medicare		3,088	
Travel		13,607	
Drugs and Medical Supplies		1,500	
Other Supplies and Materials		10,896	
Other Charges		3,226	
Total Health Services			307,974

Other Student Support

Career Ladder Program	\$	1,000	
Guidance Personnel		580,317	
Other Salaries and Wages		70,796	
Social Security		38,095	
State Retirement		58,403	
Medical Insurance		99,041	
Employer Medicare		9,003	

(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.)

Other Student Support (Cont.)

Contracts with Government Agencies	\$	82,064	
Other Supplies and Materials		<u>415</u>	
Total Other Student Support	\$		939,134

Regular Instruction Program

Supervisor/Director	\$	131,552	
Career Ladder Program		7,985	
Librarians		466,744	
Instructional Computer Personnel		39,414	
Secretary(ies)		31,571	
Clerical Personnel		12,915	
Educational Assistants		60,376	
Other Salaries and Wages		72,760	
Social Security		43,516	
State Retirement		71,771	
Medical Insurance		109,891	
Employer Medicare		11,237	
Travel		28,450	
Library Books/Media		9,892	
Periodicals		4,967	
Other Supplies and Materials		10,031	
In Service/Staff Development		19,489	
Other Charges		<u>170</u>	
Total Regular Instruction Program			1,132,731

Special Education Program

Supervisor/Director	\$	63,762	
Secretary(ies)		33,033	
Social Security		5,946	
State Retirement		9,728	
Medical Insurance		9,757	
Employer Medicare		1,391	
Travel		21,127	
In Service/Staff Development		19,005	
Other Charges		<u>5,858</u>	
Total Special Education Program			169,607

Vocational Education Program

Supervisor/Director	\$	63,604	
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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.)

Vocational Education Program (Cont.)

Career Ladder Program	\$	3,000	
Career Ladder Extended Contracts		600	
Other Salaries and Wages		14,718	
Social Security		5,100	
State Retirement		7,839	
Medical Insurance		5,347	
Employer Medicare		1,193	
Travel		11,809	
Other Supplies and Materials		1,812	
Other Charges		2,634	
Total Vocational Education Program			\$ 117,656

Adult Programs

Communication	\$	1,951	
Travel		1,890	
In Service/Staff Development		1,842	
Total Adult Programs			5,683

Other Programs

On-Behalf Payments to OPEB	\$	203,946	
Total Other Programs			203,946

Board of Education

Other Salaries and Wages	\$	13,330	
Board and Committee Members Fees		17,100	
Social Security		1,885	
State Retirement		1,597	
Life Insurance		13,552	
Medical Insurance		2,769	
Unemployment Compensation		24,322	
Employer Medicare		441	
Audit Services		7,800	
Dues and Memberships		18,695	
Legal Services		5,676	
Travel		12,383	
Liability Insurance		18,125	
Trustee's Commission		144,117	
Workers' Compensation Insurance		94,374	
Other Charges		12,519	
Total Board of Education			388,685

(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

County Official/Administrative Officer	\$	105,379	
Secretary(ies)		30,100	
Clerical Personnel		12,915	
Social Security		9,164	
State Retirement		14,690	
Medical Insurance		17,751	
Employer Medicare		2,143	
Communication		14,790	
Postal Charges		4,208	
Travel		2,021	
Office Supplies		655	
Other Charges		4,097	
Total Director of Schools			\$ 217,913

Office of the Principal

Principals	\$	712,854	
Career Ladder Program		15,890	
Assistant Principals		332,845	
Secretary(ies)		413,907	
Other Salaries and Wages		28,862	
Social Security		90,091	
State Retirement		145,630	
Medical Insurance		223,271	
Employer Medicare		21,074	
Communication		53,484	
Travel		5,591	
Other Contracted Services		3,146	
Other Supplies and Materials		87,942	
Other Charges		10,081	
Total Office of the Principal			2,144,668

Fiscal Services

Accountants/Bookkeepers	\$	45,113	
Clerical Personnel		49,316	
Other Salaries and Wages		14,272	
Social Security		6,681	
State Retirement		6,267	
Medical Insurance		11,074	
Employer Medicare		1,563	

(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.)

