
ANNUAL FINANCIAL REPORT COCKE COUNTY, TENNESSEE



FOR THE YEAR ENDED JUNE 30, 2014



**ANNUAL FINANCIAL REPORT
COCKE COUNTY, TENNESSEE
FOR THE YEAR ENDED JUNE 30, 2014**

***COMPTROLLER OF THE TREASURY
JUSTIN P. WILSON***

***DIVISION OF LOCAL GOVERNMENT AUDIT
JAMES R. ARNETTE
Director***

***BRYAN W. BURKLIN, CPA, CGFM
Audit Manager***

***MARK TREECE, CPA, CGFM
Auditor 4***

***PHILIP TOBY, CGFM
KRISTINE GALITZA, CPA
GREG BRUSH, CISA
State Auditors***

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

COCKE COUNTY, TENNESSEE

TABLE OF CONTENTS

	Exhibit	Page(s)
Summary of Audit Findings		6
<u>INTRODUCTORY SECTION</u>		7
Cocke County Officials		8
<u>FINANCIAL SECTION</u>		9
Independent Auditor's Report		10-13
Management's Discussion and Analysis		14-25
BASIC FINANCIAL STATEMENTS:		26
Government-wide Financial Statements:		
Statement of Net Position	A	27-28
Statement of Activities	B	29-30
Fund Financial Statements:		
Governmental Funds:		
Balance Sheet	C-1	31-32
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	C-2	33
Statement of Revenues, Expenditures, and Changes in Fund Balances	C-3	34-35
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	C-4	36
Statements of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Fund	C-5	37-40
Solid Waste/Sanitation Fund	C-6	41
Highway/Public Works Fund	C-7	42
Fiduciary Funds:		
Statement of Fiduciary Assets and Liabilities	D	43
Index and Notes to the Financial Statements		44-80
REQUIRED SUPPLEMENTARY INFORMATION:		81
Schedule of Funding Progress – Pension Plan – Primary Government and Discretely Presented Cocke County School Department	E-1	82
Schedule of Funding Progress – Other Postemployment Benefits Plans – Primary Government and Discretely Presented Cocke County School Department	E-2	83
Notes to the Required Supplementary Information		84

	Exhibit	Page(s)
COMBINING AND INDIVIDUAL FUND FINANCIAL STATEMENTS AND SCHEDULES:		85
Nonmajor Governmental Funds:		86-87
Combining Balance Sheet	F-1	88-91
Combining Statement of Revenues, Expenditures, and Changes in Fund Balances	F-2	92-95
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Industrial/Economic Development Fund	F-3	96
Drug Control Fund	F-4	97
Sports and Recreation Fund	F-5	98
Rural Debt Service Fund	F-6	99
General Capital Projects Fund	F-7	100
Major Governmental Fund:		101
Schedule of Revenues, Expenditures, and Changes in Fund Balance – Actual and Budget:		
General Debt Service Fund	G	102
Fiduciary Funds:		103
Combining Statement of Fiduciary Assets and Liabilities	H-1	104
Combining Statement of Changes in Assets and Liabilities – All Agency Funds	H-2	105-106
Component Unit:		
Discretely Presented Cocke County School Department:		107
Statement of Activities	I-1	108
Balance Sheet – Governmental Funds	I-2	109-110
Reconciliation of the Balance Sheet of Governmental Funds to the Statement of Net Position	I-3	111
Statement of Revenues, Expenditures, and Changes in Fund Balances – Governmental Funds	I-4	112-113
Reconciliation of the Statement of Revenues, Expenditures, and Changes in Fund Balances of Governmental Funds to the Statement of Activities	I-5	114
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
Schedules of Revenues, Expenditures, and Changes in Fund Balances – Actual (Budgetary Basis) and Budget:		
General Purpose School Fund	I-6	115-116
School Federal Projects Fund	I-7	117
Central Cafeteria Fund	I-8	118
School Transportation Fund	I-9	119
Statement of Fiduciary Net Position	I-10	120
Statement of Changes in Fiduciary Net Position	I-11	121

	Exhibit	Page(s)
Miscellaneous Schedules:		122
Schedule of Changes in Long-term Notes, Other Loans, and Bonds	J-1	123-124
Schedule of Long-term Debt Requirements by Year	J-2	125-126
Schedule of Investments	J-3	127
Schedule of Transfers – Primary Government and Discretely Presented Cocke County School Department	J-4	128
Schedule of Salaries and Official Bonds of Principal Officials – Primary Government and Discretely Presented Cocke County School Department	J-5	129
Schedule of Detailed Revenues – All Governmental Fund Types	J-6	130-150
Schedule of Detailed Revenues – All Governmental Fund Types – Discretely Presented Cocke County School Department	J-7	151-154
Schedule of Detailed Expenditures – All Governmental Fund Types	J-8	155-173
Schedule of Detailed Expenditures – All Governmental Fund Types – Discretely Presented Cocke County School Department	J-9	174-184
Schedule of Detailed Receipts, Disbursements, and Changes in Cash Balances – City Agency Funds	J-10	185
 <u>SINGLE AUDIT SECTION</u>		 186
Auditor's Report on Internal Control Over Financial Reporting and on Compliance and Other Matters Based on an Audit of Financial Statements Performed in Accordance With <i>Government Auditing Standards</i>		187-189
Auditor's Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133		190-192
Schedule of Expenditures of Federal Awards and State Grants		193-194
Schedule of Audit Findings Not Corrected		195
Schedule of Findings and Questioned Costs		196-200
Best Practice		201
Auditee Reporting Responsibilities		202

Summary of Audit Findings

Annual Financial Report
Cocke County, Tennessee
For the Year Ended June 30, 2014

Scope

We have audited the basic financial statements of Cocke County as of and for the year ended June 30, 2014.

Results

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

Our audit resulted in three 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

The following are summaries of the audit findings:

OFFICE OF COUNTY MAYOR

- ◆ The Parks and Recreation Department had deficiencies related to receipts and deposits resulting in a cash shortage of approximately \$2,800.

OFFICE OF DIRECTOR OF SCHOOLS

- ◆ The department had deficiencies in procedures related to bid solicitation and documentation for the purchase of school buses.

OFFICES OF GENERAL SESSIONS COURT CLERK AND SHERIFF

- ◆ Duties were not segregated adequately.

INTRODUCTORY SECTION

Cocke County Officials

June 30, 2014

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 of Deeds
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.
Robert Green
Melinda Henderson

Phil Killion
Jimmy Lindsey
Michael McCarter
Scott McClure
Dan Metcalf
Lonnie Ottinger
Tom Sutton

Highway Commission

Jack Smith, Chairman
Ronald Blazer
Randy Dyke
Kenneth Hall

Danny Shelton
Chuck Smithpeters
Willard Taylor

Board of Education

Richard Coggins, Chairman
Darrin Costner
Marty Denton
John Johnson

Dr. Kenneth Johnson
Rose Lovell
Pat Proffitt

Audit Committee

Calvin Ball
Clay Blazer
Clayton Ellison
Robert Green

Scott McClure
Dan Metcalf
Norman Smith

FINANCIAL SECTION



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

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on the Financial Statements

We have audited the accompanying financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise the county's basic financial statements as listed in the table of contents.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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

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

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

Opinions

In our opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County, Tennessee, as of June 30, 2014, and the respective changes in financial position thereof and the respective budgetary comparison for the General, Solid Waste/Sanitation, and Highway/Public Works funds for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Change in Accounting Principle

As described in Note V.B., Cocke County has adopted the provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and GASB Statement No. 70, *Accounting and Reporting for Nonexchange Financial Guarantees*, which have an effective date of June 30, 2014. Our opinion is not modified with respect to this matter.

Other Matters

Required Supplementary Information

Accounting principles generally accepted in the United States of America require that the management's discussion and analysis on pages 14-25 and the schedules of funding progress – pension plan and other postemployment benefits plan on pages 82-84 be presented to supplement the basic financial statements. Such information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board, who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. We have applied certain limited procedures to the required supplementary information in accordance with auditing standards generally accepted in the United States of America, which consisted of inquiries of management about the methods of preparing the information and comparing the information for consistency with management's responses to our inquiries, the basic financial statements, and other knowledge we obtained during

our audit of the basic financial statements. We do not express an opinion or provide any assurance on the information because the limited procedures do not provide us with sufficient evidence to express an opinion or provide any assurance.

Supplementary and Other Information

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

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

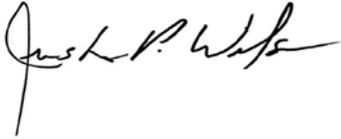
The introductory section has not been subjected to the auditing procedures applied in the audit of the basic financial statements, and accordingly, we do not express an opinion or provide any assurance on it.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated November 21, 2014, on our consideration of Cocke County's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed

in accordance with *Government Auditing Standards* in considering Cocke County's internal control over financial reporting and compliance.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 21, 2014

JPW/yu

Cocke County, Tennessee
Management's Discussion and Analysis
For the Year Ended June 30, 2014

This discussion and analysis of Cocke County's financial performance provides a narrative overview of the county's financial activities for the fiscal year ended June 30, 2014. In addition, this discussion and analysis includes an overview of the discretely presented component unit Cocke County School Department. A separate set of financial statements is not issued for the discretely presented Cocke County School Department. The intent of this discussion and analysis is to look at Cocke County's and the discretely presented 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 discretely presented Cocke County School Department's financial performance.

FINANCIAL HIGHLIGHTS

- The liabilities and deferred inflows of resources of Cocke County exceeded its assets and deferred outflows of resources at the close of the fiscal year by approximately \$1.2 million (net position). However, it should be noted that the financial statements of Cocke County included debt of approximately \$14.8 million attributed 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 discretely presented Cocke County School Department and City of Newport School System. Therefore, Cocke County has incurred a liability, significantly decreasing its unrestricted assets with no corresponding increase in the county's capital assets.
- During fiscal 2014, Cocke County refunded Series 2004 School Bonds and Series 2004 Rural School Bonds. The maturity dates of the bonds remained the same but debt service payments over the next four years will be decreased by \$749,003 for an economic gain to the county of \$725,806.
- Cocke County's total net position increased by approximately \$2.4 million. This increase in net position was due primarily to the retirement of debt.
- The discretely presented Cocke County School Department's net position decreased by approximately \$1 million. This decrease in net position was an improvement in performance over the previous year when net position decreased by \$2.5 million. In fiscal year 2014 revenues increased by \$1 million, and expenses decreased by \$.8 million.
- At the close of the fiscal year, Cocke County's governmental funds reported approximately \$10.7 million in total combined fund balances; this is an approximate decrease of \$.5 million from the previous period. Of this amount, approximately \$1.1 represents funds that are available for spending (assigned and unassigned). The discretely presented Cocke County School Department's governmental funds

reported approximately \$7.7 million; this is approximately the same as the previous period.

- The total debt (bonds, other loans, and notes payable) of Cocke County, Tennessee, decreased by approximately \$2.9 million or 8.2 percent during the current fiscal year.

OVERVIEW OF FINANCIAL STATEMENTS

This discussion and analysis is intended to serve as an introduction to the basic financial statements of Cocke County and the financial statements of the discretely presented Cocke County School Department. 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 Cocke County and the discretely presented Cocke County School Department in a manner similar to a private sector business. The government-wide financial statements consist of two statements: the Statement of Net Position and the Statement of Activities.

The Statement of Net Position presents information on all of Cocke County's and its discretely presented component units' assets, liabilities, and deferred inflows/outflows of resources with the difference reported as net position. Over time, increases or decreases in net position may serve as a useful indicator of whether the financial position of Cocke County and its discretely presented component units is improving or deteriorating.

The Statement of Activities presents information showing how Cocke County's and its discretely presented component units' net position changed during the current fiscal year. All changes in net position are reported on the accrual basis of accounting as soon as the underlying event giving rise to the change occurs. Therefore, some revenues and expenses reported in this statement will 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 Cocke 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 Cocke County include general government; finance; administration of justice; public safety; public health and welfare; social, cultural, and recreational services; agriculture and natural resources; highways; education; and interest on long-term debt. The Cocke County Government has no business-type activities to report.

The government-wide financial statements include the Cocke County Government itself (known as the primary government), but also the legally separate School Department for which Cocke County is financially responsible. The government-wide financial statements should also include the financial statements of the legally separate Cocke County

Emergency Communications District, which were not available from other auditors in time to include in this report. Financial information for these component units would be 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. Cocke County and its discretely presented Cocke 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 Cocke County and the discretely presented Cocke 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 maintains 11 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 Solid Waste/Sanitation, Highway/Public Works, and General Debt Service 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.

The discretely presented Cocke County School Department maintains five individual governmental funds. Major funds of the discretely presented Cocke County School Department are the General Purpose School, School Federal Projects, and School Transportation funds.

Cocke County adopts an annual budget for its General Fund, all special revenue funds (except the Constitutional Officers – Fees Fund), all debt service funds, and the General Capital Projects Fund. The discretely presented Cocke County School Department, with the approval of the county, adopts an annual budget for its General Purpose School Fund and

all special revenue funds. 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.

Governmental fund financial statements can be found in the table of contents.

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 government. 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 (economic resources measurement) except agency funds, which have no measurement focus. 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 contains combining and individual fund statements and schedules for Cocke County and the discretely presented Cocke County School Department. A table of contents has been provided to locate this information.

GOVERNMENT-WIDE FINANCIAL ANALYSIS

Cocke County's and the Discretely Presented Cocke County School Department's Net Position

Table 1 provides a summary of Cocke County's and the discretely presented Cocke County School Department's net position for 2014 and a comparison to the prior year.

Table 1

	STATEMENT OF NET POSITION			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County	
	2014	2013	2014	2013
Assets				
Current and Other Assets	\$ 22,170,049	\$ 22,747,234	\$ 13,628,169	\$ 13,698,040
Capital Assets	20,665,255	19,952,690	23,239,653	24,057,739
Total Assets	\$ 42,835,304	\$ 42,699,924	\$ 36,867,822	\$ 37,755,779
Total Deferred Outflows of Resources	\$ 147,315	\$ 175,997	\$ 0	\$ 0
Liabilities				
Long-term Liabilities				
Outstanding	\$ 33,240,729	\$ 35,857,981	\$ 6,437,319	\$ 6,319,635
Other Liabilities	768,758	490,424	1,377,243	1,339,502
Total Liabilities	\$ 34,009,487	\$ 36,348,405	\$ 7,814,562	\$ 7,659,137
Total Deferred Inflows of Resources	\$ 10,130,349	\$ 10,036,961	\$ 4,054,449	\$ 4,091,373
Net Position:				
Net Investment in Capital				
Assets	\$ 7,200,300	\$ 6,754,753	\$ 23,239,653	\$ 24,057,739
Restricted	4,192,811	5,818,170	1,246,304	1,387,945
Unrestricted	(12,550,328)	(16,082,368)	512,854	559,585
Total Net Position	\$ (1,157,217)	\$ (3,509,445)	\$ 24,998,811	\$ 26,005,269

The largest portion of Cocke County's and the discretely presented Cocke County School Department's net position, \$7.2 million and \$23.2 million, respectively, reflects investment in capital assets (e.g. land, buildings, machinery, and equipment), less any debt used to acquire those assets that is still outstanding. Cocke County and the discretely presented Cocke County School Department use these capital assets to provide services to citizens; consequently these assets are not available to meet current or future obligations. Although Cocke County's and the discretely presented 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.

An additional portion of Cocke County's and the discretely presented Cocke County School Department's net position is \$4.2 million and \$1.2 million, respectively, which is subject to external restrictions on how these funds may be used.

Cocke County's and the Discretely Presented Cocke County School Department's Changes in Net Position

Table 2 shows changes in net position for fiscal year 2014 for the primary government and the discretely presented Cocke County School Department, respectively, as well as a comparison to the prior year.

Governmental Activities. Governmental activities increased Cocke County's net position by \$2.4 million. This increase in net position resulted after a slight increase in total revenues of \$.4 million and a slight decrease in expenses of \$.4 million. A primary difference in governmental activities between 2014 and 2013 was reclassification of Other Operations into the General Government functional expense classification.

Table 2

	CHANGES IN NET POSITION			
	Cocke County		Discretely Presented	
	Primary Government		Cocke County School Department	
	2014	2013	2014	2013
Revenues				
Program Revenues				
Charges for Service	\$ 3,108,088	\$ 3,328,283	\$ 600,644	\$ 624,177
Operating Grants and Contributions	2,829,288	2,414,074	6,687,509	6,354,499
Capital Grants and Contributions	843,152	641,151	660,519	556,061
General Revenues				
Property Taxes	10,074,660	10,107,748	4,150,900	4,157,866
Sales Taxes	1,940,690	1,871,056	3,436,841	3,301,763
Other Taxes	1,132,433	1,166,210	95,078	107,155
Grants and Contributions Not Restricted to Specific Programs	2,050,308	2,022,986	25,757,356	25,318,093
Unrestricted Investment Income	35,062	26,567	52,376	55,935
Miscellaneous	96,308	99,172	82,542	50,586
Gain on Disposal of Assets	0	0	2,847	0
Total Revenues	\$ 22,109,989	\$ 21,677,247	\$ 41,526,612	\$ 40,526,135

Table 2 (Cont.)

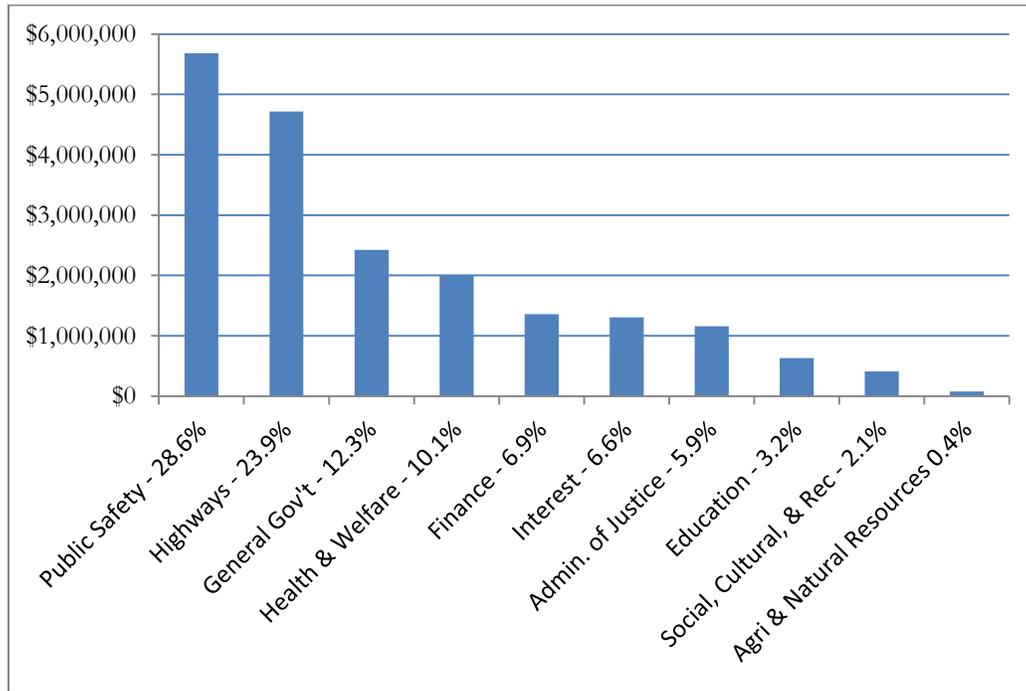
	CHANGES IN NET POSITION			
	Coke County		Discretely Presented	
	Primary Government		Coke County	
	School Department			
	2014	2013	2014	2013
Expenses				
General Government	\$ 2,424,766	\$ 1,140,972	\$ 0	\$ 0
Finance	1,357,288	1,342,698	0	0
Administration of Justice	1,159,399	1,124,390	0	0
Public Safety	5,680,264	5,653,526	0	0
Public Health and Welfare	1,991,670	1,708,916	0	0
Social, Cultural, and Recreational Services	410,745	335,013	0	0
Agriculture and Natural Resources	76,528	85,950	0	0
Other Operations	0	1,784,434	0	0
Highways	4,717,019	4,864,137	0	0
Education	632,354	518,285	42,553,070	43,303,515
Interest	1,307,728	1,495,360	0	0
Other Debt Service	0	62,286	0	0
Total Expenses	<u>\$ 19,757,761</u>	<u>\$ 20,115,967</u>	<u>\$ 42,553,070</u>	<u>\$ 43,303,515</u>
Extraordinary Item - Insurance Recovery for Tornado Damage	\$ 0	\$ 0	\$ 0	\$ 246,002
Change in Net Position	\$ 2,352,228	\$ 1,561,280	\$ (1,026,458)	\$ (2,531,378)
Prior-period Adjustment:				
Accounting Change	0	(414,549)	0	0
Net Position, July 1	<u>(3,509,445)</u>	<u>(4,656,176)</u>	<u>26,005,269</u>	<u>28,536,647</u>
Net Position, June 30	<u>\$ (1,157,217)</u>	<u>\$ (3,509,445)</u>	<u>\$ 24,998,811</u>	<u>\$ 26,005,269</u>

Governmental Program Expense

Public Safety expenses of \$5.7 million and Highway expenses of \$4.7 million are the largest expenses of Coke County, the primary government. When combined, these two activities comprise 52.6 percent of the total expenses of county government. Of this amount, \$.6 million was recovered through charges for services, \$2.5 million from operating grants and contributions, and \$.6 million from capital grants and contributions. The remainder of these activities was funded with general government revenues such as property and sales taxes.

The following chart illustrates how the program expenses of Coke County are distributed as a percentage of total expenses.

Chart 1



FINANCIAL ANALYSIS OF GOVERNMENT FUNDS

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

Governmental Funds. The focus of Cocke County's and the discretely presented Cocke County School Department'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 discretely presented Cocke County School Department's financing requirements.

In 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.** The nonspendable fund balance reflected in Cocke County's governmental funds totals \$53,932 and 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.** The restricted fund balance reflected in Cocke County's and the discretely presented Cocke County School Department's governmental funds totaling \$3,934,872 and \$1,246,304, respectively, 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.** The committed fund balance reflected in Cocke County's and the discretely presented Cocke County School Department's governmental funds totaling \$5,605,252 and \$1,024,207, respectively, 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.** The assigned fund balance reflected in Cocke County's and the discretely presented Cocke County School Department's governmental funds totaling \$1,010,603 and \$3,840,614, respectively, 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.** The unassigned fund balance reflected in Cocke County's and the discretely presented Cocke County School Department's governmental funds totaling \$92,846 and \$1,638,389, respectively, 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. This is the residual classification for the General and General Purpose School funds.

As of June 30, 2014, Cocke County's governmental funds reported combined ending fund balances of \$10.7 million, a decrease of \$.5 million in comparison with the prior year. The discretely presented Cocke County School Department's governmental funds reported fund balances of \$7.7, million which is approximately the same as the previous year.

BUDGETARY HIGHLIGHTS

General Fund Budgetary Highlights

During the fiscal year, there were increases in appropriations from the original budget totaling \$651,093 or 5.69 percent of the original budget as compared to \$925,587 or 8.57 percent of the previous year's budget. These changes are summarized as follows:

Table 3

GENERAL FUND BUDGET AMENDMENTS

	Original	Amended	Increase (Decrease)
Appropriations			
General Government	\$ 1,163,886	\$ 1,322,336	\$ 158,450
Finance	853,414	890,474	37,060
Administration of Justice	1,180,105	1,189,310	9,205
Public Safety	5,557,995	5,697,824	139,829
Public Health and Welfare	487,801	522,479	34,678
Social, Cultural, and Recreational Services	353,582	424,561	70,979
Agriculture and Natural Resources	91,965	91,965	0
Other Operations	1,411,586	1,594,578	182,992
Highways	105,651	105,651	0
Transfers Out	235,000	252,900	17,900
Total Appropriations	<u>\$ 11,440,985</u>	<u>\$ 12,092,078</u>	<u>\$ 651,093</u>

The increase in appropriations in General Government reflects grants received by the Election Commission to update the software on the county's voting machines that were budgeted as the grant funds were received and spent as well as funds used to build a new storage room for the voting machines using litigation tax revenues earmarked for jail and courthouse improvements. The increase in appropriations in Other Operations reflects THDA Home Grant funds budgeted as the grant revenues were received and spent. The increase in appropriations in Public Safety primarily reflects grants received by the Sheriff's Department that were budgeted as the grant funds were received and spent.

At the close of the fiscal year, actual expenditures were \$.8 million less than budgetary estimates.

General Purpose School Fund Budgetary Highlights

The General Purpose School Fund is the chief operating fund of the discretely presented Cocke County School Department. During the fiscal year, there were increases in appropriations from the original budget totaling \$1,172,149 or 3.4 percent of the original budget as compared to an increase of \$339,285 or one percent of the previous year's budget.

At the close of the fiscal year, actual expenditures were \$4.2 million less than budgetary estimates for the General Purpose School Fund of the discretely presented Cocke County School Department.

CAPITAL ASSETS AND DEBT ADMINISTRATION

Capital Assets. Cocke County's investment in capital assets for its governmental activities as of June 30, 2014, totaled \$7.2 million (net of accumulated depreciation and related debt). This investment in capital assets includes land, buildings and improvements, equipment,

vehicles, roads and bridges. The discretely presented Cocke County School Department's investment in capital assets for its governmental activities as of June 30, 2014, totaled \$23.2 million (net of accumulated depreciation).

Note IV.B. (Capital Assets) provides capital assets activity during the 2014 fiscal year. During 2014, Cocke County and the discretely presented Cocke County School Department completed 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				
	Cocke County		Discretely Presented	
	Primary Government		Cocke County	
	2014	2013	School Department	2014
Bonds	\$ 25,685,000	\$ 28,070,000	\$ 0	\$ 0
Notes	155,190	238,365	0	0
Other Loans - City of Newport (Utilities)	1,889,698	1,967,303	0	0
Other Loans - QSCB	4,589,365	4,937,236	0	0
Landfill Postclosure Care Costs	8,040	37,622	0	0
Other Postemployment Benefits	385,117	356,167	6,229,319	6,091,635
Termination Benefits	0	0	208,000	228,000
Total Long-term Debt	\$ 32,712,410	\$ 35,606,693	\$ 6,437,319	\$ 6,319,635

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 \$32.3 million. Cocke County maintains a rating of "A+" from Standard and Poor's for general obligation debt. 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.D. of this report. Note V.E. discusses landfill closure/postclosure costs, and Note V.I. discusses other postemployment benefits.

ECONOMIC FACTORS AND NEXT YEAR'S BUDGETS AND RATES

Cocke County adopted a budget for the fiscal year ending June 30, 2014, on August 11, 2014. As in prior years, many factors were considered when adopting this budget: lingering uncertainty in the economic outlook and low interest earnings on invested funds, which affect various revenue categories and limit options for tax growth.

The property tax rate for the tax year 2014 was adopted at the same rate as the 2013 tax year. The distribution for the 2014 and 2013 tax years are shown below:

Table 5

DISTRIBUTION OF THE PROPERTY TAX RATE

Fund	2014		2013	
	Rate	Ratio	Rate	Ratio
General	\$ 0.890	37.08 %	\$ 0.850	35.42 %
Solid Waste/Sanitation	0.200	8.33	0.200	8.33
Economic Development	0.015	0.63	0.010	0.42
Highway/Public Works	0.265	11.04	0.295	12.29
General Purpose School	0.535	22.29	0.535	22.29
School Transportation	0.210	8.75	0.210	8.75
General Debt Service	0.185	7.71	0.205	8.54
General Capital Projects	0.100	4.17	0.095	3.96
Total	\$ 2.400	100.00 %	\$ 2.400	100.00 %

The unemployment rate for Cocke County is currently 8.3 percent. The state's average unemployment rate is currently 7.3 percent and the national average is 5.9 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 upcoming fiscal year.

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 Position
June 30, 2014

	Primary Government <u>Governmental</u> <u>Activities</u>	Component Unit <u>Cocke</u> <u>County</u> <u>School</u> <u>Department</u>
<u>ASSETS</u>		
Cash	\$ 105,669	\$ 1,316,501
Equity in Pooled Cash and Investments	10,413,321	7,089,668
Investments	52,600	0
Accounts Receivable	70,214	91,186
Due from Other Governments	1,016,995	946,692
Due from Component Units	12,566	0
Property Taxes Receivable	11,114,122	4,527,648
Allowance for Uncollectible Property Taxes	(843,262)	(343,526)
Prepaid Items	53,932	0
Unamortized Discount on Debt	173,892	0
Capital Assets:		
Assets Not Depreciated:		
Land	1,081,183	601,292
Assets Net of Accumulated Depreciation:		
Buildings and Improvements	2,382,036	19,072,911
Other Capital Assets	2,942,923	3,468,335
Infrastructure	14,259,113	97,115
Total Assets	<u>\$ 42,835,304</u>	<u>\$ 36,867,822</u>
<u>DEFERRED OUTFLOWS OF RESOURCES</u>		
Deferred Charge on Refunding	<u>\$ 147,315</u>	<u>\$ 0</u>
Total Deferred Outflows of Resources	<u>\$ 147,315</u>	<u>\$ 0</u>
<u>LIABILITIES</u>		
Accounts Payable	\$ 588,326	\$ 54,018
Accrued Payroll	18,600	328
Payroll Deductions Payable	15,654	0
Accrued Interest Payable	145,778	0
Due to Primary Government	0	12,566
Due to State of Tennessee	400	0
Other Current Liabilities	0	1,310,331

(Continued)

Exhibit A

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

	Primary Government Governmental Activities	Component Unit <u>Cocke County School Department</u>
<u>LIABILITIES (CONT.)</u>		
Noncurrent Liabilities:		
Due Within One Year	\$ 2,375,869	\$ 0
Due in More Than One Year (net of unamortized premium on debt)	30,864,860	6,437,319
Total Liabilities	<u>\$ 34,009,487</u>	<u>\$ 7,814,562</u>
<u>DEFERRED INFLOWS OF RESOURCES</u>		
Deferred Current Property Taxes	\$ 9,952,551	\$ 4,054,449
Deferred Credit on Refunding	177,798	0
Total Deferred Inflows of Resources	<u>\$ 10,130,349</u>	<u>\$ 4,054,449</u>
<u>NET POSITION</u>		
Net Investment in Capital Assets	\$ 7,200,300	\$ 23,239,653
Restricted for:		
General Government	2,084	0
Finance	113,731	0
Administration of Justice	1,297,704	0
Public Safety	64,517	0
Public Health and Welfare	74,273	0
Other Operations	227,187	0
Highways	585,872	0
Debt Service	1,447,615	0
Education	0	1,246,304
Capital Projects	379,828	0
Unrestricted	<u>(12,550,328)</u>	<u>512,854</u>
Total Net Position	<u>\$ (1,157,217)</u>	<u>\$ 24,998,811</u>

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

Exhibit B

Cocke County, Tennessee
 Statement of Activities
 For the Year Ended June 30, 2014

Functions/Programs	Net (Expense) Revenue and Changes in Net Position						Cocke County School Department
	Program Revenues			Primary Government		Component Unit	
	Expenses	Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	Total Governmental Activities		
Primary Government:							
Governmental Activities:							
General Government	\$ 2,424,766	\$ 408,465	\$ 28,216	\$ 57,170	\$ (1,930,915)	\$ 0	
Finance	1,357,288	885,991	0	0	(521,297)	0	
Administration of Justice	1,159,399	882,101	6,240	0	(271,058)	0	
Public Safety	5,680,264	568,540	356,879	20,592	(4,734,253)	0	
Public Health and Welfare	1,991,670	58,423	326,424	147,584	(1,459,239)	0	
Social, Cultural, and Recreational Services	410,745	344,981	4,100	77,000	15,336	0	
Agriculture and Natural Resources	76,528	0	0	0	(76,528)	0	
Highways	4,717,019	9,587	2,107,429	540,806	(2,059,197)	0	
Education	632,354	0	0	0	(632,354)	0	
Interest on Long-term Debt	1,307,728	0	0	0	(1,307,728)	0	
Total Primary Government	\$ 19,757,761	\$ 3,108,088	\$ 2,829,288	\$ 843,152	\$ (12,977,233)	\$ 0	
Component Unit:							
Cocke County School Department	\$ 42,533,070	\$ 600,644	\$ 6,687,509	\$ 660,519	\$ 0	\$ (34,584,398)	
Total Component Unit	\$ 42,533,070	\$ 600,644	\$ 6,687,509	\$ 660,519	\$ 0	\$ (34,584,398)	

(Continued)

Exhibit B

Cocke County, Tennessee
Statement of Activities (Cont.)

Functions/Programs	Expenses		Program Revenues		Net (Expense) Revenue and Changes in Net Position	
	Charges for Services	Capital Grants and Contributions	Operating Grants and Contributions	Government Total	Component	
					Governmental Activities	Primary Government Total
General Revenues:						
Taxes:						
Property Taxes Levied for General Purposes				\$ 5,259,931	\$	2,857,796
Property Taxes Levied for Development				69,664		0
Property Taxes Levied for Highway/Public Works				1,741,769		0
Property Taxes Levied for Public Health and Welfare				1,207,310		0
Property Taxes Levied for School Transportation				0		1,293,104
Property Taxes Levied for Debt Service				1,238,886		0
Property Taxes for Capital Outlay				557,100		0
Local Option Sales Taxes				1,940,690		3,436,841
Hotel/Motel Tax				218,388		0
Litigation Tax - General				30,014		0
Litigation Tax - Special Purpose				4,657		0
Litigation Tax - Jail, Workhouse, Courthouse				225,538		0
Litigation Tax - Courthouse Security				12,215		0
Business Tax				240,125		0
Mineral Severance Tax				56,895		0
Wholesale Beer Tax				247,098		0
Interstate Telecommunications Tax				1,044		0
Other Local Taxes				96,459		95,078
Grants and Contributions Not Restricted to Specific Programs				2,050,308		25,757,356
Unrestricted Investment Income				35,062		52,376
Miscellaneous				96,308		82,542
Gain on Disposal of Capital Assets				0		2,847
Total General Revenues				\$ 15,329,461	\$	33,577,940
Change in Net Position				\$ 2,352,228	\$	(1,006,458)
Net Position, July 1, 2013				(3,509,445)		26,005,269
Net Position, June 30, 2014				\$ (1,157,217)	\$	24,998,811

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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>ASSETS</u>							
Cash	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 105,669	\$ 105,669
Equity in Pooled Cash and Investments	2,242,765	300,130	1,265,906	5,512,197	1,092,323	10,413,321	10,413,321
Investments	0	0	0	0	52,600	52,600	52,600
Accounts Receivable	61,034	2,659	0	0	6,521	70,214	70,214
Due from Other Governments	393,257	5,418	349,716	268,604	0	1,016,995	1,016,995
Due from Other Funds	493	0	0	0	0	493	493
Property Taxes Receivable	5,958,883	1,343,096	1,793,024	1,251,312	767,807	11,114,122	11,114,122
Allowance for Uncollectible Property Taxes	(443,274)	(101,905)	(142,675)	(99,363)	(56,045)	(843,262)	(843,262)
Prepaid Items	0	0	0	53,932	0	53,932	53,932
Total Assets	\$ 8,213,158	\$ 1,549,398	\$ 3,265,971	\$ 6,986,682	\$ 1,968,875	\$ 21,984,084	\$ 21,984,084
<u>LIABILITIES</u>							
Accounts Payable	\$ 168,918	\$ 54,641	\$ 145,159	\$ 0	\$ 219,608	\$ 588,326	\$ 588,326
Accrued Payroll	18,600	0	0	0	0	18,600	18,600
Payroll Deductions Payable	13,030	475	2,149	0	0	15,654	15,654
Due to Other Funds	0	0	0	0	493	493	493
Due to State of Tennessee	400	0	0	0	0	400	400
Total Liabilities	\$ 200,948	\$ 55,116	\$ 147,308	\$ 0	\$ 220,101	\$ 623,473	\$ 623,473
<u>DEFERRED INFLOWS OF RESOURCES</u>							
Deferred Current Property Taxes	\$ 5,352,127	\$ 1,202,725	\$ 1,593,611	\$ 1,112,521	\$ 691,567	\$ 9,952,551	\$ 9,952,551
Deferred Delinquent Property Taxes	148,450	34,929	51,521	35,803	18,338	289,041	289,041
Other Deferred/Unavailable Revenue	103,324	0	172,614	145,576	0	421,514	421,514
Total Deferred Inflows of Resources	\$ 5,603,901	\$ 1,237,654	\$ 1,817,746	\$ 1,293,900	\$ 709,905	\$ 10,663,106	\$ 10,663,106

(Continued)

Exhibit C-1

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

	Major Funds					Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other	Governmental Funds		
Nonspendable:								
Prepaid Items	\$ 0	\$ 0	\$ 0	\$ 53,932	\$ 0	\$ 0	\$ 53,932	
Restricted:								
Restricted for General Government	2,084	0	0	0	0	0	2,084	
Restricted for Finance	2,034	0	0	0	111,697	0	113,731	
Restricted for Administration of Justice	1,297,704	0	0	0	0	0	1,297,704	
Restricted for Public Safety	3,038	0	0	0	31,441	0	34,479	
Restricted for Public Health and Welfare	0	47,384	0	0	0	0	47,384	
Restricted for Other Operations	0	0	0	0	225,440	0	225,440	
Restricted for Highways/Public Works	0	0	439,030	0	0	0	439,030	
Restricted for Debt Service	0	0	0	1,394,962	16,821	0	1,411,783	
Restricted for Capital Projects	0	0	0	0	363,237	0	363,237	
Committed:								
Committed for Public Health and Welfare	0	209,244	0	0	0	0	209,244	
Committed for Social, Cultural, and Recreational Services	0	0	0	0	7,748	0	7,748	
Committed for Other Operations	0	0	0	0	282,485	0	282,485	
Committed for Highways/Public Works	0	0	861,887	0	0	0	861,887	
Committed for Debt Service	0	0	0	4,243,888	0	0	4,243,888	
Assigned:								
Assigned for Other Purposes	1,010,603	0	0	0	0	0	1,010,603	
Unassigned	92,846	0	0	0	0	0	92,846	
Total Fund Balances	\$ 2,408,309	\$ 256,628	\$ 1,300,917	\$ 5,692,782	\$ 1,038,869	\$ 1,038,869	\$ 10,697,505	
Total Liabilities, Deferred Inflows of Resources, and Fund Balances	\$ 8,213,158	\$ 1,549,398	\$ 3,265,971	\$ 6,986,682	\$ 1,968,875	\$ 1,968,875	\$ 21,984,084	