Data Processing Services	\$	7,003	
Other Contracted Services		7,548	
Data Processing Supplies		5,250	
Other Supplies and Materials		284	
Total Fiscal Services			\$ 154,371

Operation of Plant

Custodial Personnel	\$	688,400	
Other Salaries and Wages		6,000	
Social Security		42,541	
State Retirement		78,288	
Medical Insurance		174,393	
Employer Medicare		9,949	
Maintenance and Repair Services - Equipment		11,428	
Rentals		4,235	
Disposal Fees		903	
Other Contracted Services		104,400	
Custodial Supplies		101,922	
Electricity		881,394	
Natural Gas		187,709	
Water and Sewer		47,253	
Building and Contents Insurance		70,391	
Other Charges		72,867	
Plant Operation Equipment		15,153	
Total Operation of Plant			2,497,226

Maintenance of Plant

Supervisor/Director	\$	43,288	
Secretary(ies)		24,081	
Maintenance Personnel		143,682	
Other Salaries and Wages		10,188	
Social Security		13,683	
State Retirement		24,325	
Medical Insurance		41,562	
Employer Medicare		3,200	
Travel		21	
Other Contracted Services		86,017	
General Construction Materials		59,946	
Other Supplies and Materials		172,328	

(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.)

Maintenance of Plant (Cont.)

Other Charges	\$	1,268	
Maintenance Equipment		<u>12,000</u>	
Total Maintenance of Plant			\$ 635,589

Transportation

Bus Drivers	\$	29,398	
Social Security		1,792	
State Retirement		3,522	
Medical Insurance		5,537	
Employer Medicare		419	
Contracts with Vehicle Owners		<u>9,321</u>	
Total Transportation			49,989

Central and Other

Other Salaries and Wages	\$	241,276	
Social Security		14,604	
State Retirement		21,326	
Medical Insurance		32,874	
Employer Medicare		3,416	
Travel		2,124	
Office Supplies		300	
Other Supplies and Materials		18,436	
Other Charges		<u>30,256</u>	
Total Central and Other			364,612

Operation of Non-Instructional Services

Food Service

Supervisor/Director	\$	58,408	
Career Ladder Program		1,000	
Social Security		3,683	
State Retirement		5,376	
Medical Insurance		2,792	
Employer Medicare		<u>861</u>	
Total Food Service			72,120

Community Services

Other Salaries and Wages	\$	233,166	
Social Security		12,350	
State Retirement		12,225	

(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.)

Community Services (Cont.)

Medical Insurance	\$	16,391	
Employer Medicare		3,297	
Other Charges		<u>104,263</u>	
Total Community Services	\$		381,692

Early Childhood Education

Teachers	\$	116,021	
Educational Assistants		43,097	
Other Salaries and Wages		20,324	
Non-certified Substitute Teachers		969	
Social Security		9,558	
State Retirement		15,156	
Medical Insurance		34,717	
Employer Medicare		2,516	
Travel		3,130	
Instructional Supplies and Materials		47,020	
Other Supplies and Materials		8,000	
In Service/Staff Development		<u>758</u>	
Total Early Childhood Education			301,266

Capital Outlay

Regular Capital Outlay

Architects	\$	87,194	
Building Improvements		393,948	
Site Development		<u>4,344</u>	
Total Regular Capital Outlay			485,486

Principal on Debt

Education

Principal on Notes	\$	<u>10,147</u>	
Total Education			10,147

Interest on Debt

Education

Interest on Notes	\$	<u>2,803</u>	
Total Education			2,803

(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.)

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ 388,284	
Total Education		\$ 388,284

Total General Purpose School Fund \$ 29,832,308

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,181,539	
Educational Assistants	301,228	
Other Salaries and Wages	98,228	
Certified Substitute Teachers	1,396	
Non-certified Substitute Teachers	30,064	
Social Security	96,215	
State Retirement	148,698	
Medical Insurance	317,893	
Employer Medicare	22,505	
Instructional Supplies and Materials	203,897	
Other Supplies and Materials	2,153	
Other Charges	1,200	
Regular Instruction Equipment	254,621	
Total Regular Instruction Program		\$ 2,659,637

Alternative Instruction Program

Instructional Supplies and Materials	\$ 7,912	
Total Alternative Instruction Program		7,912

Special Education Program

Teachers	\$ 618,949
Educational Assistants	363,655
Speech Pathologist	44,179
Certified Substitute Teachers	51
Non-certified Substitute Teachers	4,641
Social Security	61,664
State Retirement	101,971
Medical Insurance	231,593
Employer Medicare	14,422
Contracts with Private Agencies	33,245
Evaluation and Testing	6,781

(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.)