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 Position
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit C-1)		\$ 10,697,505
(1) Capital assets used in governmental activities are not financial resources and therefore are not reported in the governmental funds.		
Add: land	\$ 1,081,183	
Add: infrastructure net of accumulated depreciation	14,259,113	
Add: buildings and improvements net of accumulated depreciation	2,382,036	
Add: other capital assets net of accumulated depreciation	<u>2,942,923</u>	20,665,255
(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	\$ (155,190)	
Less: other loans payable	(6,479,063)	
Less: bonds payable	(25,685,000)	
Add: receivable for debt to be retired by School Department	12,566	
Less: deferred credit on refunding	(177,798)	
Add: deferred charge on refunding	147,315	
Add: unamortized discount on debt	173,892	
Less: other postemployment benefits liability	(385,117)	
Less: landfill postclosure care costs	(8,040)	
Less: other deferred revenue - premium on debt	(528,319)	
Less: accrued interest on bonds, notes, and other loans payable	<u>(145,778)</u>	(33,230,532)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>710,555</u>
Net position of governmental activities (Exhibit A)		<u>\$ (1,157,217)</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, 2014

	Major Funds				Nonmajor Funds		Total Governmental Funds
	General	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds		
<u>Revenues</u>							
Local Taxes	\$ 7,227,648	\$ 1,294,785	\$ 1,923,265	\$ 2,778,563	\$ 684,248	\$ 13,908,509	
Licenses and Permits	118,972	0	0	0	0	118,972	
Fines, Forfeitures, and Penalties	194,329	0	0	0	106,660	300,989	
Charges for Current Services	421,441	18,646	0	0	608,083	1,048,170	
Other Local Revenues	85,088	39,777	35,787	34,503	165,001	360,156	
Fees Received from County Officials	918,278	0	0	0	0	918,278	
State of Tennessee	1,148,511	88,368	2,463,846	62,132	31,824	3,794,681	
Federal Government	781,560	0	381,421	39,147	0	1,202,128	
Other Governments and Citizens Groups	89,343	0	0	242,220	319,079	650,642	
Total Revenues	\$ 10,985,170	\$ 1,441,576	\$ 4,804,319	\$ 3,156,565	\$ 1,914,895	\$ 22,302,525	
<u>Expenditures</u>							
Current:							
General Government	\$ 1,210,452	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,210,452	
Finance	791,182	0	0	0	559,904	1,351,086	
Administration of Justice	1,137,079	0	0	0	19,320	1,156,399	
Public Safety	5,419,409	0	0	0	130,886	5,550,295	
Public Health and Welfare	434,988	1,327,841	0	0	0	1,762,829	
Social, Cultural, and Recreational Services	410,496	0	0	0	31,490	441,986	
Agriculture and Natural Resources	76,528	0	0	0	0	76,528	
Other Operations	1,504,658	0	0	0	12,338	1,516,996	
Highways	93,062	0	4,374,287	0	0	4,467,349	
Debt Service:							
Principal on Debt	0	0	0	2,081,046	347,605	2,428,651	
Interest on Debt	0	0	0	1,265,416	120,659	1,386,075	
Other Debt Service	0	0	0	125,431	28,469	153,900	

(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	Solid Waste / Sanitation	Highway / Public Works	General Debt Service	Other Governmental Funds	Governmental Funds	
<u>Expenditures (Cont.)</u>							
Capital Projects	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 1,477,147	\$ 1,477,147
Total Expenditures	\$ 11,077,854	\$ 1,327,841	\$ 4,374,287	\$ 3,471,893	\$ 2,727,818	\$ 22,979,693	\$ 22,979,693
Excess (Deficiency) of Revenues Over Expenditures	\$ (92,684)	\$ 113,735	\$ 430,032	\$ (315,328)	\$ (812,923)	\$ (677,168)	\$ (677,168)
<u>Other Financing Sources (Uses)</u>							
Refunding Debt Issued	\$ 0	\$ 0	\$ 0	\$ 5,100,000	\$ 1,155,000	\$ 6,255,000	\$ 6,255,000
Premiums on Debt Issued	0	0	0	489,730	78,469	568,199	568,199
Insurance Recovery	17,188	0	10,238	0	0	27,426	27,426
Transfers In	0	0	0	248,792	3,900	252,692	252,692
Transfers Out	(252,692)	0	0	0	0	(252,692)	(252,692)
Payments to Refunded Debt Escrow Agent	0	0	0	(5,515,000)	(1,205,000)	(6,720,000)	(6,720,000)
Total Other Financing Sources (Uses)	\$ (235,504)	\$ 0	\$ 10,238	\$ 323,522	\$ 32,369	\$ 130,625	\$ 130,625
Net Change in Fund Balances	\$ (328,188)	\$ 113,735	\$ 440,270	\$ 8,194	\$ (780,554)	\$ (546,543)	\$ (546,543)
Fund Balance, July 1, 2013	2,736,497	142,893	860,647	5,684,588	1,819,423	11,244,048	11,244,048
Fund Balance, June 30, 2014	\$ 2,408,309	\$ 256,628	\$ 1,300,917	\$ 5,692,782	\$ 1,038,869	\$ 10,697,505	\$ 10,697,505

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, 2014

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)		\$ (546,543)
(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	\$ 2,298,827	
Less: current-year depreciation expense	<u>(1,572,072)</u>	726,755
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.		
Less: book value of assets disposed		(14,190)
(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, 2014	\$ 710,555	
Less: deferred delinquent property taxes and other deferred June 30, 2013	<u>(917,034)</u>	(206,479)
(4) The issuance of long-term debt (e.g., bonds, notes, other loans, leases) provides current financial resources to governmental funds, while the repayment of the principal of long-term debt consumes the current financial resources of governmental funds. Neither transaction, however, has any effect on net position. Also, governmental funds report the effect of premiums, discounts, and similar items when debt is first issued, whereas these amounts are deferred and amortized in the statement of activities. This amount is the effect of these differences in the treatment of long-term debt related items:		
Add: principal payments on bonds	\$ 1,920,000	
Add: principal payments on notes	83,175	
Add: principal payments on other loans	425,476	
Less: refunding debt issued	(6,255,000)	
Add: payment to refunding agent	6,720,000	
Less: change in discount on debt issuances	(20,805)	
Less: change in premium on debt issuances	(277,031)	
Less: change in deferred charge on refunding	(28,682)	
Less: change in deferred credit on refunding	(177,798)	
Less: contributions from the School Department for note	<u>(11,746)</u>	2,377,589
(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	\$ 14,464	
Change in other postemployment benefits liability	(28,950)	
Change in landfill postclosure care costs	<u>29,582</u>	15,096
Change in net position of governmental activities (Exhibit B)		<u>\$ 2,352,228</u>

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

Exhibit C-5

Cocke County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 7,227,648	\$ 0	\$ 7,227,648	\$ 6,855,160	\$ 6,855,160	\$ 372,488
Licenses and Permits	118,972	0	118,972	109,100	109,100	9,872
Fines, Forfeitures, and Penalties	194,329	0	194,329	141,120	141,120	53,209
Charges for Current Services	421,441	0	421,441	403,500	408,177	13,264
Other Local Revenues	85,088	0	85,088	44,300	64,291	20,797
Fees Received from County Officials	918,278	0	918,278	953,300	953,300	(35,022)
State of Tennessee	1,148,511	0	1,148,511	1,411,664	1,445,464	(296,953)
Federal Government	781,560	0	781,560	435,147	854,627	(73,067)
Other Governments and Citizens Groups	89,343	0	89,343	85,000	85,000	4,343
Total Revenues	\$ 10,985,170	\$ 0	\$ 10,985,170	\$ 10,438,291	\$ 10,916,239	\$ 68,931
<u>Expenditures</u>						
<u>General Government</u>						
County Commission	\$ 105,884	\$ 0	\$ 105,884	\$ 119,930	\$ 119,930	\$ 14,046
Board of Equalization	3,805	0	3,805	5,600	5,600	1,795
Beer Board	7,015	0	7,015	8,150	8,150	1,135
Other Boards and Committees	2,262	0	2,262	4,860	4,860	2,598
County Mayor/Executive	187,231	0	187,231	198,134	198,134	10,903
County Attorney	34,717	0	34,717	41,650	41,650	6,933
Election Commission	217,790	0	217,790	181,193	238,663	20,873
Register of Deeds	213,163	0	213,163	224,231	224,231	11,068
Development	11,250	0	11,250	11,250	11,250	0
County Buildings	290,356	0	290,356	224,500	325,480	35,124
Other General Administration	84,954	0	84,954	89,000	89,000	4,046
Preservation of Records	52,025	0	52,025	55,388	55,388	3,363

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	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	\$ 206,635	\$ 0	\$ 206,635	\$ 241,717	\$ 241,717	\$ 35,082
Property Assessor's Office	346,460	0	346,460	360,311	360,811	14,351
Reappraisal Program	3,070	0	3,070	0	27,800	24,730
County Trustee's Office	67,165	0	67,165	77,296	77,956	10,791
County Clerk's Office	167,852	0	167,852	174,090	182,190	14,338
<u>Administration of Justice</u>						
Circuit Court	401,031	0	401,031	427,287	427,287	26,256
General Sessions Court	392,029	0	392,029	397,794	406,904	14,875
Drug Court	11,180	0	11,180	13,000	13,095	1,915
Chancery Court	249,032	0	249,032	251,338	251,338	2,306
Juvenile Court	35,067	0	35,067	38,596	38,596	3,529
Judicial Commissioners	26,828	0	26,828	29,090	29,090	2,262
Victims Assistance Programs	21,912	0	21,912	23,000	23,000	1,088
<u>Public Safety</u>						
Sheriff's Department	2,579,763	0	2,579,763	2,552,867	2,674,427	94,664
Special Patrols	135,496	0	135,496	135,817	135,817	321
Administration of the Sexual Offender Registry	3,428	0	3,428	0	3,654	226
Jail	1,380,503	0	1,380,503	1,418,448	1,431,598	51,095
Juvenile Services	195,820	0	195,820	221,154	221,154	25,334
Fire Prevention and Control	968,421	5,596	974,017	1,030,530	1,030,895	56,878
Civil Defense	62,597	0	62,597	75,149	76,249	13,652
Inspection and Regulation	5,644	0	5,644	5,980	5,980	336
County Coroner/Medical Examiner	36,630	0	36,630	55,500	55,500	18,870
Other Public Safety	51,107	0	51,107	62,550	62,550	11,443

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	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	\$ 322,025	\$ 0	\$ 322,025	\$ 369,696	\$ 403,496	\$ 81,471
Rabies and Animal Control	105,585	0	105,585	111,105	111,105	5,520
General Welfare Assistance	7,378	0	7,378	7,000	7,878	500
<u>Social, Cultural, and Recreational Services</u>						
Senior Citizens Assistance	3,600	0	3,600	3,600	3,600	0
Libraries	68,295	0	68,295	68,295	68,295	0
Parks and Fair Boards	73,878	0	73,878	0	74,879	1,001
Other Social, Cultural, and Recreational Agriculture and Natural Resources	264,723	0	264,723	281,687	277,787	13,064
<u>Agriculture and Natural Resources</u>						
Agricultural Extension Service	51,528	0	51,528	66,965	66,965	15,437
Soil Conservation	25,000	0	25,000	25,000	25,000	0
<u>Other Operations</u>						
Industrial Development	341,100	0	341,100	341,100	341,100	0
Housing and Urban Development	185,042	0	185,042	0	185,042	0
Veterans' Services	77,437	0	77,437	75,821	79,321	1,884
Other Charges	709,014	0	709,014	749,600	749,600	40,586
Contributions to Other Agencies	177,000	0	177,000	177,000	177,000	0
Employee Benefits	13,642	0	13,642	62,425	56,875	43,233
Miscellaneous	1,423	0	1,423	5,640	5,640	4,217
<u>Highways</u>						
Litter and Trash Collection	93,062	0	93,062	105,651	105,651	12,589
Total Expenditures	\$ 11,077,854	\$ 5,596	\$ 11,083,450	\$ 11,205,985	\$ 11,839,178	\$ 755,728
Excess (Deficiency) of Revenues Over Expenditures	\$ (92,684)	\$ (5,596)	\$ (98,280)	\$ (767,694)	\$ (922,939)	\$ 824,659

(Continued)

Exhibit C-5

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

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 17,188	0	\$ 17,188	0	\$ 17,188	\$ 0
Transfers Out	(252,692)	0	(252,692)	(235,000)	(252,900)	208
Total Other Financing Sources	<u>\$ (235,504)</u>	<u>0</u>	<u>\$ (235,504)</u>	<u>\$ (235,000)</u>	<u>\$ (235,712)</u>	<u>208</u>
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (328,188)	(5,596)	\$ (333,784)	(1,002,694)	\$ (1,158,651)	\$ 824,867
	2,736,497	0	2,736,497	2,562,703	2,562,703	173,794
Fund Balance, June 30, 2014	<u>\$ 2,408,309</u>	<u>\$ (5,596)</u>	<u>\$ 2,402,713</u>	<u>\$ 1,560,009</u>	<u>\$ 1,404,052</u>	<u>\$ 998,661</u>

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

Exhibit C-6

Cocke County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Solid Waste/Sanitation Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 1,294,785	\$ 1,297,883	\$ 1,297,883	\$ (3,098)
Charges for Current Services	18,646	17,000	17,000	1,646
Other Local Revenues	39,777	37,400	37,400	2,377
State of Tennessee	88,368	92,415	92,415	(4,047)
Total Revenues	\$ 1,441,576	\$ 1,444,698	\$ 1,444,698	\$ (3,122)
<u>Expenditures</u>				
<u>Public Health and Welfare</u>				
Sanitation Management	\$ 510,671	\$ 583,043	\$ 592,743	\$ 82,072
Convenience Centers	817,170	899,100	889,400	72,230
Total Expenditures	\$ 1,327,841	\$ 1,482,143	\$ 1,482,143	\$ 154,302
Excess (Deficiency) of Revenues Over Expenditures	\$ 113,735	\$ (37,445)	\$ (37,445)	\$ 151,180
Net Change in Fund Balance	\$ 113,735	\$ (37,445)	\$ (37,445)	\$ 151,180
Fund Balance, July 1, 2013	142,893	142,893	142,893	0
Fund Balance, June 30, 2014	\$ 256,628	\$ 105,448	\$ 105,448	\$ 151,180

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

Exhibit C-7

Cooke County, Tennessee
Statement of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Highway/Public Works Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
Revenues							
Local Taxes	\$ 1,923,265	\$ 0	\$ 0	\$ 1,923,265	\$ 1,847,949	\$ 1,847,949	\$ 75,316
Other Local Revenues	35,787	0	0	35,787	21,500	21,500	14,287
State of Tennessee	2,463,846	0	0	2,463,846	2,465,104	2,476,104	(12,258)
Federal Government	381,421	0	0	381,421	21,600	371,058	10,363
Total Revenues	\$ 4,804,319	\$ 0	\$ 0	\$ 4,804,319	\$ 4,356,153	\$ 4,716,611	\$ 87,708
Expenditures							
<u>Highways</u>							
Administration	\$ 263,342	\$ 0	\$ 0	\$ 263,342	\$ 268,283	\$ 268,283	\$ 4,941
Highway and Bridge Maintenance	2,334,156	(484,868)	306,562	2,155,850	2,558,465	2,543,368	387,518
Operation and Maintenance of Equipment	963,920	0	208,109	1,172,029	890,437	1,265,992	93,963
Quarry Operations	411,432	0	0	411,432	420,831	420,831	9,399
Other Charges	398,387	0	0	398,387	407,743	407,743	9,356
Employee Benefits	3,050	0	0	3,050	3,500	3,500	450
Total Expenditures	\$ 4,374,287	\$ (484,868)	\$ 514,671	\$ 4,404,090	\$ 4,549,259	\$ 4,909,717	\$ 505,627
Excess (Deficiency) of Revenues Over Expenditures	\$ 430,032	\$ 484,868	\$ (514,671)	\$ 400,229	\$ (193,106)	\$ (193,106)	\$ 593,335
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 10,238	\$ 0	\$ 0	\$ 10,238	\$ 0	\$ 0	\$ 10,238
Total Other Financing Sources	\$ 10,238	\$ 0	\$ 0	\$ 10,238	\$ 0	\$ 0	\$ 10,238
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 440,270	\$ 484,868	\$ (514,671)	\$ 410,467	\$ (193,106)	\$ (193,106)	\$ 603,573
	860,647	(484,868)	0	375,779	265,376	265,376	110,403
Fund Balance, June 30, 2014	\$ 1,300,917	\$ 0	\$ (514,671)	\$ 786,246	\$ 72,270	\$ 72,270	\$ 713,976

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, 2014

	<u>Agency Funds</u>
<u>ASSETS</u>	
Cash	\$ 2,302,369
Accounts Receivable	3,437
Due from Other Governments	653,429
Property Taxes Receivable	475,386
Allowance for Uncollectible Property Taxes	(36,069)
Cash Shortage	<u>36,740</u>
Total Assets	<u>\$ 3,435,292</u>
<u>LIABILITIES</u>	
Due to Other Taxing Units	\$ 1,092,746
Due to Litigants, Heirs, and Others	<u>2,342,546</u>
Total Liabilities	<u>\$ 3,435,292</u>

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

COCKE COUNTY, TENNESSEE
Index of Notes to the Financial Statements

Note	Page(s)
I. Summary of Significant Accounting Policies	
A. Reporting Entity	46
B. Government-wide and Fund Financial Statements	47
C. Measurement Focus, Basis of Accounting, and Financial Statement Presentation	48
D. Assets, Liabilities, Deferred Outflows/Inflows of Resources, and Net Position/Fund Balance	
1. Deposits and Investments	50
2. Receivables and Payables	51
3. Prepaid Items	52
4. Capital Assets	52
5. Deferred Outflows/Inflows of Resources	53
6. Compensated Absences	53
7. Long-term Obligations	54
8. Net Position and Fund Balance	54
II. Reconciliation of Government-wide and Fund Financial Statements	
A. Explanation of Certain Differences Between the Governmental Fund Balance Sheet and the Government-wide Statement of Net Position	56
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	56
III. Stewardship, Compliance, and Accountability	
A. Budgetary Information	57
B. Cash Shortages	58
IV. Detailed Notes on All Funds	
A. Deposits and Investments	58
B. Capital Assets	60
C. Interfund Receivables, Payables, and Transfers	62
D. Long-term Obligations	63
E. Pledges of Future Revenues	70
F. On-Behalf Payments	70
G. Short-term Debt	70

COCKE COUNTY, TENNESSEE
Index of Notes to the Financial Statements (Cont.)

Note	Page(s)
V. Other Information	
A. Risk Management	70
B. Accounting Changes	71
C. Subsequent Events	71
D. Contingent Liabilities	72
E. Landfill Postclosure Costs	72
F. Joint Ventures	72
G. Jointly Governed Organizations	74
H. Retirement Commitments	74
I. Other Postemployment Benefits (OPEB)	77
J. Termination Benefits	80
K. Office of Central Accounting, Budgeting, and Purchasing	80
L. Purchasing Laws	80

COCKE COUNTY, TENNESSEE
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended June 30, 2014

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, and its budget and property tax levy are subject to the County Commission's approval. The School Department's taxes are levied under the taxing authority of the county and are included as part of the county's total tax levy.

The Cocke County Emergency Communications District provides a simplified means of securing emergency services through a uniform emergency number for the residents of Cocke County, and the Cocke County Commission appoints its governing body. The district is funded primarily through a service charge levied on telephone services. Before the issuance of most debt instruments, the district must obtain the County Commission's approval. The financial statements of the Cocke County Emergency Communications District were not available from other auditors in time for inclusion in this report; however, in our opinion, this omission is not material to the component units' opinion unit.

The Cocke County School Department does not issue separate financial statements from those of the county. Therefore, basic financial statements of the School Department are included in this report as listed in the table of

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

Administrative Office:

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

B. Government-wide and Fund Financial Statements

The government-wide financial statements (i.e., the Statement of Net Position and the Statement of Activities) report information on all of the nonfiduciary activities of the primary government and its component units. For the most part, the effect of interfund activity has been removed from these statements. However, when applicable, interfund services provided and used between functions are not eliminated in the process of consolidation in the Statement of Activities. Governmental activities are normally supported by taxes and intergovernmental revenues. Business-type activities, which rely to a significant extent on fees and charges, are required to be reported separately from governmental activities in government-wide financial statements. However, the primary government of 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. There were no debt issues contributed by the county to the School Department during the year ended June 30, 2014.

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 Coker County are organized into funds, each of which is considered to be a separate accounting entity. Each fund is accounted for by providing a separate set of self-balancing accounts that constitute its assets, deferred outflows of resources, liabilities, deferred inflows of resources, fund equity, revenues, and expenditures. Funds are organized into three major categories: governmental, proprietary, and fiduciary. Coker 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. Coker 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.

Solid Waste/Sanitation Fund – This special revenue fund accounts for transactions relating to the disposal of Cocke County’s solid waste. Local taxes and general service charges are the foundational revenues of this fund.

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

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

Additionally, Cocke County reports the following fund types:

Capital Projects Funds – These funds are used to account for the acquisition or construction of major capital facilities and other capital assets.

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.

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.

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.

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

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 Cocke County School Department. Each fund's portion of this pool is displayed on the balance sheets or statements of net position as Equity in Pooled Cash and Investments. Most income from these pooled investments is assigned to the General Debt Service Fund. In addition, investments are held separately by the Highway Capital Projects Fund. Cocke

County and the School Department have adopted a policy of reporting U.S. Treasury obligations, U.S. agency obligations, and repurchase agreements with maturities of one year or less when purchased on the balance sheet at amortized cost. Certificates of deposit are reported at cost. Investments in the State Treasurer's Investment Pool are reported at fair value. 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. Accordingly, the pool qualifies as a 2a7-like pool and is reported at the net asset value per share (which approximates fair value) even though it is calculated using the amortized cost method. State statutes require the state treasurer to administer the pool under the same terms and conditions, including collateral requirements, as prescribed for other funds invested by the state treasurer. All other investments are reported at fair value.

2. Receivables and Payables

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

Property taxes receivable are shown with an allowance for uncollectibles. The allowance for uncollectible property taxes is equal to 4.06 percent of total taxes levied.

Property taxes receivable are recognized as of the date an enforceable legal claim to the taxable property arises. This date is January 1 and is referred to as the lien date. However, revenues from property taxes are recognized in the period for which the taxes are levied, which is the ensuing fiscal year. Since the receivable is recognized before the period of revenue recognition, the entire amount of the receivable, less an estimated allowance for uncollectible taxes, is reported as a deferred inflow of resources as of June 30.

Property taxes receivable are also reported as of June 30 for the taxes that are levied, collected, and reported as revenue during the current fiscal year. These property taxes receivable are presented on the balance sheet with offsetting revenue as a deferred inflow of resources to reflect amounts not available as of June 30. Property taxes collected within 30 days of year-end are considered available and accrued. The allowance for uncollectible taxes represents the estimated amount of the receivable that will be filed in court for collection. Delinquent taxes filed in court for collection are not included in taxes receivable since they are neither measurable nor available.

Property taxes are levied as of the first Monday in October. Taxes become delinquent and begin accumulating interest and penalty the following March 1. Suit must be filed in 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 Cocke County School Department's General Purpose School Fund, the account Other Current Liabilities totaling \$1,310,331 represents the remaining balance in the teacher's insurance account.

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. The cost of prepaid items is recorded as an expenditure when consumed rather than when purchased. Prepays 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. Deferred Outflows/Inflows of Resources

In addition to assets, the Statement of Net Position will sometimes report a separate section for deferred outflows of resources. This separate financial statement element, deferred outflows of resources, represents a consumption of net position that applies to a future period(s) and so will not be recognized as an outflow of resources (expense/expenditure) until then. The government only has one item that qualifies for reporting in this category. It is the deferred charge on refunding reported in the government-wide Statement of Net Position. A deferred charge on refunding results from the difference in the carrying value of refunded debt and its reacquisition price. This amount is deferred and amortized over the shorter of the life of the refunded or refunding debt.

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

6. 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.

7. Long-term Obligations

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

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

Only the matured portion (the portion that has come due for payment) of long-term indebtedness, including bonds payable, is recognized as a liability and expenditure in the governmental fund financial statements. Liabilities and expenditures for other long-term obligations, including 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.

8. Net Position and Fund Balance

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

- a. Net investment in capital assets – Consists of capital assets, including restricted capital assets, net of accumulated depreciation and reduced by the outstanding balances of any bonds, mortgages, notes or other borrowings that are attributable to the acquisition, construction, or improvement of those assets.
- b. Restricted net position – Consists of net position with constraints placed on the use either by (1) external groups such as creditors,

grantors, contributors, or laws or regulations of other governments or (2) law through constitutional provisions or enabling legislation.

- c. Unrestricted net position – All other net position that does not meet the definition of restricted or net investment in capital assets.

As of June 30, 2014, Cocke County had \$14,760,007 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 position with no corresponding increase in the county's capital assets.

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

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

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

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

Committed Fund Balance – includes amounts that can only be used for specific purposes pursuant to constraints imposed by formal resolutions of the County Commission, the county's

highest level of decision-making authority and the Board of Education, the School Department's highest level of decision-making authority, and shall remain binding unless removed in the same manner.

Assigned Fund Balance – includes amounts that are constrained by the county's intent to be used for specific purposes, but are neither restricted nor committed (excluding stabilization arrangements). The County Commission and Board of Education are authorized bodies to make assignments by resolution. Assigned fund balance in the primary government's General Fund consists of fund balance appropriated for use in the 2014-15 budget totaling \$1,010,603. Assigned fund balance in the School Department's General Purpose School Fund includes textbooks (\$75,392), employee termination benefits (\$223,912), other postemployment benefits (\$882,575), and fund balance appropriated for use in the 2014-15 budget (\$2,658,735).

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 Position

Primary Government

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

Discretely Presented 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 Position.

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

Primary Government

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

Discretely Presented 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 position of governmental activities reported in the government-wide Statement of Activities.

III. STEWARDSHIP, COMPLIANCE, AND ACCOUNTABILITY

A. Budgetary Information

Annual budgets are adopted on 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 Highway Capital Projects Fund, which adopts project length budgets. All annual appropriations lapse at fiscal year end.

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

The budgetary level of control is at the major category level established by the County Uniform Chart of Accounts, as prescribed by the Comptroller of the Treasury of the State of Tennessee. Major categories are at the department level (examples of General Fund major categories: County Commission, 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, 2014, Cocke County reported the following significant encumbrances:

Fund	Description	Amount
Primary Government:		
Highway/Public Works	Asphalt	\$ 313,781
Highway/Public Works	Dump Trucks	200,890
Nonmajor Fund:		
General Capital Projects	Service Truck	60,000

B. Cash Shortages

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, 2014, Mr. Chesteen had paid \$15,082 toward liquidating the remaining shortage, leaving a balance due the office of \$36,740.

As reported in the Findings and Questioned Costs section of this report, a theft of funds of approximately \$2,800 occurred at the county Parks and Recreation Office during April 2014 by an individual who frequents the facility. The director of the Parks and Recreation Department reimbursed the county for the stolen funds in May 2014.

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 position as Equity in Pooled Cash and Investments. Cash and investments reflected on the balance sheets or statements of net position 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, 2014, Cocke County had the following nonpooled investment carried at fair value.

Investment	Weighted Average Maturities (days)	Fair Value
Nonmajor Governmental Fund:		
Highway Capital Projects Fund:		
State Treasurer's Investment Pool	109	\$ 52,600

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, 2014, Cocke County's investment in the State Treasurer's Investment Pool was unrated.

B. Capital Assets

Capital assets activity for the year ended June 30, 2014, was as follows:

Primary Government

Governmental Activities:

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 1,081,183	\$ 0	\$ 0	\$ 1,081,183
Total Capital Assets Not Depreciated	<u>\$ 1,081,183</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ 1,081,183</u>
Capital Assets Depreciated:				
Buildings and Improvements	\$ 3,749,444	\$ 123,055	\$ 0	\$ 3,872,499
Roads and Bridges	32,970,472	1,158,374	31,016	34,097,830
Other Capital Assets	6,572,719	1,017,398	209,843	7,380,274
Total Capital Assets Depreciated	<u>\$ 43,292,635</u>	<u>\$ 2,298,827</u>	<u>\$ 240,859</u>	<u>\$ 45,350,603</u>
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 1,399,833	\$ 90,630	\$ 0	\$ 1,490,463
Roads and Bridges	18,816,300	1,039,476	17,059	19,838,717
Other Capital Assets	4,204,995	441,966	209,610	4,437,351
Total Accumulated Depreciation	<u>\$ 24,421,128</u>	<u>\$ 1,572,072</u>	<u>\$ 226,669</u>	<u>\$ 25,766,531</u>

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Total Capital Assets Depreciated, Net	\$ 18,871,507	\$ 726,755	\$ 14,190	\$ 19,584,072
Governmental Activities Capital Assets, Net	\$ 19,952,690	\$ 726,755	\$ 14,190	\$ 20,665,255

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

Governmental Activities:

General Government	\$ 30,688
Finance	2,773
Public Safety	188,221
Public Health and Welfare	40,331
Social, Cultural, and Recreational Services	11,122
Highways/Public Works	<u>1,298,937</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,572,072</u>

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

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Capital Assets Not Depreciated:				
Land	\$ 601,292	\$ 0	\$ 0	\$ 601,292
Total Capital Assets Not Depreciated	\$ 601,292	\$ 0	\$ 0	\$ 601,292
Capital Assets Depreciated:				
Buildings and Improvements	\$ 38,680,697	\$ 49,550	\$ 0	\$ 38,730,247
Infrastructure	0	99,599	0	99,599
Other Capital Assets	7,980,116	731,104	336,809	<u>8,374,411</u>
Total Capital Assets Depreciated	\$ 46,660,813	\$ 880,253	\$ 336,809	\$ 47,204,257

Governmental Activities (Cont.):

	Balance 7-1-13	Increases	Decreases	Balance 6-30-14
Less Accumulated Depreciation For:				
Buildings and Improvements	\$ 18,530,881	\$ 1,126,455	\$ 0	\$ 19,657,336
Infrastructure	0	2,484	0	2,484
Other Capital Assets	4,673,485	559,295	326,704	4,906,076
Total Accumulated Depreciation	<u>\$ 23,204,366</u>	<u>\$ 1,688,234</u>	<u>\$ 326,704</u>	<u>\$ 24,565,896</u>
Total Capital Assets Depreciated, Net	<u>\$ 23,456,447</u>	<u>\$ (807,981)</u>	<u>\$ 10,105</u>	<u>\$ 22,638,361</u>
Governmental Activities Capital Assets, Net	<u>\$ 24,057,739</u>	<u>\$ (807,981)</u>	<u>\$ 10,105</u>	<u>\$ 23,239,653</u>

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

Governmental Activities:

Instruction	\$ 1,215,432
Support Services	440,989
Operation of Non-instructional Services	<u>31,813</u>
Total Depreciation Expense - Governmental Activities	<u>\$ 1,688,234</u>

C. Interfund Receivables, Payables, and Transfers

The composition of interfund balances as of June 30, 2014, is as follows:

Due to/from Other Funds:

Receivable Fund	Payable Fund	Amount
General	Nonmajor governmental	\$ 493

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

Due to/from Primary Government and Component Units:

The amount reflected as Due to Primary Government from the discretely presented School Department on the government-wide Statement of Net Position (\$12,566) represents debt issued by the primary government and accrued interest, which is being retired by the School Department. The entire amount is expected to be received within one year.

Interfund Transfers:

Interfund transfers for the year ended June 30, 2014, consisted of the following amounts:

Primary Government

Transfers Out	Transfers In	
	General Debt Service Fund	Nonmajor Governmental Funds
General Fund	\$ 248,792	\$ 3,900

Discretely Presented Cocke County School Department

Transfer Out	Transfer In
	General Purpose School
School Federal Projects	\$ 7,970

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

D. Long-term Obligations

Primary Government

General Obligation Bonds, Notes, and Other Loans

Cocke County issues general obligation bonds and other loans to provide funds for the acquisition and construction of major capital facilities for the primary government and the discretely presented School Department. In addition, general obligation bonds have been issued to refund other 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 ten 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 and other loans included in long-term debt as of June 30, 2014, will be retired from the General Debt Service, Rural Debt Service, and Industrial/Economic Development funds. Notes payable will be retired from the General Debt Service Fund.

General obligation bonds, capital outlay notes, and other loans outstanding as of June 30, 2014, for governmental activities are as follows:

Type	Interest Rate	Final Maturity	Original Amount of Issue	Balance 6-30-14
General Obligation and Refunding Bonds	.9 to 4 %	6-1-30	\$ 25,510,000	\$ 22,230,000
Rural School Bonds - Refunding	3	6-1-18	1,155,000	1,155,000
Build America Bonds	3.44	6-1-30	2,500,000	2,300,000
Capital Outlay Notes	0 to 5	7-15-15	600,000	155,190
Other Loans - Qualified School Construction Bonds	0	(1) 9-15-27	5,575,000	4,589,365
Other Loans - City of Newport	2.15 to 4.5	5-1-46	2,299,614	1,889,698

(1) The interest rate is zero after rebate.

Cocke County has entered into the following agreements with the City of Newport to provide funding for water line 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 6-30-14	Interest Rates
<u>City of Newport-Newport Utilities</u>			
River Crest (A)	\$ 1,024,000	\$ 921,690	4.13%
River Crest (B)	300,000	269,288	4.38
Hartford	478,417	379,010	2.15
Hwy 25E	497,197	<u>319,710</u>	4.5
Total City of Newport - Newport Utilities		<u>\$ 1,889,698</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, 2014, including interest payments are presented in the following tables:

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,895,000	\$ 947,923	\$ 2,842,923
2016	1,960,000	879,010	2,839,010
2017	2,030,000	807,398	2,837,398
2018	2,105,000	731,160	2,836,160
2019	1,675,000	651,897	2,326,897
2020-2024	8,030,000	2,585,343	10,615,343
2025-2029	7,590,000	960,684	8,550,684
2030	400,000	19,050	419,050
Total	<u>\$ 25,685,000</u>	<u>\$ 7,582,465</u>	<u>\$ 33,267,465</u>

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 83,762	\$ 617	\$ 84,379
2016	71,428	0	71,428
Total	<u>\$ 155,190</u>	<u>\$ 617</u>	<u>\$ 155,807</u>

The minimum annual requirements to amortize the loans payable outstanding as of June 30, 2014, 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
2015	\$ 41,195	\$ 57,950	\$ 99,145
2016	42,484	56,665	99,149
2017	43,818	55,337	99,155
2018	45,189	53,962	99,151
2019	46,620	52,540	99,160
2020-2024	256,314	239,558	495,872
2025-2029	302,063	195,716	497,779
2030-2034	197,383	149,852	347,235
2035-2039	242,246	104,987	347,233
2040-2044	297,116	49,919	347,035
2045-2046	55,560	2,328	57,888
Total	\$ 1,569,988	\$ 1,018,814	\$ 2,588,802

Annual requirements to amortize the other loans-QSCB agreement are reflected in the following table.

Year Ending June 30	Other Loans - QSCB		
	Principal	Interest	Total
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
2020-2024	1,739,355	0	1,739,355
2025-2028	1,110,655	0	1,110,655
Total	\$ 4,589,365	\$ 0	\$ 4,589,365

There is \$5,709,603 available in the debt service funds to service long-term debt. Debt per capita, including bonds, notes, and other loans, totaled \$914, based on the 2010 federal census for residents living outside the Newport School District and \$874 for residents living inside the Newport School District.

The School Department is currently contributing funds to service some of the debt issued on its behalf by the primary government as noted in the table below. This debt is reflected in the government-wide financial statements as

Due to Primary Government in the financial statements of the School Department and as Due from Component Units in the financial statements of the primary government. The amount noted below does not include \$231 in accrued interest payable.

<u>Description of Indebtedness</u>	<u>Outstanding 6-30-14</u>
------------------------------------	--------------------------------

Notes Payable

Contributions from the General Purpose School Fund

Land	\$	12,335
------	----	--------

Changes in Long-term Obligations

Long-term obligations activity for the year ended June 30, 2014, was as follows:

Governmental Activities:

	<u>Bonds</u>	<u>Notes</u>	<u>Other Loans - City of Newport</u>
Balance, July 1, 2013	\$ 28,070,000	\$ 238,365	\$ 1,967,303
Additions	6,255,000	0	0
Reductions	(8,640,000)	(83,175)	(77,605)
Balance, June 30, 2014	<u>\$ 25,685,000</u>	<u>\$ 155,190</u>	<u>\$ 1,889,698</u>
Balance Due Within One Year	<u>\$ 1,895,000</u>	<u>\$ 83,762</u>	<u>\$ 41,195</u>

	<u>Other Loans - QSCB</u>	<u>Landfill Postclosure Care Costs</u>
Balance, July 1, 2013	\$ 4,937,236	\$ 37,622
Additions	0	119
Reductions	(347,871)	(29,701)
Balance, June 30, 2014	<u>\$ 4,589,365</u>	<u>\$ 8,040</u>
Balance Due Within One Year	<u>\$ 347,871</u>	<u>\$ 8,040</u>

	Other Postemployment Benefits
Balance, July 1, 2013	\$ 356,167
Additions	34,367
Reductions	(5,417)
	<hr/>
Balance, June 30, 2014	\$ 385,117
	<hr/> <hr/>
Balance Due Within One Year	\$ 0
	<hr/> <hr/>

Analysis of Noncurrent Liabilities Presented on Exhibit A:

Total Noncurrent Liabilities, June 30, 2014	\$ 32,712,410
Less: Balance Due Within One Year	(2,375,869)
Add: Unamortized Premium on Debt	528,319
	<hr/>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	\$ 30,864,860
	<hr/> <hr/>

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

Current Refunding

On November 25, 2013, Cocke County refunded the Series 2004 School Refunding Bonds and the Series 2004 Rural School Refunding Bonds, dated March 23, 2004. The county issued \$5,100,000 of School Refunding Bonds (Series 2013A) and \$1,155,000 Rural School Refunding Bonds (Series 2013B) to provide resources for the current refunding of the Series 2004 School Refunding and Series 2004 Rural School Refunding Bonds. The maturity date of June 1, 2018, remained the same. As a result of the current refunding, total debt service payments over the next four years will be decreased by \$749,003, and an economic gain (difference between the present value of the debt service payments of the refunded and refunding debt) of \$725,806 was obtained.