Special Education Program (Cont.)

Other Contracted Services	\$	30,368	
Instructional Supplies and Materials		1,808	
Special Education Equipment		4,037	
Total Special Education Program	\$		1,517,364

Vocational Education Program

Clerical Personnel	\$	16,795	
Other Salaries and Wages		24,985	
Social Security		1,009	
State Retirement		2,012	
Medical Insurance		5,537	
Employer Medicare		598	
Vocational Instruction Equipment		44,376	
Total Vocational Education Program			95,312

Support Services

Other Student Support

Guidance Personnel	\$	20,948	
Other Salaries and Wages		188,077	
Social Security		12,874	
State Retirement		18,922	
Medical Insurance		19,380	
Employer Medicare		3,011	
Evaluation and Testing		28,800	
Postal Charges		88	
Travel		28,736	
Other Supplies and Materials		52,298	
In Service/Staff Development		5,900	
Other Charges		35,888	
Total Other Student Support			414,922

Regular Instruction Program

Supervisor/Director	\$	62,549	
Instructional Computer Personnel		59,873	
Secretary(ies)		14,272	
Other Salaries and Wages		157,916	
Certified Substitute Teachers		26	
In-Service Training		32,853	
Non-certified Substitute Teachers		1,300	

(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.)

Regular Instruction Program (Cont.)

Social Security	\$	20,315	
State Retirement		29,890	
Medical Insurance		37,130	
Employer Medicare		4,757	
Consultants		48,350	
Travel		15,789	
Other Supplies and Materials		34,187	
In Service/Staff Development		19,547	
Other Charges		4,192	
Other Equipment		3,536	
Total Regular Instruction Program			\$ 546,482

Special Education Program

In Service/Staff Development	\$	4,116	
Total Special Education Program			4,116

Vocational Education Program

Travel	\$	2,253	
In Service/Staff Development		2,043	
Total Vocational Education Program			4,296

Transportation

Bus Drivers	\$	86,593	
Social Security		5,262	
State Retirement		10,314	
Medical Insurance		33,716	
Employer Medicare		1,231	
Contracts with Parents		210	
Contracts with Vehicle Owners		816	
Total Transportation			138,142

Total School Federal Projects Fund \$ 5,388,183

Central Cafeteria Fund

Operation of Non-Instructional Services

Food Service

Accountants/Bookkeepers	\$	25,531	
Cafeteria Personnel		768,875	
Other Salaries and Wages		65,361	

(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 (Cont.)

Operation of Non-Instructional Services (Cont.)

Food Service (Cont.)

Social Security	\$	51,894	
State Retirement		93,989	
Medical Insurance		274,896	
Unemployment Compensation		3,013	
Employer Medicare		12,136	
Communication		4,767	
Maintenance and Repair Services - Equipment		18,263	
Transportation - Other than Students		9,457	
Travel		2,777	
Other Contracted Services		196,485	
Food Supplies		765,631	
Office Supplies		4,403	
Uniforms		311	
USDA - Commodities		299,806	
Other Supplies and Materials		125,126	
In Service/Staff Development		950	
Food Service Equipment		124,474	
Total Food Service			\$ 2,848,145

Total Central Cafeteria Fund \$ 2,848,145

School Transportation Fund

Support Services

Board of Education

Trustee's Commission	\$	28,496	
Total Board of Education			\$ 28,496

Transportation

Supervisor/Director	\$	43,288	
Mechanic(s)		110,569	
Bus Drivers		509,277	
Other Salaries and Wages		37,916	
Social Security		42,641	
State Retirement		80,165	
Medical Insurance		236,872	
Employer Medicare		9,973	
Communication		2,983	
Maintenance and Repair Services - Vehicles		23,279	
Medical and Dental Services		6,898	

(Continued)

Exhibit J-9

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

School Transportation Fund (Cont.)

Support Services (Cont.)

Transportation (Cont.)