Discretely Presented Cocke County School Department

Changes in Long-term Obligations

Long-term obligations activity for the discretely presented Cocke County School Department for the year ended June 30, 2014, was as follows:

Governmental Activities:

	Termination Benefits	Other Postemployment Benefits
Balance, July 1, 2013	\$ 228,000	\$ 6,091,635
Additions	40,000	754,277
Reductions	(60,000)	(616,593)
Balance, June 30, 2014	<u>\$ 208,000</u>	<u>\$ 6,229,319</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, 2014	\$ 6,437,319
Less: Balance Due Within One Year	<u>0</u>
Noncurrent Liabilities - Due in More Than One Year - Exhibit A	<u>\$ 6,437,319</u>

Termination benefits will be paid 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, the School Department committed to provide funds to retire rural school refunding bonds issued by the county. For the year ended June 30, 2014, the General Purpose School Fund contributed \$314,979 to the Rural Debt Service Fund, which consisted of principal (\$270,000) and interest (\$44,979). As of June 30, 2014, the balance remaining on the rural school refunding bonds was \$1,155,000.

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, 2014, the General Purpose School Fund contributed \$71,429 to the General Debt Service Fund. As of June 30, 2014, the balance remaining on the energy efficiency capital outlay note was \$142,855.

The School Department has also committed to provide one-half of the principal and administrative fees associated with the Qualified School Construction Bonds other loan issue. For the year ended June 30, 2014, the General Purpose School Fund contributed \$157,841 to the General Debt Service Fund. As of June 30, 2014, the balance on the Qualified School Construction Bonds other loan was \$4,589,365.

E. Pledges of Future Revenues

As discussed in Note IV.D., Cocke County has 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, 2014, was \$1,889,698. The details of the county's commitment and the annual principal and interest requirements are discussed in that note.

F. 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, 2014, were \$200,601 and \$29,838, respectively. The School Department has recognized these on-behalf payments as revenues and expenditures in the General Purpose School Fund.

G. Short-term Debt

Cocke County issued tax anticipation notes in advance of property tax collections and deposited the proceeds in the Solid Waste/Sanitation Fund. These notes were necessary because funds were not available to meet current operations. Short-term debt activity for the year ended June 30, 2014, was as follows:

	Balance 7-1-13	Issued	Paid	Balance 6-30-14
Tax Anticipation Notes	\$ 0	\$ 338,280	\$ (338,280)	\$ 0

V. OTHER INFORMATION

A. Risk Management

The county is exposed to various risks related to general liability, property, casualty, and workers' compensation. Cocke County and the discretely presented Cocke County School Department participate 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. Cocke County and the School Department pay 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.

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 Changes

Provisions of Governmental Accounting Standards Board (GASB) Statement No. 67, *Financial Reporting for Pension Plans* and Statement No. 70, *Accounting and Financial Reporting for Nonexchange Financial Guarantees* became effective for the year ended June 30, 2014.

GASB Statement No. 67, replaces the requirements of Statements No. 25 and No. 50 related to pension plans that are administered through trusts or equivalent arrangements. The requirements of Statements No. 25 and No. 50 remain applicable to pension plans that are not administered through trusts or equivalent arrangements.

GASB Statement No. 70, relates to accounting and financial reporting by state and local governments that extend and receive nonexchange financial guarantees.

C. Subsequent Events

On August 31, 2014, Vaughn Moore left the Office of County Mayor and was succeeded by Crystal Ottinger, and Janice Butler left the Office of County Clerk and was succeeded by Jan Brockwell.

Subsequent to June 30, 2014, the primary government's General Fund borrowed \$400,000 and the Solid Waste/Sanitation Fund borrowed \$305,426 from the General Debt Service Fund. These loans were issued in the form of tax anticipation notes to provide temporary operating funds for the General and Solid Waste/Sanitation funds.

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. 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 \$8,040 reported as postclosure care liability at June 30, 2014, represents amounts based on what it would cost to perform all postclosure care in 2014. Actual costs may be higher due to inflation, changes in technology, or changes in regulations.

F. Joint Ventures

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, 2014, 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

The Stokely Memorial Library is a joint venture between Cocke County and the City of Newport. The library board is comprised of nine members. The county appoints four of the board members, the Nolochucky Regional Board appoints two members, the City of Newport appoints three members. Cocke County has control over budgeting and financing of the joint venture only to the extent of representation by the four board members appointed. Contributions from Cocke County and the City of Newport provide the major funding for this entity. Cocke County contributed \$68,295 to the operations of the library during the year ended June 30, 2014. Complete financial statements for the library can be obtained from its administrative office at the following address:

Administrative Office:

Stokely Memorial Library
383 East Broadway
Newport, TN 37821

Discretely Presented Cocke County School Department

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

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

Administrative Office:

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

G. Jointly Governed Organizations

Primary Government

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

H. 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. Cocke County has authorized mandatory retirement for its public safety officers. Public safety officers can retire at age 55 with five years of service or at any age with 25 years of service and receive a supplemental bridge payment between the mandatory retirement age and 62. 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, *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, 2014, was 12.71 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, 2014, the county's annual pension cost of \$1,395,492 to TCRS was equal to the county's required and actual contributions. The required contribution was determined as part of the July 1, 2011, 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 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 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, 2011, was three years. An actuarial valuation was performed as of July 1, 2011, which established contribution rates effective July 1, 2012.

Trend Information

Fiscal Year Ended	Annual Pension Cost (APC)	Percentage of APC Contributed	Net Pension Obligation
6-30-14	\$1,395,492	100%	\$0
6-30-13	1,335,218	100	0
6-30-12	1,242,617	100	0

Funded Status and Funding Progress

As of July 1, 2013, the most recent actuarial valuation date, the plan was 96.89 percent funded. The actuarial accrued liability for benefits was \$35.54 million, and the actuarial value of assets was \$34.44 million, resulting in an unfunded actuarial accrued liability (UAAL) of \$1.1 million. The covered payroll (annual payroll of active employees covered by the plan) was \$10.45 million, and the ratio of the UAAL to the covered payroll was 10.57 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.

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, *Tennessee Code Annotated*. State statutes are amended by the

Tennessee General Assembly. A cost of living adjustment (COLA) is provided to retirees each July based on the percentage change in the Consumer Price Index (CPI) during the previous calendar year. No COLA is granted if the CPI increases less than one-half percent. The annual COLA is capped at three percent.

The TCRS issues a publicly available financial report that includes financial statements and required supplementary information for the SETHEPP. 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, 2014, was 8.88 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, 2014, 2013, and 2012, were \$1,595,758, \$1,595,758, and \$1,625,267, respectively, equal to the required contributions for each year.

I. 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 local education employees and Section 8-27-207, *TCA*, for local governments. Prior to reaching the age of 65, all members 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, 2014, Cocke County and the Cocke County School Department contributed \$5,417 and \$616,593 respectively, for postemployment health care.

Annual OPEB Cost and Net OPEB Obligation

	Local Education Group Plan	Local Government Group Plan
ARC	\$ 748,000	\$ 34,000
Interest on the NOPEBO	243,665	14,247
Adjustment to the ARC	(237,388)	(13,880)
Annual OPEB cost	\$ 754,277	\$ 34,367
Amount of contribution	(616,593)	(5,417)
Increase/decrease in NOPEBO	\$ 137,684	\$ 28,950
Net OPEB obligation, 7-1-13	6,091,635	356,167
Net OPEB obligation, 6-30-14	\$ 6,229,319	\$ 385,117

Fiscal Year Ended	Plans	Annual OPEB Cost	Percentage of Annual OPEB Cost Contributed	Net OPEB Obligation at Year End
6-30-12	Local Education Group	\$ 1,307,822	40 %	\$ 5,334,635
6-30-13	"	1,318,880	43	6,091,635
6-30-14	"	754,277	82	6,229,319
6-30-12	Local Government Group	80,548	16	288,234
6-30-13	"	81,291	16	356,167
6-30-14	"	34,367	16	385,117

Funded Status and Funding Progress

The funded status of the plan as of July 1, 2013, was as follows:

	Local Education Group Plan	Local Government Group Plan
Actuarial valuation date	7-1-13	7-1-13
Actuarial accrued liability (AAL)	\$ 7,669,000	\$ 240,000
Actuarial value of plan assets	\$ 0	\$ 0
Unfunded actuarial accrued liability (UAAL)	\$ 7,669,000	\$ 240,000
Actuarial value of assets as a % of the AAL	0%	0%
Covered payroll (active plan members)	\$ 23,156,296	\$ 6,676,385
UAAL as a % of covered payroll	33.12%	3.59%

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, 2013, actuarial valuation for the Local Government Plan and the Local Education Plan, the projected unit credit actuarial cost method was used and the actuarial assumptions included a four percent investment rate of return (net of administrative expenses) and an annual healthcare cost trend rate was 7.5 percent for fiscal year 2014. The trend rate will decrease to seven percent in fiscal year 2015 and then will be reduced by decrements to an ultimate rate of 4.7 percent by fiscal year 2044. Both rates include a 2.5 percent inflation assumption. The unfunded actuarial accrued liability is being amortized as a level percentage of payroll on a closed basis over a 30-year period beginning July 1, 2007.

J. Termination Benefits

To reward a teacher for long and meritorious service, the Cocke County Board of Education pays a one-time amount of \$8,000 at the end of 30 years of service or thereafter to each retiring teacher who has a minimum of 15 years of service in the Cocke County School System. 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, or 50 percent upon retirement and 50 percent on the following January 1 of the subsequent year of that teacher's retirement. As of June 30, 2014, 26 employees are eligible for the benefit. The estimated cost of the cash payments, reported in the government-wide Statement of Net Position, by function, is \$208,000. Of the amount reported in the government-wide Statement of Net Position, none is expected to be paid within one year.

K. Office of Central Accounting, Budgeting, and Purchasing

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

L. Purchasing Laws

Offices 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.

**REQUIRED SUPPLEMENTARY
INFORMATION**

Exhibit E-1

Coke County, Tennessee
Schedule of Funding Progress – Pension Plan
Coke County and Discretely Presented Coke County School Department
June 30, 2014

(Dollar amounts in thousands)

Actuarial Valuation Date	Actuarial Value of Plan Assets (a)	Actuarial Accrued Liability (AAL) Frozen 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)
7-1-13	\$ 34,437	\$ 35,541	\$ 1,104	96.89 %	\$ 10,446	10.57 %
7-1-11	29,930	32,210	2,279	92.92	9,741	23.40
7-1-09	23,840	25,820	1,980	92.33	9,245	21.42

Exhibit E-2

Cocke County, Tennessee
Schedule of Funding Progress – Other Postemployment Benefits Plans
Primary Government and Discretely Presented Cocke County School Department
June 30, 2014

(Dollar amounts in thousands)

Plans	Actuarial Valuation Date	Actuarial Value of Assets (a)	Actuarial Accrued Liability (AAL) Projected Unit Credit (b)	Unfunded AAL (UAAL) (b)-(a)	Funded Ratio (a/b)	Covered Payroll (c)	UAAL as a Percentage of Covered Payroll ((b-a)/c)
<u>PRIMARY GOVERNMENT</u>							
Local Government Group	7-1-10	\$ 0	\$ 996	\$ 996	0 %	\$ 6,210	16.0 %
"	7-1-11	0	645	645	0	6,454	10.0
"	7-1-13	0	240	240	0	6,676	3.6
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>							
Local Education Group	7-1-10	0	13,701	13,701	0	22,791	60.1
"	7-1-11	0	11,146	11,146	0	24,252	46.0
"	7-1-13	0	7,669	7,669	0	23,156	33.1

COCKE COUNTY, TENNESSEE
NOTES TO THE REQUIRED SUPPLEMENTARY INFORMATION
For the Year Ended June 30, 2014

NONE

**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.

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 of deeds, 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 long-term debt issued for the construction and renovation of the county's elementary schools.

Capital Projects Funds

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

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

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, 2014

	Special Revenue Funds				Debt Service Fund
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	
Cash	\$ 0	\$ 0	\$ 0	\$ 105,669	\$ 0
Equity in Pooled Cash and Investments	507,748	42,911	8,743	0	16,821
Investments	0	0	0	0	0
Accounts Receivable	0	0	0	6,521	0
Property Taxes Receivable	98,496	0	0	0	98,496
Allowance for Uncollectible Property Taxes	(6,367)	0	0	0	(6,367)
Total Assets	\$ 599,877	\$ 42,911	\$ 8,743	\$ 112,190	\$ 763,721
LIABILITIES					
Accounts Payable	\$ 0	\$ 11,470	\$ 995	\$ 0	\$ 12,465
Due to Other Funds	0	0	0	493	493
Total Liabilities	\$ 0	\$ 11,470	\$ 995	\$ 493	\$ 12,958
DEFERRED INFLOWS OF RESOURCES					
Deferred Current Property Taxes	\$ 90,205	\$ 0	\$ 0	\$ 0	\$ 90,205
Deferred Delinquent Property Taxes	1,747	0	0	0	1,747
Total Deferred Inflows of Resources	\$ 91,952	\$ 0	\$ 0	\$ 0	\$ 91,952
FUND BALANCES					
Restricted:					
Restricted for Finance	\$ 0	\$ 0	\$ 0	\$ 111,697	\$ 111,697

(Continued)

Exhibit F-1

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

	Special Revenue Funds					Debt Service Fund
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total	
\$	0	31,441	0	0	31,441	0
	225,440	0	0	0	225,440	0
	0	0	0	0	0	16,821
	0	0	0	0	0	0
	0	0	7,748	0	7,748	0
	282,485	0	0	0	282,485	0
\$	507,925	31,441	7,748	111,697	658,811	16,821
\$	599,877	42,911	8,743	112,190	763,721	16,821

FUND BALANCES (Cont.)

Restricted (Cont.):
 Restricted for Public Safety
 Restricted for Other Operations
 Restricted for Debt Service
 Restricted for Capital Projects
 Committed:
 Committed for Social, Cultural, and Recreational Services
 Committed for Other Operations
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

(Continued)

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	Total	
\$	0 \$	0 \$	0 \$	0 \$
Cash	452,874	63,226	516,100	1,092,323
Equity in Pooled Cash and Investments	0	52,600	52,600	52,600
Investments	0	0	0	6,521
Accounts Receivable	669,311	0	669,311	767,807
Property Taxes Receivable	(49,678)	0	(49,678)	(56,045)
Allowance for Uncollectible Property Taxes				
Total Assets	\$ 1,072,507 \$	115,826 \$	1,188,333 \$	1,968,875

ASSETS

Cash
 Equity in Pooled Cash and Investments
 Investments
 Accounts Receivable
 Property Taxes Receivable
 Allowance for Uncollectible Property Taxes

Total Assets

LIABILITIES

Accounts Payable
 Due to Other Funds
 Total Liabilities

\$	207,143 \$	0 \$	207,143 \$	219,608
	0	0	0	493
\$	207,143 \$	0 \$	207,143 \$	220,101

DEFERRED INFLOWS OF RESOURCES

Deferred Current Property Taxes
 Deferred Delinquent Property Taxes
 Total Deferred Inflows of Resources

\$	601,362 \$	0 \$	601,362 \$	691,567
	16,591	0	16,591	18,338
\$	617,953 \$	0 \$	617,953 \$	709,905

FUND BALANCES

Restricted:
 Restricted for Finance

\$	0 \$	0 \$	0 \$	111,697
----	------	------	------	---------

(Continued)

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	Total	
\$	0	0	0	\$ 31,441
	0	0	0	225,440
	0	0	0	16,821
	247,411	115,826	363,237	363,237
	0	0	0	7,748
	0	0	0	282,485
	<u>247,411</u>	<u>115,826</u>	<u>363,237</u>	<u>1,038,869</u>
\$	<u>1,072,507</u>	<u>115,826</u>	<u>1,188,333</u>	<u>1,968,875</u>

FUND BALANCES (Cont.)

Restricted (Cont.):
 Restricted for Public Safety
 Restricted for Other Operations
 Restricted for Debt Service
 Restricted for Capital Projects
 Committed:
 Committed for Social, Cultural, and Recreational Services
 Committed for Other Operations
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, 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, 2014

	Special Revenue Funds					Debt Service Fund
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitu- tional Officers - Fees	Total	
<u>Revenues</u>						
Local Taxes	\$ 81,459	\$ 0	\$ 0	\$ 0	\$ 81,459	\$ 0
Fines, Forfeitures, and Penalties	0	106,660	0	0	106,660	0
Charges for Current Services	0	0	18,220	589,863	608,083	0
Other Local Revenues	159,500	0	4,663	0	164,163	0
State of Tennessee	3,031	0	0	0	3,031	0
Other Governments and Citizens Groups	0	0	4,100	0	4,100	314,979
Total Revenues	\$ 243,990	\$ 106,660	\$ 26,983	\$ 589,863	\$ 967,496	\$ 314,979
<u>Expenditures</u>						
Current:						
Finance	\$ 0	\$ 0	\$ 0	\$ 559,904	\$ 559,904	\$ 0
Administration of Justice	0	0	0	19,320	19,320	0
Public Safety	0	130,886	0	0	130,886	0
Social, Cultural, and Recreational Services	0	0	31,490	0	31,490	0
Other Operations	0	0	0	0	0	0
Debt Service:						
Principal on Debt	77,605	0	0	0	77,605	270,000
Interest on Debt	75,680	0	0	0	75,680	44,979
Other Debt Service	0	0	0	0	0	28,469
Capital Projects	1,700	0	0	0	1,700	0
Total Expenditures	\$ 154,985	\$ 130,886	\$ 31,490	\$ 579,224	\$ 896,585	\$ 343,448

(Continued)

Exhibit F-2

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

	Special Revenue Funds					Debt Service Fund
	Industrial / Economic Development	Drug Control	Sports and Recreation	Constitutional Officers - Fees	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ 89,005 \$	(24,226) \$	(4,507) \$	10,639 \$	70,911 \$	(28,469)
Other Financing Sources (Uses)						
Refunding Debt Issued	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	1,155,000
Premiums on Debt Issued	0	0	0	0	0	78,469
Transfers In	0	0	3,900	0	3,900	0
Payments to Refunded Debt Escrow Agent	0	0	0	0	0	(1,205,000)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	3,900 \$	0 \$	3,900 \$	28,469
Net Change in Fund Balances	\$ 89,005 \$	(24,226) \$	(607) \$	10,639 \$	74,811 \$	0
Fund Balance, July 1, 2013	418,920	55,667	8,355	101,058	584,000	16,821
Fund Balance, June 30, 2014	\$ 507,925 \$	31,441 \$	7,748 \$	111,697 \$	658,811 \$	16,821

(Continued)

Exhibit F-2

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

	Capital Projects Funds			Total	Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	Total		
<u>Revenues</u>					
Local Taxes	\$ 602,789	\$ 0	\$ 602,789	\$ 684,248	
Fines, Forfeitures, and Penalties	0	0	0	106,660	
Charges for Current Services	0	0	0	608,083	
Other Local Revenues	0	838	838	165,001	
State of Tennessee	28,793	0	28,793	31,824	
Other Governments and Citizens Groups	0	0	0	319,079	
Total Revenues	\$ 631,582	\$ 838	\$ 632,420	\$ 1,914,895	
<u>Expenditures</u>					
Current:					
Finance	0	0	0	559,904	
Administration of Justice	0	0	0	19,320	
Public Safety	0	0	0	130,886	
Social, Cultural, and Recreational Services	0	0	0	31,490	
Other Operations	12,338	0	12,338	12,338	
Debt Service:					
Principal on Debt	0	0	0	347,605	
Interest on Debt	0	0	0	120,659	
Other Debt Service	0	0	0	28,469	
Capital Projects	1,021,179	454,268	1,475,447	1,477,147	
Total Expenditures	\$ 1,033,517	\$ 454,268	\$ 1,487,785	\$ 2,727,818	

(Continued)

Exhibit F-2

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

	Capital Projects Funds			Total Nonmajor Governmental Funds
	General Capital Projects	Highway Capital Projects	Total	
Excess (Deficiency) of Revenues Over Expenditures	\$ (401,935) \$	(453,430) \$	(855,365) \$	(812,923)
Other Financing Sources (Uses)				
Refunding Debt Issued	\$ 0 \$	0 \$	0 \$	1,155,000
Premiums on Debt Issued	0	0	0	78,469
Transfers In	0	0	0	3,900
Payments to Refunded Debt Escrow Agent	0	0	0	(1,205,000)
Total Other Financing Sources (Uses)	\$ 0 \$	0 \$	0 \$	32,369
Net Change in Fund Balances	\$ (401,935) \$	(453,430) \$	(855,365) \$	(780,554)
Fund Balance, July 1, 2013	649,346	569,256	1,218,602	1,819,423
Fund Balance, June 30, 2014	\$ 247,411 \$	115,826 \$	363,237 \$	1,038,869

Exhibit F-3

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 81,459	\$ 81,885	\$ 81,885	\$ (426)
Other Local Revenues	159,500	0	0	159,500
State of Tennessee	3,031	3,112	3,112	(81)
Total Revenues	<u>\$ 243,990</u>	<u>\$ 84,997</u>	<u>\$ 84,997</u>	<u>\$ 158,993</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 77,605	\$ 53,000	\$ 77,700	\$ 95
<u>Interest on Debt</u>				
General Government	75,680	77,000	75,700	20
<u>Capital Projects</u>				
Public Utility Projects	1,700	6,000	6,000	4,300
Total Expenditures	<u>\$ 154,985</u>	<u>\$ 136,000</u>	<u>\$ 159,400</u>	<u>\$ 4,415</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ 89,005</u>	<u>\$ (51,003)</u>	<u>\$ (74,403)</u>	<u>\$ 163,408</u>
Net Change in Fund Balance	\$ 89,005	\$ (51,003)	\$ (74,403)	\$ 163,408
Fund Balance, July 1, 2013	<u>418,920</u>	<u>418,920</u>	<u>418,920</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 507,925</u>	<u>\$ 367,917</u>	<u>\$ 344,517</u>	<u>\$ 163,408</u>

Exhibit F-4

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Drug Control Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Fines, Forfeitures, and Penalties	\$ 106,660	\$ 4,800	\$ 100,592	\$ 6,068
Total Revenues	\$ 106,660	\$ 4,800	\$ 100,592	\$ 6,068
<u>Expenditures</u>				
<u>Public Safety</u>				
Sheriff's Department	\$ 107,364	\$ 13,500	\$ 124,771	\$ 17,407
Drug Enforcement	23,522	15,200	29,721	6,199
Total Expenditures	\$ 130,886	\$ 28,700	\$ 154,492	\$ 23,606
Excess (Deficiency) of Revenues Over Expenditures	\$ (24,226)	\$ (23,900)	\$ (53,900)	\$ 29,674
Net Change in Fund Balance	\$ (24,226)	\$ (23,900)	\$ (53,900)	\$ 29,674
Fund Balance, July 1, 2013	55,667	55,667	55,667	0
Fund Balance, June 30, 2014	\$ 31,441	\$ 31,767	\$ 1,767	\$ 29,674

Exhibit F-5

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 18,220	\$ 14,400	\$ 14,400	\$ 3,820
Other Local Revenues	4,663	4,000	4,000	663
Other Governments and Citizens Groups	4,100	7,000	7,000	(2,900)
Total Revenues	<u>\$ 26,983</u>	<u>\$ 25,400</u>	<u>\$ 25,400</u>	<u>\$ 1,583</u>
<u>Expenditures</u>				
<u>Social, Cultural, and Recreational Services</u>				
Other Social, Cultural, and Recreational	\$ 31,490	\$ 37,580	\$ 37,580	\$ 6,090
Total Expenditures	<u>\$ 31,490</u>	<u>\$ 37,580</u>	<u>\$ 37,580</u>	<u>\$ 6,090</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (4,507)</u>	<u>\$ (12,180)</u>	<u>\$ (12,180)</u>	<u>\$ 7,673</u>
<u>Other Financing Sources (Uses)</u>				
Transfers In	\$ 3,900	\$ 3,900	\$ 3,900	\$ 0
Total Other Financing Sources	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 3,900</u>	<u>\$ 0</u>
Net Change in Fund Balance	\$ (607)	\$ (8,280)	\$ (8,280)	\$ 7,673
Fund Balance, July 1, 2013	8,355	8,355	8,355	0
Fund Balance, June 30, 2014	<u>\$ 7,748</u>	<u>\$ 75</u>	<u>\$ 75</u>	<u>\$ 7,673</u>

Exhibit F-6

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Other Governments and Citizens Groups	\$ 314,979	\$ 324,155	\$ 324,155	\$ (9,176)
Total Revenues	\$ 314,979	\$ 324,155	\$ 324,155	\$ (9,176)
<u>Expenditures</u>				
<u>Principal on Debt</u>				
Education	\$ 270,000	\$ 270,000	\$ 270,000	\$ 0
<u>Interest on Debt</u>				
Education	44,979	54,155	54,155	9,176
<u>Other Debt Service</u>				
Education	28,469	0	28,469	0
Total Expenditures	\$ 343,448	\$ 324,155	\$ 352,624	\$ 9,176
Excess (Deficiency) of Revenues				
Over Expenditures	\$ (28,469)	\$ 0	\$ (28,469)	\$ 0
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 1,155,000	\$ 0	\$ 1,155,000	\$ 0
Premiums on Debt Issued	78,469	0	78,469	0
Payments to Refunded Debt Escrow Agent	(1,205,000)	0	(1,205,000)	0
Total Other Financing Sources	\$ 28,469	\$ 0	\$ 28,469	\$ 0
Net Change in Fund Balance				
Fund Balance, July 1, 2013	\$ 16,821	\$ 16,821	\$ 16,821	\$ 0
Fund Balance, June 30, 2014	\$ 16,821	\$ 16,821	\$ 16,821	\$ 0

Exhibit F-7

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
General Capital Projects Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
				Original	Final	
<u>Revenues</u>						
Local Taxes	\$ 602,789	\$ 0	\$ 602,789	\$ 589,241	\$ 589,241	\$ 13,548
State of Tennessee	28,793	0	28,793	29,500	29,500	(707)
Total Revenues	\$ 631,582	\$ 0	\$ 631,582	\$ 618,741	\$ 618,741	\$ 12,841
<u>Expenditures</u>						
<u>Other Operations</u>						
Other Charges	\$ 12,338	\$ 0	\$ 12,338	\$ 13,000	\$ 13,000	\$ 662
<u>Capital Projects</u>						
Public Safety Projects	79,999	60,000	139,999	80,000	140,000	1
Public Health and Welfare Projects	4,500	0	4,500	17,225	17,225	12,725
Highway and Street Capital Projects	411,985	9,281	421,266	421,266	421,266	0
Education Capital Projects	524,695	0	524,695	550,000	550,000	25,305
Total Expenditures	\$ 1,033,517	\$ 69,281	\$ 1,102,798	\$ 1,081,491	\$ 1,141,491	\$ 38,693
Excess (Deficiency) of Revenues Over Expenditures	\$ (401,935)	\$ (69,281)	\$ (471,216)	\$ (462,750)	\$ (522,750)	\$ 51,534
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (401,935)	\$ (69,281)	\$ (471,216)	\$ (462,750)	\$ (522,750)	\$ 51,534
	649,346	0	649,346	649,346	649,346	0
Fund Balance, June 30, 2014	\$ 247,411	\$ (69,281)	\$ 178,130	\$ 186,596	\$ 126,596	\$ 51,534

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Local Taxes	\$ 2,778,563	\$ 2,592,130	\$ 2,592,130	\$ 186,433
Other Local Revenues	34,503	25,000	25,000	9,503
State of Tennessee	62,132	60,000	60,000	2,132
Federal Government	39,147	38,500	38,500	647
Other Governments and Citizens Groups	242,220	239,930	252,880	(10,660)
Total Revenues	<u>\$ 3,156,565</u>	<u>\$ 2,955,560</u>	<u>\$ 2,968,510</u>	<u>\$ 188,055</u>
<u>Expenditures</u>				
<u>Principal on Debt</u>				
General Government	\$ 37,769	\$ 31,500	\$ 37,800	\$ 31
Highways and Streets	241,085	246,000	246,000	4,915
Education	1,802,192	1,792,430	1,804,176	1,984
<u>Interest on Debt</u>				
General Government	90,944	80,500	91,000	56
Highways and Streets	361,982	370,000	370,000	8,018
Education	812,490	871,776	846,180	33,690
<u>Other Debt Service</u>				
General Government	46,241	49,000	59,000	12,759
Education	79,190	4,500	79,230	40
Total Expenditures	<u>\$ 3,471,893</u>	<u>\$ 3,445,706</u>	<u>\$ 3,533,386</u>	<u>\$ 61,493</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (315,328)</u>	<u>\$ (490,146)</u>	<u>\$ (564,876)</u>	<u>\$ 249,548</u>
<u>Other Financing Sources (Uses)</u>				
Refunding Debt Issued	\$ 5,100,000	\$ 0	\$ 5,100,000	\$ 0
Premiums on Debt Issued	489,730	0	489,730	0
Transfers In	248,792	235,000	235,000	13,792
Payments to Refunded Debt Escrow Agent	(5,515,000)	0	(5,515,000)	0
Total Other Financing Sources	<u>\$ 323,522</u>	<u>\$ 235,000</u>	<u>\$ 309,730</u>	<u>\$ 13,792</u>
Net Change in Fund Balance	\$ 8,194	\$ (255,146)	\$ (255,146)	\$ 263,340
Fund Balance, July 1, 2013	<u>5,684,588</u>	<u>5,684,588</u>	<u>5,684,588</u>	<u>0</u>
Fund Balance, June 30, 2014	<u>\$ 5,692,782</u>	<u>\$ 5,429,442</u>	<u>\$ 5,429,442</u>	<u>\$ 263,340</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 School 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 of deeds, 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, 2014

	Agency Funds			Total
	Cities - Sales Tax	City School ADA - Newport	Constitu- tional Officers - Agency	
<u>ASSETS</u>				
Cash	\$ 0	\$ 0	\$ 2,302,369	\$ 2,302,369
Accounts Receivable	0	0	3,437	3,437
Due from Other Governments	544,338	109,091	0	653,429
Property Taxes Receivable	0	475,386	0	475,386
Allowance for Uncollectible Property Taxes	0	(36,069)	0	(36,069)
Cash Shortage	0	0	36,740	36,740
Total Assets	<u>\$ 544,338</u>	<u>\$ 548,408</u>	<u>\$ 2,342,546</u>	<u>\$ 3,435,292</u>
<u>LIABILITIES</u>				
Due to Other Taxing Units	\$ 544,338	\$ 548,408	\$ 0	\$ 1,092,746
Due to Litigants, Heirs, and Others	0	0	2,342,546	2,342,546
Total Liabilities	<u>\$ 544,338</u>	<u>\$ 548,408</u>	<u>\$ 2,342,546</u>	<u>\$ 3,435,292</u>

Exhibit H-2

Cocke County, Tennessee
Combining Statement of Changes in Assets
and Liabilities - All Agency Funds
For the Year Ended June 30, 2014

	Beginning Balance	Additions	Deductions	Ending Balance
<u>Cities - Sales Tax Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 0	\$ 3,208,429	\$ 3,208,429	\$ 0
Due from Other Governments	538,147	544,338	538,147	544,338
Total Assets	\$ 538,147	\$ 3,752,767	\$ 3,746,576	\$ 544,338
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 538,147	\$ 3,752,767	\$ 3,746,576	\$ 544,338
Total Liabilities	\$ 538,147	\$ 3,752,767	\$ 3,746,576	\$ 544,338
<u>City School ADA - Newport Fund</u>				
<u>Assets</u>				
Equity in Pooled Cash and Investments	\$ 10	\$ 1,075,928	\$ 1,075,938	\$ 0
Due from Other Governments	104,876	109,091	104,876	109,091
Property Taxes Receivable	479,738	475,386	479,738	475,386
Allowance for Uncollectible Property Taxes	(29,914)	(36,069)	(29,914)	(36,069)
Total Assets	\$ 554,710	\$ 1,624,336	\$ 1,630,638	\$ 548,408
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 554,710	\$ 1,624,336	\$ 1,630,638	\$ 548,408
Total Liabilities	\$ 554,710	\$ 1,624,336	\$ 1,630,638	\$ 548,408
<u>Constitutional Officers - Agency Fund</u>				
<u>Assets</u>				
Cash	\$ 1,816,319	\$ 7,805,038	\$ 7,318,988	\$ 2,302,369
Accounts Receivable	3,437	0	0	3,437
Cash Shortage	37,640	0	900	36,740
Total Assets	\$ 1,857,396	\$ 7,805,038	\$ 7,319,888	\$ 2,342,546
<u>Liabilities</u>				
Due to Litigants, Heirs, and Others	\$ 1,857,396	\$ 7,805,038	\$ 7,319,888	\$ 2,342,546
Total Liabilities	\$ 1,857,396	\$ 7,805,038	\$ 7,319,888	\$ 2,342,546

(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	\$ 1,816,319	\$ 7,805,038	\$ 7,318,988	\$ 2,302,369
Equity in Pooled Cash and Investments	10	4,284,357	4,284,367	0
Accounts Receivable	3,437	0	0	3,437
Due from Other Governments	643,023	653,429	643,023	653,429
Property Taxes Receivable	479,738	475,386	479,738	475,386
Allowance for Uncollectible Property Taxes	(29,914)	(36,069)	(29,914)	(36,069)
Cash Shortage	37,640	0	900	36,740
Total Assets	<u>\$ 2,950,253</u>	<u>\$ 13,182,141</u>	<u>\$ 12,697,102</u>	<u>\$ 3,435,292</u>
<u>Liabilities</u>				
Due to Other Taxing Units	\$ 1,092,857	\$ 5,377,103	\$ 5,377,214	\$ 1,092,746
Due to Litigants, Heirs, and Others	1,857,396	7,805,038	7,319,888	2,342,546
Total Liabilities	<u>\$ 2,950,253</u>	<u>\$ 13,182,141</u>	<u>\$ 12,697,102</u>	<u>\$ 3,435,292</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, and one Fiduciary Fund.

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

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

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

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

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

Exhibit I-1

Coke County, Tennessee
Statement of Activities
Discretely Presented Coke County School Department
For the Year Ended June 30, 2014

Functions/Programs	Expenses	Program Revenues			Net (Expense) Revenue and Changes in Net Position
		Charges for Services	Operating Grants and Contributions	Capital Grants and Contributions	
Governmental Activities:					
Instruction	\$ 25,489,634	\$ 7,429	\$ 2,451,617	\$ 135,824	\$ (22,894,764)
Support Services	13,232,629	3,637	1,068,434	524,695	(11,635,863)
Operation of Non-instructional Services	3,810,807	589,578	3,167,458	0	(53,771)
Total Governmental Activities	\$ 42,533,070	\$ 600,644	\$ 6,687,509	\$ 660,519	\$ (34,584,398)
General Revenues:					
Taxes:					
Property Taxes Levied for General Purposes				\$	2,857,796
Property Taxes Levied for School Transportation					1,293,104
Local Option Sales Taxes					3,436,841
Other Local Taxes					95,078
Grants and Contributions Not Restricted to Specific Programs					25,757,356
Unrestricted Investment Income					52,376
Miscellaneous					82,542
Gain on Disposal of Capital Assets					2,847
Total General Revenues					\$ 33,577,940
Change in Net Position					\$ (1,006,458)
Net Position, July 1, 2013					26,005,269
Net Position, June 30, 2014					\$ 24,998,811

Coke County, Tennessee
Balance Sheet - Governmental Funds
Discretely Presented Coke County School Department
June 30, 2014

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Central Cafeteria		
\$	1,310,331	0	0	6,170	\$	1,316,501
Equity in Pooled Cash and Investments	4,971,847	258,534	836,629	1,022,658		7,089,668
Accounts Receivable	79,804	0	11,382	0		91,186
Due from Other Governments	905,226	41,466	0	0		946,692
Property Taxes Receivable	3,117,397	0	1,410,251	0		4,527,648
Allowance for Uncollectible Property Taxes	(236,526)	0	(107,000)	0		(343,526)
Total Assets	\$ 10,148,079	\$ 300,000	\$ 2,151,262	\$ 1,028,828	\$	13,628,169

LIABILITIES

\$	47,217	0	6,801	0	\$	54,018
Accounts Payable	0	0	328	0		328
Accrued Payroll	1,310,331	0	0	0		1,310,331
Other Current Liabilities	1,357,548	0	7,129	0		1,364,677
Total Liabilities	\$ 47,217	\$ 0	\$ 6,801	\$ 0	\$	54,018

DEFERRED INFLOWS OF RESOURCES

\$	2,791,588	0	1,262,861	0	\$	4,054,449
Deferred Current Property Taxes	81,074	0	36,676	0		117,750
Deferred Delinquent Property Taxes	341,779	0	0	0		341,779
Other Deferred/Unavailable Revenue	3,214,441	0	1,299,537	0		4,513,978
Total Deferred Inflows of Resources	\$ 2,791,588	\$ 0	\$ 1,262,861	\$ 0	\$	4,054,449

FUND BALANCES

\$	97,087	0	120,389	1,028,828	\$	1,246,304
Restricted:						
Restricted for Education						

(Continued)