Rentals	\$	7,494	
Other Contracted Services		2,576	
Diesel Fuel		278,931	
Garage Supplies		4,672	
Gasoline		39,105	
Lubricants		13,956	
Tires and Tubes		28,808	
Vehicle Parts		312,688	
Other Supplies and Materials		14,307	
Vehicle and Equipment Insurance		46,830	
Other Charges		6,956	
Transportation Equipment		480,802	
Total Transportation			\$ 2,340,986

Total School Transportation Fund \$ 2,369,482

Other Capital Projects QSCB Fund

Capital Projects

Education Capital Projects

Building Improvements	\$	493,025	
Total Education Capital Projects			\$ 493,025

Total Other Capital Projects QSCB Fund 493,025

Total Governmental Funds - Cocke County School Department \$ 40,931,143

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, 2011

	Cities - Sales Tax Fund	City School ADA - Newport Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 392,337	\$ 392,337
Trustee's Collections - Prior Years	0	20,268	20,268
Circuit/Clerk and Master Collections - Prior Years	0	21,735	21,735
Interest and Penalty	0	3,454	3,454
Payments in-Lieu-of Taxes - Local Utilities	0	21,875	21,875
Payments in-Lieu-of Taxes - Other	0	1,431	1,431
Local Option Sales Tax	2,922,305	557,708	3,480,013
Bank Excise Tax	0	1,848	1,848
Interstate Telecommunications Tax	0	357	357
Marriage Licenses	0	138	138
Other Local Revenues	0	95	95
Total Cash Receipts	\$ 2,922,305	\$ 1,021,246	\$ 3,943,551
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 2,893,082	\$ 1,006,889	\$ 3,899,971
Trustee's Commission	29,223	14,357	43,580
Total Cash Disbursements	\$ 2,922,305	\$ 1,021,246	\$ 3,943,551
Excess of Cash Receipts Over (Under)			
Cash Disbursements	\$ 0	\$ 0	\$ 0
Cash Balance, July 1, 2010	0	0	0
Cash Balance, June 30, 2011	\$ 0	\$ 0	\$ 0

SINGLE AUDIT SECTION



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

December 15, 2011

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, 2011, which collectively comprise Cocke County's basic financial statements and have issued our report thereon dated December 15, 2011. Our report includes a reference to other auditors. 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. Other auditors audited the financial statements of the Cocke County Emergency Communications District as described in our report on Cocke County's financial statements. This report does not include the results of the other auditors testing of internal control over financial reporting or compliance and other matters that are reported on separately by those auditors.

Internal Control Over Financial Reporting

In planning and performing our audit, 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 Coker County's internal control over financial reporting. Accordingly, we do not express an opinion on the effectiveness of Coker 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 was not designed to identify all deficiencies in internal control over financial reporting that might be significant deficiencies or material weaknesses and therefore, there can be no assurance that all deficiencies, significant deficiencies, or material weaknesses have been identified. However, as described in the accompanying Schedule of Findings and Questioned Costs, we identified certain deficiencies in internal control over financial reporting that we consider to be material weaknesses and other deficiencies that we consider to be significant deficiencies.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct misstatements on a timely basis. A material weakness is a deficiency, or combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be material weaknesses: 11.03 and 11.08.

A significant deficiency is a deficiency or a combination of deficiencies in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance. We consider the following deficiencies described in the accompanying Schedule of Findings and Questioned Costs to be significant deficiencies: 11.01, 11.04, 11.05, 11.07, and 11.09.

Compliance and Other Matters

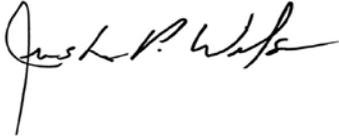
As part of obtaining reasonable assurance about whether Coker County's financial statements are free of material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material 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 instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items 11.02 and 11.06.

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

Coker 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 Coker County's responses and, accordingly, we express no opinion on the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, director of accounts and budgets, County Commission, Highway Commission, Board of Education, others within Coker 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 written in a cursive style with a prominent vertical line extending downwards from the end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb



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 COMPLIANCE WITH REQUIREMENTS
THAT COULD HAVE A DIRECT AND MATERIAL EFFECT ON
EACH MAJOR PROGRAM AND INTERNAL CONTROL OVER
COMPLIANCE IN ACCORDANCE WITH OMB CIRCULAR A-133

December 15, 2011

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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011. 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 could have a direct and material effect on each of its major federal programs for the year ended June 30, 2011.

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 and to test and report on internal control over compliance in accordance with OMB Circular A-133, 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 deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. A material weakness in internal control over compliance is a deficiency, or combination of deficiencies, in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be deficiencies, 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

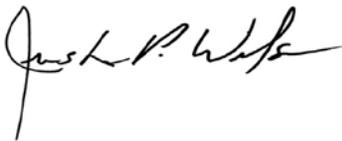
We have audited the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County as of and for the year ended June 30, 2011, and have issued our report thereon dated December 15, 2011. Our audit was performed for the purpose of forming our opinions on the financial statements as a whole. The 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 financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and

reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements 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 the responses.

This report is intended solely for the information and use of management, the county mayor, road superintendent, director of schools, director of accounts and budgets, County Commission, Highway 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 end.

Justin P. Wilson
Comptroller of the Treasury

JPW/sb

Cocke County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2011

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	\$ 544,417
National School Lunch Program	10.555	N/A	1,487,685 (4)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	299,806 (4)
Schools and Roads - Grants to States	10.665	N/A	115,303
Passed-through State Department of Health:			
Special Supplemental Nutrition Program for Women, Infants, and Children	10.557	GG-11-32997-00	33,542
Total U.S. Department of Agriculture			<u>\$ 2,480,753</u>
U.S. Department of Housing and Urban Development:			
Passed-through State Department of Economic and Community Development:			
Community Development Block Grant/State's Program	14.228	GG-10-32495-00	\$ 383,987
Total U.S. Department of Housing and Urban Development			<u>\$ 383,987</u>
U.S. Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 49,618
Total U.S. Department of Interior			<u>\$ 49,618</u>
U.S. Department of Justice:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2009-DJ-BX-0553	\$ 10,376
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to Units of Local Government	16.804	(2)	22,373
Passed-through State Office of Criminal Justice Programs:			
Recovery Act - Edward Byrne Memorial Justice Assistance Grant (JAG) Program/Grants to States and Territories	16.803	(3)	96,122
Total U.S. Department of Justice			<u>\$ 128,871</u>
Appalachian Regional Commission:			
Passed-through Tennessee Valley Authority:			
Appalachian Regional Development	23.001	TN 15215-I-214-05	\$ 473,578
Total Appalachian Regional Commission			<u>\$ 473,578</u>
U.S. Department of Education:			
Passed-through State Department of Labor and Workforce Development:			
Adult Education - Basic Grants to States	84.002	Z-10-218498-00	\$ 84,087
Passed-through State Department of Education:			
Title I Cluster:			
Title I Grants to Local Educational Agencies	84.010	N/A	1,949,311
Title I Grants to Local Educational Agencies, Recovery Act	84.389	N/A	998,344

(Continued)

Cooke 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.):			
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	\$ 1,122,111
Special Education - Preschool Grants	84.173	N/A	43,930
Special Education - Grants to States, Recovery Act	84.391	N/A	554,997
Special Education - Preschool Grants, Recovery Act	84.392	N/A	13,571
Career and Technical Education - Basic Grants to States	84.048	N/A	125,859
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	GG-08-22025	26,683
Education Technology Cluster:			
Education Technology State Grants	84.318	(2)	7,382
Education Technology State Grants, Recovery Act	84.386	(2)	20,194
Gaining Early Awareness and Readiness for Undergraduate Programs	84.334	GG-08-21818-00	120,000
Rural Education	84.358	N/A	130,920
English Language Acquisition Grants	84.365	N/A	4,112
Improving Teacher Quality State Grants	84.367	N/A	294,095
Education for Homeless Children and Youth, Recovery Act	84.387	N/A	3,785
State Fiscal Stabilization Cluster:			
State Fiscal Stabilization Fund (SFSF) - Education State Grants, Recovery Act	84.394	N/A	2,296,677
State Fiscal Stabilization Fund (SFSF) - Government Services, Recovery Act	84.397	N/A	230,588
State Fiscal Stabilization Fund - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	<u>237,186</u>
Total U.S. Department of Education			<u>\$ 8,263,832</u>
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirements Payments	90.401	1974	\$ 6,000
Total U.S. Election Assistance Commission			<u>\$ 6,000</u>
U.S. Department of Health and Human Services:			
Passed-through State Department of Education:			
ARRA - Emergency Contingency Fund for Temporary Assistance for Needy Families (TANF) State Program	93.714	(3)	\$ 58,580
Total U.S. Department of Health and Human Services			<u>\$ 58,580</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Disaster Grants - Public Assistance	97.036	34101-6942	\$ 84,607
Emergency Management Performance Grants	97.042	34101-4340	13,287
Homeland Security Grant Program	97.067	34101-0648	76,443
Total U.S. Department of Homeland Security			<u>\$ 174,337</u>
Total Expenditures of Federal Awards			<u>\$ 12,019,556</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>			
Litter Program - State Department of Transportation	N/A	15-500-4078-04	\$ 24,865
Solid Waste Grant - State Department of Environment and Conservation	N/A	Z-08-212967-02	14,851
Juvenile Service Program - State Commission on Children and Youth	N/A	(3)	11,486
State Aid Program - State Department of Transportation	N/A	(3)	28,826
Adult Basic Education - State Department of Education	N/A	Z-10-218498-00	28,029
Early Childhood Education Pilot Project - State Department of Education	N/A	(3)	297,265
Connect TN - State Department of Education	N/A	(3)	2,625
ACT/Explore - State Department of Education	N/A	(3)	5,761
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	119-09-3-010	84,980
Health Department Program - State Department of Health	N/A	22040	129,365
Energy Efficient Schools - State Department of Education	N/A	(3)	<u>77,506</u>
 Total State Grants			 <u>\$ 705,559</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) Contract numbers 2009-SB-B9-2574/2010-DJ-BX-1002.
- (3) Information not available.
- (4) Total for CFDA No. 10.555 is \$1,787,491.