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

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Central Cafeteria		
\$	0	\$ 300,000	\$ 724,207	\$ 0	\$ 0	\$ 1,024,207
	3,840,614	0	0	0	0	3,840,614
	1,638,389	0	0	0	0	1,638,389
\$	5,576,090	\$ 300,000	\$ 844,596	\$ 1,028,828	\$ 0	\$ 7,749,514
\$	10,148,079	\$ 300,000	\$ 2,151,262	\$ 1,028,828	\$ 0	\$ 13,628,169

Committed:
 Committed for Education
 Assigned:
 Assigned for Education
 Unassigned
 Total Fund Balances

Total Liabilities, Deferred Inflows of Resources, and Fund Balances

Exhibit I-3

Cocke County, Tennessee
Reconciliation of the Balance Sheet of Governmental Funds to
the Statement of Net Position
Discretely Presented Cocke County School Department
June 30, 2014

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

Total fund balances - balance sheet - governmental funds (Exhibit I-2)		\$ 7,749,514
(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: buildings and improvements net of accumulated depreciation	19,072,911	
Add: other capital assets net of accumulated depreciation	3,468,335	
Add: infrastructure net of accumulated depreciation	<u>97,115</u>	23,239,653
(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 on primary government debt	\$ (12,335)	
Less: accrued interest payable on primary government debt	(231)	
Less: termination benefits payable	(208,000)	
Less: other postemployment benefits liability	<u>(6,229,319)</u>	(6,449,885)
(3) Other long-term assets are not available to pay for current-period expenditures and therefore are deferred in the governmental funds.		<u>459,529</u>
Net position of governmental activities (Exhibit A)		<u><u>\$ 24,998,811</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, 2014

	Major Funds			Nonmajor Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Central Cafeteria		
<u>Revenues</u>						
Local Taxes	\$ 6,497,705	\$ 0	\$ 1,480,937	\$ 0	\$ 0	\$ 7,978,642
Licenses and Permits	1,065	0	0	0	0	1,065
Charges for Current Services	47,041	0	104,967	446,860	0	598,868
Other Local Revenues	665,846	0	17,492	75,177	0	758,515
State of Tennessee	23,854,122	0	664,032	0	0	24,518,154
Federal Government	305,859	4,403,111	0	2,504,251	0	7,213,221
Other Governments and Citizens Groups	0	0	524,695	0	0	524,695
Total Revenues	\$ 31,371,638	\$ 4,403,111	\$ 2,792,123	\$ 3,026,288	\$ 0	\$ 41,593,160
<u>Expenditures</u>						
Current:						
Instruction	\$ 20,030,890	\$ 3,493,038	\$ 0	\$ 0	\$ 0	\$ 23,523,928
Support Services	9,909,615	902,103	2,548,722	0	0	13,360,440
Operation of Non-instructional Services	695,377	0	0	3,094,398	0	3,789,775
Capital Outlay	549,539	0	0	0	0	549,539
Debt Service:						
Other Debt Service	557,199	0	0	0	0	557,199
Total Expenditures	\$ 31,742,620	\$ 4,395,141	\$ 2,548,722	\$ 3,094,398	\$ 0	\$ 41,780,881
Excess (Deficiency) of Revenues Over Expenditures	\$ (370,982)	\$ 7,970	\$ 243,401	\$ (68,110)	\$ 0	\$ (187,721)
<u>Other Financing Sources (Uses)</u>						
Insurance Recovery	\$ 117,405	\$ 0	\$ 44,105	\$ 0	\$ 0	\$ 161,510
Transfers In	7,970	0	0	0	0	7,970

(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 Fund		Total Governmental Funds
	General Purpose School	School Federal Projects	School Transportation	Central Cafeteria		
Other Financing Sources (Uses) (Cont.)						
Transfers Out	\$ 0	\$ (7,970)	\$ 0	\$ 0	\$ 0	\$ (7,970)
Total Other Financing Sources (Uses)	\$ 125,375	\$ (7,970)	\$ 44,105	\$ 0	\$ 0	\$ 161,510
Net Change in Fund Balances	\$ (245,607)	\$ 0	\$ 287,506	\$ (68,110)	\$ (68,110)	\$ (26,211)
Fund Balance, July 1, 2013	5,821,697	300,000	557,090	1,096,938	1,096,938	7,775,725
Fund Balance, June 30, 2014	\$ 5,576,090	\$ 300,000	\$ 844,596	\$ 1,028,828	\$ 1,028,828	\$ 7,749,514

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, 2014

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)		\$	(26,211)
(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	\$	880,253	
Less: current-year depreciation expense		<u>(1,688,234)</u>	(807,981)
(2) The net effect of various miscellaneous transactions involving capital assets (sales, trade-ins, and donations) is to decrease net position.			
Less: proceeds received from the disposal of capital assets	\$	(12,952)	
Add: gain on disposal of capital assets		<u>2,847</u>	(10,105)
(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, 2014	\$	459,529	
Less: deferred delinquent property taxes and other deferred June 30, 2013		<u>(515,972)</u>	(56,443)
(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 position.			
Add: principal payment on note for primary government			11,746
(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 on note for primary government	\$	220	
Change in termination benefits		20,000	
Change in other postemployment benefits liability		<u>(137,684)</u>	<u>(117,464)</u>
Change in net position of governmental activities (Exhibit B)			<u>\$ (1,006,458)</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, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 6,497,705	\$ 0	\$ 0	\$ 6,497,705	\$ 6,285,286	\$ 6,385,286	\$ 112,419
Licenses and Permits	1,065	0	0	1,065	1,000	1,000	65
Charges for Current Services	47,041	0	0	47,041	80,204	80,204	(33,163)
Other Local Revenues	665,846	0	0	665,846	447,057	699,854	(34,008)
State of Tennessee	23,854,122	0	0	23,854,122	23,709,751	23,962,884	(108,762)
Federal Government	305,859	0	0	305,859	270,130	322,712	(16,853)
Total Revenues	\$ 31,371,638	\$ 0	\$ 0	\$ 31,371,638	\$ 30,793,428	\$ 31,451,940	\$ (80,302)
<u>Expenditures</u>							
<u>Instruction</u>							
Regular Instruction Program	\$ 16,100,794	\$ 0	\$ 0	\$ 16,100,794	\$ 18,407,191	\$ 18,446,900	\$ 2,346,106
Alternative Instruction Program	266,528	0	0	266,528	236,647	272,937	6,409
Special Education Program	2,337,116	0	0	2,337,116	2,539,619	2,592,119	255,003
Vocational Education Program	1,325,465	0	0	1,325,465	1,284,774	1,342,164	16,689
Student Body Education Program	987	0	0	987	3,500	3,500	2,513
<u>Support Services</u>							
Attendance	142,492	0	0	142,492	146,251	146,251	3,759
Health Services	343,194	0	0	343,194	350,019	350,019	6,825
Other Student Support	1,038,638	0	0	1,038,638	1,091,208	1,091,208	52,570
Regular Instruction Program	1,093,505	0	0	1,093,505	1,272,541	1,272,541	179,036
Special Education Program	421,260	0	0	421,260	481,724	481,806	60,546
Vocational Education Program	67,152	0	0	67,152	75,820	75,820	8,668
Other Programs	230,439	0	0	230,439	0	230,439	0
Board of Education	387,381	0	0	387,381	506,220	506,220	118,839
Director of Schools	238,771	0	0	238,771	250,988	250,988	12,217
Office of the Principal	2,205,152	0	3,851	2,209,003	2,362,852	2,370,547	161,544
Fiscal Services	164,909	0	0	164,909	187,855	187,855	22,946
Operation of Plant	2,577,465	(32)	223	2,577,656	2,710,789	2,769,277	191,621
Maintenance of Plant	525,450	0	0	525,450	625,288	625,288	99,838
Transportation	42,502	0	0	42,502	65,535	65,535	23,033

(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)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Expenditures (Cont.)</u>							
<u>Support Services (Cont.)</u>							
Central and Other							
<u>Operation of Non-Instructional Services</u>							
Food Service	\$ 431,305	\$ 0	\$ 0	\$ 431,305	\$ 473,492	\$ 42,187	
Community Services	78,326	0	0	78,326	78,623	297	
Early Childhood Education	320,273	0	0	320,273	342,201	36,928	
Capital Outlay	296,778	0	0	296,778	301,621	4,843	
Regular Capital Outlay	549,539	0	0	549,539	530,000	1,084,748	535,209
Principal on Debt							
Education	0	0	0	0	529,342	0	0
Interest on Debt							
Education	0	0	0	0	55,360	0	0
Other Debt Service							
Education	557,199	0	0	557,199	0	584,702	27,503
Total Expenditures	\$ 31,742,620	\$ (32)	\$ 4,074	\$ 31,746,662	\$ 34,789,652	\$ 35,961,801	\$ 4,215,139
<u>Excess (Deficiency) of Revenues</u> <u>Over Expenditures</u>	\$ (370,982)	\$ 32	\$ (4,074)	\$ (375,024)	\$ (3,996,224)	\$ (4,509,861)	\$ 4,134,837
<u>Other Financing Sources (Uses)</u>							
Insurance Recovery	\$ 117,405	\$ 0	\$ 0	\$ 117,405	\$ 75,000	\$ 368,015	\$ (250,610)
Transfers In	7,970	0	0	7,970	8,579	8,579	(609)
Total Other Financing Sources	\$ 125,375	\$ 0	\$ 0	\$ 125,375	\$ 83,579	\$ 376,594	\$ (251,219)
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ (245,607)	\$ 32	\$ (4,074)	\$ (249,649)	\$ (3,912,645)	\$ (4,133,267)	\$ 3,883,618
	5,821,697	(32)	0	5,821,665	5,472,143	5,472,143	349,522
Fund Balance, June 30, 2014	\$ 5,576,090	\$ 0	\$ (4,074)	\$ 5,572,016	\$ 1,559,498	\$ 1,338,876	\$ 4,233,140

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, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Federal Government	\$ 4,403,111	\$ 4,453,627	\$ 5,561,045	\$ (1,157,934)
Total Revenues	\$ 4,403,111	\$ 4,453,627	\$ 5,561,045	\$ (1,157,934)
<u>Expenditures</u>				
<u>Instruction</u>				
Regular Instruction Program	\$ 2,514,480	\$ 2,045,753	\$ 3,025,506	\$ 511,026
Special Education Program	830,940	866,093	944,190	113,250
Vocational Education Program	147,618	146,111	147,523	(95)
<u>Support Services</u>				
Other Student Support	138,405	171,873	170,728	32,323
Regular Instruction Program	551,389	1,036,322	1,018,386	466,997
Special Education Program	235	3,580	3,580	3,345
Vocational Education Program	2,710	3,500	2,710	0
Transportation	209,364	171,758	237,860	28,496
Total Expenditures	\$ 4,395,141	\$ 4,444,990	\$ 5,550,483	\$ 1,155,342
Excess (Deficiency) of Revenues Over Expenditures	\$ 7,970	\$ 8,637	\$ 10,562	\$ (2,592)
<u>Other Financing Sources (Uses)</u>				
Transfers Out	\$ (7,970)	\$ (8,637)	\$ (10,562)	\$ 2,592
Total Other Financing Sources	\$ (7,970)	\$ (8,637)	\$ (10,562)	\$ 2,592
Net Change in Fund Balance	\$ 0	\$ 0	\$ 0	\$ 0
Fund Balance, July 1, 2013	300,000	300,000	300,000	0
Fund Balance, June 30, 2014	\$ 300,000	\$ 300,000	\$ 300,000	\$ 0

Exhibit I-8

Coke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual and Budget
Discretely Presented Coke County School Department
Central Cafeteria Fund
For the Year Ended June 30, 2014

	Actual	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
		Original	Final	
<u>Revenues</u>				
Charges for Current Services	\$ 446,860	\$ 441,447	\$ 441,447	\$ 5,413
Other Local Revenues	75,177	65,174	65,174	10,003
Federal Government	2,504,251	2,414,121	2,627,040	(122,789)
Total Revenues	<u>\$ 3,026,288</u>	<u>\$ 2,920,742</u>	<u>\$ 3,133,661</u>	<u>\$ (107,373)</u>
<u>Expenditures</u>				
<u>Operation of Non-Instructional Services</u>				
Food Service	\$ 3,094,398	\$ 2,920,742	\$ 3,133,661	\$ 39,263
Total Expenditures	<u>\$ 3,094,398</u>	<u>\$ 2,920,742</u>	<u>\$ 3,133,661</u>	<u>\$ 39,263</u>
Excess (Deficiency) of Revenues Over Expenditures	<u>\$ (68,110)</u>	<u>\$ 0</u>	<u>\$ 0</u>	<u>\$ (68,110)</u>
Net Change in Fund Balance	\$ (68,110)	\$ 0	\$ 0	\$ (68,110)
Fund Balance, July 1, 2013	<u>1,096,938</u>	<u>1,086,683</u>	<u>1,086,683</u>	<u>10,255</u>
Fund Balance, June 30, 2014	<u>\$ 1,028,828</u>	<u>\$ 1,086,683</u>	<u>\$ 1,086,683</u>	<u>\$ (57,855)</u>

Exhibit I-9

Cocke County, Tennessee
Schedule of Revenues, Expenditures, and Changes
in Fund Balance - Actual (Budgetary Basis) and Budget
Discretely Presented Cocke County School Department
School Transportation Fund
For the Year Ended June 30, 2014

	Actual (GAAP Basis)	Less: Encumbrances 7/1/2013	Add: Encumbrances 6/30/2014	Actual Revenues/ Expenditures (Budgetary Basis)	Budgeted Amounts		Variance with Final Budget - Positive (Negative)
					Original	Final	
<u>Revenues</u>							
Local Taxes	\$ 1,480,937	\$ 0	\$ 0	\$ 1,480,937	\$ 1,475,382	\$ 1,500,005	\$ (19,068)
Charges for Current Services	104,967	0	0	104,967	80,000	80,000	24,967
Other Local Revenues	17,492	0	0	17,492	8,100	8,100	9,392
State of Tennessee	664,032	0	0	664,032	665,885	665,885	(1,853)
Other Governments and Citizens Groups	524,695	0	0	524,695	0	550,000	(25,305)
Total Revenues	\$ 2,792,123	\$ 0	\$ 0	\$ 2,792,123	\$ 2,229,367	\$ 2,803,990	\$ (11,867)
<u>Expenditures</u>							
<u>Support Services</u>							
Board of Education	\$ 29,478	\$ 0	\$ 0	\$ 29,478	\$ 30,000	\$ 30,000	\$ 522
Transportation	2,519,244	(23,544)	18,504	2,514,204	2,815,573	2,874,492	360,288
Total Expenditures	\$ 2,548,722	\$ (23,544)	\$ 18,504	\$ 2,543,682	\$ 2,845,573	\$ 2,904,492	\$ 360,810
Excess (Deficiency) of Revenues Over Expenditures	\$ 243,401	\$ 23,544	\$ (18,504)	\$ 248,441	\$ (616,206)	\$ (100,502)	\$ 348,943
<u>Other Financing Sources (Uses)</u>							
Notes Issued	\$ 0	\$ 0	\$ 0	\$ 0	\$ 550,000	\$ 0	\$ 0
Insurance Recovery	44,105	0	0	44,105	8,500	42,796	1,309
Total Other Financing Sources	\$ 44,105	\$ 0	\$ 0	\$ 44,105	\$ 558,500	\$ 42,796	\$ 1,309
Net Change in Fund Balance Fund Balance, July 1, 2013	\$ 287,506	\$ 23,544	\$ (18,504)	\$ 292,546	\$ (57,706)	\$ (57,706)	\$ 350,252
	557,090	(23,544)	0	533,546	543,403	543,403	(9,857)
Fund Balance, June 30, 2014	\$ 844,596	\$ 0	\$ (18,504)	\$ 826,092	\$ 485,697	\$ 485,697	\$ 340,395

Exhibit I-10

Coke County, Tennessee
Statement of Fiduciary Net Position
Discretely Presented Coke County School Department
Fiduciary Fund
June 30, 2014

	<u>Private - Purpose Trust Fund Endowment Fund</u>
<u>ASSETS</u>	
Equity in Pooled Cash and Investments	\$ 384,288
Total Assets	<u>\$ 384,288</u>
<u>NET POSITION</u>	
Funds Held in Trust for Scholarships	<u>\$ 384,288</u>
Total Net Position	<u><u>\$ 384,288</u></u>

Exhibit I-11

Coke County, Tennessee
Statement of Changes in Fiduciary Net Position
Discretely Presented Coke County School Department
Fiduciary Fund
For the Year Ended June 30, 2014

	Private - Purpose Trust Fund <hr/> Endowment Fund <hr/>
<u>ADDITIONS</u>	
Investment Income	\$ 1,777
Total Additions	<u>\$ 1,777</u>
<u>DEDUCTIONS</u>	
Education:	
Scholarships:	\$ 3,300
Total Deductions	<u>\$ 3,300</u>
Change in Net Position	\$ (1,523)
Net Position, July 1, 2013	<u>385,811</u>
Net Position, June 30, 2014	<u><u>\$ 384,288</u></u>

MISCELLANEOUS SCHEDULES

Exhibit J-1

Cooke County, Tennessee
Schedule of Changes in Long-term Notes, Other Loans, and Bonds
For the Year Ended June 30, 2014

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-14
NOTES PAYABLE									
<u>Payable through General Debt Service Fund</u>									
School Energy Conservation and Renovation	\$ 500,000	0 %	5-30-08	7-15-15	\$ 214,284	0 \$	71,429 \$	0 \$	142,855
Total Payable through General Debt Service Fund					\$ 214,284	0 \$	71,429 \$	0 \$	142,855
<u>Payable by School Department through General Purpose School Fund</u>									
Land	100,000	5	2-17-05	2-17-15	\$ 24,081	0 \$	11,746 \$	0 \$	12,335
Total Payable by School Department through General Purpose School Fund					\$ 24,081	0 \$	11,746 \$	0 \$	12,335
Total Notes Payable					\$ 238,365	0 \$	83,175 \$	0 \$	155,190
OTHER LOANS PAYABLE									
<u>Payable through Industrial/Economic Development Fund</u>									
City of Newport - River Crest Project (A)	1,024,000	4.13	2-14-06	5-1-45	\$ 936,171	0 \$	14,481 \$	0 \$	921,690
City of Newport - River Crest Project (B)	300,000	4.38	2-14-06	5-1-46	273,452	0	4,164	0	269,288
City of Newport - Hwy 25E Projects	497,197	4.5	7-13-06	(1)	357,624	0	37,914	0	319,710
City of Newport - Hartford Project	478,417	2.15	2-14-08	12-31-27	400,056	0	21,046	0	379,010
Total Payable through Industrial/Economic Development Fund					\$ 1,967,303	0 \$	77,605 \$	0 \$	1,889,698
<u>Payable through General Debt Service Fund</u>									
Qualified School Construction Bonds	5,575,000	0 (2)	10-7-10	9-15-27	\$ 4,937,236	0 \$	347,871 \$	0 \$	4,589,365
Total Payable through General Debt Service Fund					\$ 4,937,236	0 \$	347,871 \$	0 \$	4,589,365
Total Other Loans Payable					\$ 6,904,539	0 \$	425,476 \$	0 \$	6,479,063

(Continued)

Cooke County, Tennessee
 Schedule of Changes in Long-term Notes, Other Loans, and Bonds (Cont.)