Cocke County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2011

Government Auditing Standards require auditors to report the status of uncorrected findings from prior audits. Presented below are findings from the Annual Financial Report for Cocke County, Tennessee, for the year ended June 30, 2010, which have not been corrected.

OFFICE OF TRUSTEE

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.04	176	Investment transactions were not posted to the general ledger

OTHER FINDING

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
10.05	177	Duties were not segregated adequately in the Offices of General Sessions Court Clerk, Register, and Sheriff

COCKE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2011

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cocke County is unqualified.
2. The audit of the financial statements of Cocke County disclosed significant deficiencies in internal control. Two of the deficiencies were considered to be material weaknesses.
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 Grant/State's Program, (CFDA No. 14.228); the Appalachian Regional Development grant, (CFDA No. 23.001); the Title I Cluster: Title I Grants to Local Educational Agencies and Title I Grants to Local Education Agencies, Recovery Act (CFDA Nos. 84.010 and 84.389); the Special Education Cluster: Special Education – Grants to States, Special Education – Preschool Grants, Special Education – Grants to States, Recovery Act, and Special Education – Preschool Grants, Recovery Act (CFDA Nos. 84.027, 84.173, 84.391, and 84.392); and the State Fiscal Stabilization Cluster: State Fiscal Stabilization Fund – Education State Grants, Recovery Act and State Fiscal Stabilization Fund – Government Services, Recovery Act (CFDA Nos. 84.394 and 84.397) were determined to be major programs.
8. A \$360,587 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 county mayor, director of schools, clerk and master, general sessions court clerk, and register provided written responses on certain findings, which are paraphrased in this report. Other management officials did not provide responses for inclusion in this report.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 11.01 **SOME PURCHASE ORDERS WERE NOT ISSUED PROPERLY (Internal Control – Significant Deficiency Under *Government Auditing Standards*)**

Some purchase orders were issued after the purchases were made. This practice defeats the purpose of the purchase order and makes it an approval of payment rather than an approval of the purchase. Also, some purchase orders issued for purchases made by the Maintenance Department near year-end were issued in the subsequent fiscal year. This practice could shift the budgetary effect of the purchase to the wrong fiscal year. These deficiencies can be attributed to a lack of management oversight.

RECOMMENDATION

Purchase orders should be issued for all applicable purchases before purchases are made.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Cocke County School System will ensure that purchase orders are issued for all applicable purchases before purchases are made.

FINDING 11.02 **THE OFFICE HAD DEFICIENCIES IN COMPUTER SYSTEM BACKUP PROCEDURES (Noncompliance Under *Government Auditing Standards*)**

System backups were not regularly stored off-site. Section 10-7-121, *Tennessee Code Annotated*, provides that records required to be retained by any government official may be maintained on a computer or removable storage media as long as certain standards are met. One of these standards requires that all data generated and stored within the computer system be copied to storage media daily, and media more than one week old be stored at an off-site location. This deficiency is the result of management's failure to implement adequate disaster recovery planning procedures. In the event of a disaster, all backup data could be destroyed, resulting in costly delays in generating and recording information accounted for through the automated process. Proper system backup procedures were implemented in February 2011.

RECOMMENDATION

Management should ensure backups are rotated off-site on a routine basis.

MANAGEMENT'S RESPONSE – DIRECTOR OF SCHOOLS

The Cocke County School System will ensure that backups are rotated off-site on a routine basis.

OFFICE OF TRUSTEE

FINDING 11.03 **INVESTMENT TRANSACTIONS WERE NOT POSTED TO THE GENERAL LEDGER**
(Internal Control – Material Weakness Under *Government Auditing Standards*)

The general ledger did not reflect the purchases, redemptions, and income/losses of investment transactions derived from debt proceeds. Therefore, the investment asset account investments was overstated by \$763,177 as of June 30, 2011; however, the investment account balance was corrected subsequent to June 30, 2011. This deficiency was the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

All investment activity should be posted to the general ledger currently.

FINDING 11.04 **BANK STATEMENTS WERE NOT RECONCILED WITH GENERAL LEDGER ACCOUNTS CURRENTLY**
(Internal Control – Significant Deficiency Under *Government Auditing Standards*)

Bank statements were not reconciled with the general ledger in a timely manner. Sound business practices require the reconciliation of bank statements with general ledger accounts on a current basis to ensure that all cash collections and disbursements are recorded in the accounting records accurately. The failure to currently reconcile bank statements with the general ledger allowed a direct deposit made on July 6, 2010, totaling \$19,776 to remain undiscovered and unrecorded until November 22, 2011. After this deficiency was brought to the official's attention, the official prepared and presented reconciliations. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

OFFICE OF SHERIFF

FINDING 11.05 **BANK STATEMENTS WERE NOT RECONCILED WITH GENERAL LEDGER ACCOUNTS CURRENTLY**

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

Bank statements for the commissary account were not reconciled with the general ledger in a timely manner. Sound business practices require the reconciliation of bank statements with general ledger accounts on a current basis to ensure that all cash collections and disbursements are recorded in the accounting records accurately. The failure to currently reconcile bank statements with the general ledger allows errors to remain undiscovered and uncorrected. This deficiency is the result of a lack of management oversight.

RECOMMENDATION

Bank statements should be reconciled with the general ledger monthly, and any errors discovered should be corrected promptly.

FINDING 11.06 **SEVERAL ARRESTEE FILES DID NOT INCLUDE AN ACKNOWLEDGMENT THAT ELECTRONICALLY TRANSMITTED FINGERPRINTS HAD BEEN ACCEPTED**

(Noncompliance Under *Government Auditing Standards*)

The Sheriff's Department uses an electronic imaging fingerprint machine to fingerprint arrestees at the time of their arrest. This machine is designed to electronically store the fingerprint images, generate records of the images taken, and transmit the images to the Tennessee Bureau of Investigation (TBI). Section 8-4-114, *Tennessee Code Annotated*, provides that if fingerprints are transmitted to the TBI electronically, the booking agency shall maintain one hardcopy of the fingerprints along with an acknowledgment from the TBI that a copy of the fingerprints has been received and accepted. During our examination of arrestee files, we noted that hard copies of the fingerprints were on file; however, in some instances, the department did not maintain the acknowledgment from the TBI that the fingerprints had been received and accepted. We were informed that the fingerprint machine had been moved in the office and that it had not been properly reconnected after the move. Therefore, fingerprints had not been electronically transmitted to the TBI. No one followed up on the fingerprinting process and approximately two months passed before it was discovered that the fingerprints were not being transmitted to the TBI.

RECOMMENDATION

The sheriff should ensure that the fingerprints of all arrestees are properly submitted to and accepted by the TBI as required by state statute.

OFFICES OF GENERAL SESSIONS COURT CLERK, CLERK AND MASTER, REGISTER, AND SHERIFF

FINDING 11.07 **MULTIPLE EMPLOYEES OPERATED FROM THE SAME CASH DRAWER**

(Internal Control – Significant Deficiency Under Government Auditing Standards)

Multiple employees operated from the same cash drawer in the Offices of General Sessions Court Clerk, Clerk and Master, Register, and Sheriff. Sound internal controls dictate that each employee have their own cash drawer, start the day with a standard fixed amount of cash, and remove all but that beginning amount at the end of the day. This amount should be verified to the employee's receipts at the end of each day. Failure to adhere to this control regimen greatly increases the risk that a cash shortage may not be detected in a timely manner. Furthermore, in the event of a cash shortage, the official would not be able to determine who was responsible for the shortage because multiple employees were working from one cash drawer. This deficiency has been a management decision by the official resulting in a loss of control over assets.

RECOMMENDATION

Officials should assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – GENERAL SESSIONS COURT CLERK

I have worked in this office of the court for almost 19 years, and all employees have shared the same cash drawer. This issue has never been discussed with me or any other employee working for me. If I had known there was a problem, I would have corrected it immediately. I have ordered cash drawers for all employees, and we will begin using them as soon as we receive them.

MANAGEMENT'S RESPONSE – CLERK AND MASTER

While serving as clerk and master the past 15 years, we have been working out of one cash drawer. Upon recommendation of the Division of County Audit, I will correct this finding and assign each employee their own cash drawer.

MANAGEMENT'S RESPONSE – REGISTER

Our office was not made aware of the requirement that each individual who handled money should have their own cash drawer until December 6, 2011. We will comply with this requirement immediately.

COCKE COUNTY

FINDING 11.08 **COCKE COUNTY HAS A MATERIAL RECURRING AUDIT FINDING**

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

Cocke County has a material audit finding that has been reported in its Annual Financial Reports for three or more consecutive years. This recurring material finding is listed below:

<u>Finding Numbers</u>	<u>Description</u>
11.03, 10.04, 09.01	Some investment transactions were not posted to the general ledger in the Office of Trustee.

The recurring nature of the above-noted finding indicates that management is either unwilling or unable to address the deficiency. The Local Government Modernization Act of 2005 in Section 9-3-405, *Tennessee Code Annotated (TCA)*, encourages local governments to consider establishing an Audit Committee and further provides that the Comptroller may require that an Audit Committee be established in any local government that (1) is in noncompliance with the accounting and financial reporting standards required by the Governmental Accounting Standards Board, or (2) has recurring findings from the annual audit for three or more consecutive years as determined by the Comptroller to be a material weakness in internal control or material noncompliance under *Government Auditing Standards*. The responsibilities and duties of an Audit Committee are to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics.

RECOMMENDATION

In accordance with provisions of Section 9-3-405, *TCA*, Cocke County should establish an Audit Committee to address financial and other reporting practices, internal control, compliance with laws and regulations, and ethics. This Audit Committee should provide management with guidance to correct all reported material weaknesses in internal control and material noncompliance. If these findings continue to recur, Cocke County may be required to establish an Audit Committee.

MANAGEMENT'S RESPONSE – COUNTY MAYOR

As noted in Finding 11.08, some investment transactions were not posted to the general ledger in the Office of Trustee for three consecutive years and the recurring nature of the finding was stated as an indication of management's unwillingness or inability to address the deficiency.

The Cocke County Mayor is neither unwilling nor unable to address this issue and will assess all recommendations offered by the Division of County Audit to correct this situation in an efficient and timely manner and will provide the leadership to address financial issues, reporting practices, internal control, compliance with laws and regulations, and ethics.

OFFICES OF GENERAL SESSIONS COURT CLERK, REGISTER, AND SHERIFF

FINDING 11.09

DUTIES WERE NOT SEGREGATED ADEQUATELY

(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 management's decisions based on the availability of financial resources and is a significant deficiency in internal controls that increases the risk of unauthorized transactions. Also, this deficiency is the result of management's failure to correct the finding noted in the prior-year audit report.

RECOMMENDATION

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

MANAGEMENT'S RESPONSE – REGISTER

The segregation of duties for each employee has been corrected and the changes have already taken place.

BEST PRACTICE

COCKE COUNTY SHOULD ADOPT A CENTRAL SYSTEM OF ACCOUNTING, BUDGETING, AND PURCHASING

Cocke County does not have a central system of accounting, budgeting, and purchasing. Sound business practices dictate that establishing a central system would significantly improve internal controls over the accounting, budgeting, and purchasing process. The absence of a central system of accounting, budgeting, and purchasing has been a management decision by the County Commission resulting in decentralization and some duplication of effort. We recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

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

There were no findings and questioned costs for federal programs.

COCKE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2011

There were audit findings relative to federal awards presented in the prior-year's Schedule of Findings and Questioned Costs. There were no audit findings relative to federal awards presented in the current-year's Schedule of Findings and Questioned Costs.

Office of Director of Schools – Summary Schedule of Prior-year's Findings

FINDINGS 10.02 and 10.06

Cocke County Board of Education will refrain from making purchases from any expired bids in the future. We will take all necessary steps to inquire about the correct status of any bids from other governmental agencies from this day forward.