Description of Indebtedness	Original Amount of Issue	Interest Rate	Date of Issue	Last Maturity Date	Outstanding 7-1-13	Issued During Period	Paid and/or Matured During Period	Debt Refunded	Outstanding 6-30-14
BONDS PAYABLE									
Payable through General Debt Service Fund									
School Refunding Bonds, Series 2004	\$ 9,705,000	3 to 5 %	3-23-04	6-1-18	\$ 6,620,000	0	\$ 1,105,000	\$ 5,515,000	\$ 0
General Obligation Refunding Bonds, Series 2008	7,300,000	3 to 4.1	4-16-08	5-1-28	6,620,000	0	20,000	0	6,600,000
General Obligation Refunding Bonds, Series 2008B	5,525,000	4 to 5	12-15-08	5-1-28	3,620,000	0	275,000	0	3,345,000
Build America Bonds, Series 2009B	2,500,000	3.44	10-20-09	6-1-30	2,400,000	0	100,000	0	2,300,000
General Obligation Bonds, Series 2011A	900,000	.9 to 2.7	11-30-11	6-1-19	700,000	0	100,000	0	600,000
General Obligation and Refunding Bonds, Series 2011B	6,685,000	1.5 to 3.2	11-30-11	6-1-30	6,635,000	0	50,000	0	6,585,000
School Refunding Bonds, Series 2013A	5,100,000	4	11-25-13	6-1-18	0	5,100,000	0	0	5,100,000
Total Payable through General Debt Service Fund					\$ 26,595,000	\$ 5,100,000	\$ 1,650,000	\$ 5,515,000	\$ 24,530,000
Payable through Rural Debt Service Fund									
Rural School Refunding Bonds, Series 2004	3,215,000	2 to 3.9	3-23-04	6-1-18	\$ 1,475,000	0	\$ 270,000	\$ 1,205,000	\$ 0
Rural School Refunding Bonds, Series 2013B	1,155,000	3	11-25-13	6-1-18	0	1,155,000	0	0	1,155,000
Total Payable through Rural Debt Service Fund					\$ 1,475,000	\$ 1,155,000	\$ 270,000	\$ 1,205,000	\$ 1,155,000
Total Bonds Payable					\$ 28,070,000	\$ 6,255,000	\$ 1,920,000	\$ 6,720,000	\$ 25,685,000

(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 interest rate of approximately 4.85 percent is offset by a federal interest rate subsidy.

Exhibit J-2

Cocke County, Tennessee
Schedule of Long-term Debt Requirements by Year

Year Ending June 30	Notes		
	Principal	Interest	Total
2015	\$ 83,762	\$ 617	\$ 84,379
2016	71,428	0	71,428
Total	\$ 155,190	\$ 617	\$ 155,807

Year Ending June 30	Other Loans - City of Newport		
	Principal (1)	Interest (1)	Total
2015	\$ 41,195	\$ 57,950	\$ 99,145
2016	42,484	56,665	99,149
2017	43,818	55,337	99,155
2018	45,189	53,962	99,151
2019	46,620	52,540	99,160
2020	48,102	51,067	99,169
2021	49,626	49,544	99,170
2022	51,202	47,967	99,169
2023	52,846	46,335	99,181
2024	54,538	44,645	99,183
2025	56,299	42,896	99,195
2026	58,112	41,085	99,197
2027	59,998	39,210	99,208
2028	61,941	37,268	99,209
2029	65,713	35,257	100,970
2030 - 2046	792,305	307,086	1,099,391
Total	\$ 1,569,988	\$ 1,018,814	\$ 2,588,802

(1) Amounts included for Other Loans - City of Newport represent the minimum requirements for River Crest and Hartford project loans. Annual requirements for the Highway 25E project loan with a balance of \$319,710 as of June 30, 2014, 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

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

Year Ending June 30	Other Loans - QSCB		
	Principal	Interest	Total
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	382,120	0	382,120
2028	32,793	0	32,793
Total	\$ 4,589,365	\$ 0	\$ 4,589,365

Year Ending June 30	Bonds		
	Principal	Interest	Total
2015	\$ 1,895,000	\$ 947,923	\$ 2,842,923
2016	1,960,000	879,010	2,839,010
2017	2,030,000	807,398	2,837,398
2018	2,105,000	731,160	2,836,160
2019	1,675,000	651,897	2,326,897
2020	1,575,000	611,360	2,186,360
2021	1,615,000	571,398	2,186,398
2022	1,580,000	528,868	2,108,868
2023	1,610,000	468,915	2,078,915
2024	1,650,000	404,802	2,054,802
2025	1,700,000	338,565	2,038,565
2026	1,770,000	269,152	2,039,152
2027	1,825,000	195,967	2,020,967
2028	1,895,000	118,900	2,013,900
2029	400,000	38,100	438,100
2030	400,000	19,050	419,050
Total	\$ 25,685,000	\$ 7,582,465	\$ 33,267,465

Exhibit J-3

Cocke County, Tennessee
Schedule of Investments
June 30, 2014

<u>Fund and Type</u>	<u>Amount</u>
<u>Highway Capital Projects Fund</u>	
State Treasurer's Investment Pool	<u>\$ 52,600</u>
Total Investments	<u><u>\$ 52,600</u></u>

Exhibit J-4

Cocke County, Tennessee
Schedule of Transfers
Primary Government and Discretely Presented Cocke County School Department
For the Year Ended June 30, 2014

<u>From Fund</u>	<u>To Fund</u>	<u>Purpose</u>	<u>Amount</u>
<u>PRIMARY GOVERNMENT</u>			
General	Sports and Recreation	Operations	\$ 3,900
"	General Debt Service	Debt service	248,792
Total Transfers Primary Government			<u>\$ 252,692</u>
<u>DISCRETELY PRESENTED COCKE COUNTY SCHOOL DEPARTMENT</u>			
School Federal Projects	General Purpose School	Indirect cost	\$ 7,970
Total Transfers Discretely Presented Cocke County School Department			<u>\$ 7,970</u>

Exhibit J-5

Coke County, Tennessee
 Schedule of Salaries and Official Bonds of Principal Officials
 Primary Government and Discretely Presented Coke County School Department
 For the Year Ended June 30, 2014

Official	Authorization for Salary	Salary Paid During Period	Bond	Surety
County Mayor	Section 8-24-102, TCA	\$ 78,508	\$ 50,000	Hartford Fire Insurance Company
Road Superintendent	Section 8-24-102, TCA	74,770	100,000	"
Director of Schools	State Board of Education and County Board of Education	118,101 (1)	50,000	Western Surety Company
Trustee	Section 8-24-102, TCA	67,973	1,250,302	Hartford Fire Insurance Company
Assessor of Property	Section 8-24-102, TCA	67,973	50,000	"
Director of Accounts and Budgets	County Commission	67,973	50,000	"
County Clerk	Section 8-24-102, TCA	67,973	50,000	"
Circuit Court Clerk	Section 8-24-102, TCA	67,973	50,000	"
General Sessions Court Clerk	Section 8-24-102, TCA	67,973	50,000	"
Clerk and Master	Section 8-24-102, TCA, and Chancery Court Judge	67,973 (2)	50,000	Ohio Casualty Insurance Company
Register of Deeds	Section 8-24-102, TCA	67,973	25,000	Hartford Fire Insurance Company
Sheriff	Section 8-24-102, TCA	74,770 (3)	25,000	"
Employee Blanket Bonds				
Public Employee Dishonesty - County Departments			150,000	Tennessee Risk Management Trust
Public Employee Dishonesty - County Clerk Employees			40,000	Western Surety Company
Public Employee Dishonesty - School Department			150,000	Tennessee Risk Management Trust

(1) Includes a chief executive officer training supplement of \$1,000 and one-time bonus of \$406.

(2) Does not include special commissioner fees of \$19,170.

(3) Does not include a law enforcement training supplement of \$600.

Cocke County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
 For the Year Ended June 30, 2014

	General	Special Revenue Funds					Sports and Recreation
		Solid Waste / Sanitation	Industrial / Economic Development	Drug Control			
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 4,756,821	\$ 1,120,437	\$ 54,935	\$ 0	\$ 0	\$ 0	0
Trustee's Collections - Prior Year	255,441	51,958	10,102	0	0	0	0
Circuit/Clerk and Master Collections - Prior Years	312,030	43,110	11,437	0	0	0	0
Interest and Penalty	39,811	8,257	1,434	0	0	0	0
Payments in-Lieu-of Taxes - T.V.A.	2,418	569	28	0	0	0	0
Payments in-Lieu-of Taxes - Local Utilities	272,987	64,232	3,212	0	0	0	0
Payments in-Lieu-of Taxes - Other	2,070	487	24	0	0	0	0
<u>County Local Option Taxes</u>							
Local Option Sales Tax	486,945	0	0	0	0	0	0
Hotel/Motel Tax	218,388	0	0	0	0	0	0
Litigation Tax - General	30,014	0	0	0	0	0	0
Litigation Tax - Special Purpose	4,657	0	0	0	0	0	0
Litigation Tax - Jail, Workhouse, or Courthouse	225,538	0	0	0	0	0	0
Litigation Tax - Courthouse Security	12,215	0	0	0	0	0	0
Business Tax	240,125	0	0	0	0	0	0
Mineral Severance Tax	0	0	0	0	0	0	0
Other County Local Option Taxes	96,455	0	0	0	0	0	0
<u>Statutory Local Taxes</u>							
Bank Excise Tax	24,374	5,735	287	0	0	0	0
Wholesale Beer Tax	247,098	0	0	0	0	0	0
Interstate Telecommunications Tax	261	0	0	0	0	0	0
Total Local Taxes	\$ 7,227,648	\$ 1,294,785	\$ 81,459	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	
<u>Licenses and Permits</u>						
<u>Licenses</u>						
Marriage Licenses	1,254	0	0	0	0	0
Cable TV Franchise	111,166	0	0	0	0	0
<u>Permits</u>						
Beer Permits	6,552	0	0	0	0	0
Total Licenses and Permits	118,972	0	0	0	0	0
<u>Fines, Forfeitures, and Penalties</u>						
<u>Circuit Court</u>						
Fines	4,188	0	0	0	0	0
Officers Costs	3,431	0	0	0	0	0
Drug Control Fines	2,015	0	0	0	0	0
Drug Court Fees	11,443	0	0	0	0	0
Jail Fees	311	0	0	0	0	0
DUI Treatment Fines	2,372	0	0	0	0	0
Data Entry Fee - Circuit Court	836	0	0	0	0	0
Courtroom Security Fee	204	0	0	0	0	0
<u>General Sessions Court</u>						
Fines	44,948	0	0	0	0	0
Officers Costs	30,964	0	0	0	0	0
Game and Fish Fines	865	0	0	0	0	0
Drug Control Fines	0	0	0	7,162	0	0
Drug Court Fees	5,524	0	0	0	0	0
Jail Fees	37,216	0	0	0	0	0
DUI Treatment Fines	1,860	0	0	0	0	0
Data Entry Fee - General Sessions Court	16,744	0	0	0	0	0
Courtroom Security Fee	2	0	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation
<u>Fines, Forfeitures, and Penalties (Cont.)</u>					
<u>Juvenile Court</u>					
Fines	\$ 489	\$ 0	\$ 0	\$ 0	0
Officers Costs	1,040	0	0	0	0
Drug Control Fines	355	0	0	0	0
Data Entry Fee - Juvenile Court	220	0	0	0	0
<u>Chancery Court</u>					
Officers Costs	407	0	0	0	0
Data Entry Fee - Chancery Court	1,316	0	0	0	0
<u>Other Courts - In-county</u>					
Fines for Littering	285	0	0	0	0
Officers Costs	34	0	0	0	0
<u>Judicial District Drug Program</u>					
Victims Assistance Assessments	26,360	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>					
Proceeds from Confiscated Property	900	0	0	99,498	0
Total Fines, Forfeitures, and Penalties	\$ 194,329	\$ 0	\$ 0	\$ 106,660	\$ 0
<u>Charges for Current Services</u>					
<u>General Service Charges</u>					
Tipping Fees	\$ 0	\$ 17,245	\$ 0	\$ 0	0
Solid Waste Disposal Fee	0	1,401	0	0	0
Work Release Charges for Board	14,640	0	0	0	0
Other General Service Charges	7,928	0	0	0	0
<u>Fees</u>					
Recreation Fees	326,883	0	0	0	18,098
Copy Fees	2,929	0	0	0	0

(Continued)

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

	Special Revenue Funds					
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation	
<u>Charges for Current Services (Cont.)</u>						
<u>Fees (Cont.)</u>						
Greenbelt Late Application Fee	\$ 350	\$ 0	\$ 0	\$ 0	\$ 0	0
Telephone Commissions	49,408	0	0	0	0	0
Vending Machine Collections	139	0	0	0	0	122
Constitutional Officers' Fees and Commissions	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	0	0	0	0	0	0
Data Processing Fee - Register	9,640	0	0	0	0	0
Data Processing Fee - Sheriff	1,924	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	3,600	0	0	0	0	0
Data Processing Fee - County Clerk	4,000	0	0	0	0	0
Total Charges for Current Services	\$ 421,441	\$ 18,646	\$ 0	\$ 0	\$ 0	\$ 18,220
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	\$ 3	\$ 0	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	13,485	0	0	0	0	0
Sale of Materials and Supplies	3,629	35,374	0	0	0	0
Commissary Sales	24,264	0	0	0	0	4,663
Sale of Recycled Materials	0	4,403	0	0	0	0
Miscellaneous Refunds	43,669	0	0	0	0	0
<u>Nonrecurring Items</u>						
Sale of Property	8	0	0	0	0	0
Damages Recovered from Individuals	30	0	0	0	0	0
Performance Bond Forfeitures	0	0	159,500	0	0	0
Total Other Local Revenues	\$ 85,088	\$ 39,777	\$ 159,500	\$ 0	\$ 0	\$ 4,663

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation
<u>Fees Received from County Officials</u>					
<u>Excess Fees</u>					
County Clerk	\$ 5,000	\$ 0	\$ 0	\$ 0	\$ 0
Trustee	252,960	0	0	0	0
<u>Fees in-Lieu-of Salary</u>					
Circuit Court Clerk	210,020	0	0	0	0
General Sessions Court Clerk	283,847	0	0	0	0
Clerk and Master	50,919	0	0	0	0
Juvenile Court Clerk	9,228	0	0	0	0
Register	100,953	0	0	0	0
Sheriff	5,351	0	0	0	0
Total Fees Received from County Officials	\$ 918,278	\$ 0	\$ 0	\$ 0	\$ 0
<u>State of Tennessee</u>					
<u>General Government Grants</u>					
Juvenile Services Program	\$ 6,240	\$ 0	\$ 0	\$ 0	\$ 0
Solid Waste Grants	0	23,900	0	0	0
<u>Public Safety Grants</u>					
Law Enforcement Training Programs	28,800	0	0	0	0
<u>Health and Welfare Grants</u>					
Health Department Programs	257,572	0	0	0	0
<u>Public Works Grants</u>					
Bridge Program	0	0	0	0	0
State Aid Program	0	0	0	0	0
Litter Program	41,100	3,852	0	0	0
<u>Other State Revenues</u>					
Income Tax	49,571	0	0	0	0

(Continued)

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation
<u>State of Tennessee (Cont.)</u>					
<u>Other State Revenues (Cont.)</u>					
Beer Tax	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
Vehicle Certificate of Title Fees	2,084	0	0	0	0
Alcoholic Beverage Tax	0	0	0	0	0
Mixed Drink Tax	3,930	0	0	0	0
State Revenue Sharing - T.V.A.	257,620	60,616	3,031	0	0
Contracted Prisoner Boarding	486,430	0	0	0	0
Gasoline and Motor Fuel Tax	0	0	0	0	0
Petroleum Special Tax	0	0	0	0	0
Registrar's Salary Supplement	15,164	0	0	0	0
Total State of Tennessee	\$ 1,148,511	\$ 88,368	\$ 3,031	\$ 0	\$ 0
<u>Federal Government</u>					
<u>Federal Through State</u>					
USDA - Other	\$ 1,052	\$ 0	\$ 0	\$ 0	\$ 0
Civil Defense Reimbursement	22,853	0	0	0	0
Homeland Security Grants	30,000	0	0	0	0
Other Federal through State	266,633	0	0	0	0
<u>Direct Federal Revenue</u>					
Forest Service	102,641	0	0	0	0
Tax Credit Bond Rebate	248,789	0	0	0	0
Other Direct Federal Revenue	109,592	0	0	0	0
Total Federal Government	\$ 781,560	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds				
	General	Solid Waste / Sanitation	Industrial / Economic Development	Drug Control	Sports and Recreation
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 89,343	\$ 0	\$ 0	\$ 0	\$ 0
Citizens Groups	0	0	0	0	4,100
Donations	\$ 89,343	\$ 0	\$ 0	\$ 0	\$ 4,100
Total Other Governments and Citizens Groups	\$ 10,985,170	\$ 1,441,576	\$ 243,990	\$ 106,660	\$ 26,983

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects		
<u>Local Taxes</u>							
<u>County Property Taxes</u>							
Current Property Tax	\$ 0	\$ 1,653,305	\$ 1,147,593	\$ 0	\$ 0	\$ 531,580	
Trustee's Collections - Prior Year	0	72,159	59,170	0	0	28,863	
Circuit/Clerk and Master Collections - Prior Years	0	24,573	45,567	0	0	4,118	
Interest and Penalty	0	11,574	9,270	0	0	4,493	
Payments in-Lieu-of Taxes - T.V.A.	0	839	583	0	0	270	
Payments in-Lieu-of Taxes - Local Utilities	0	94,743	65,838	0	0	30,510	
Payments in-Lieu-of Taxes - Other	0	718	499	0	0	231	
<u>County Local Option Taxes</u>							
Local Option Sales Tax	0	0	1,443,382	0	0	0	
Hotel/Motel Tax	0	0	0	0	0	0	
Litigation Tax - General	0	0	0	0	0	0	
Litigation Tax - Special Purpose	0	0	0	0	0	0	
Litigation Tax - Jail, Workhouse, or Courthouse	0	0	0	0	0	0	
Litigation Tax - Courthouse Security	0	0	0	0	0	0	
Business Tax	0	0	0	0	0	0	
Mineral Severance Tax	0	56,895	0	0	0	0	
Other County Local Option Taxes	0	0	0	0	0	0	
<u>Statutory Local Taxes</u>							
Bank Excise Tax	0	8,459	5,878	0	0	2,724	
Wholesale Beer Tax	0	0	0	0	0	0	
Interstate Telecommunications Tax	0	0	783	0	0	0	
Total Local Taxes	\$ 0	\$ 1,923,265	\$ 2,778,563	\$ 0	\$ 0	\$ 602,789	

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway / Public Works	General Debt Service	Rural Debt Service	General Capital Projects		
<u>Licenses and Permits</u>							
<u>Licenses</u>							
Marriage Licenses	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Cable TV Franchise	0	0	0	0	0	0	0
<u>Permits</u>							
Beer Permits	0	0	0	0	0	0	0
Total Licenses and Permits	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
<u>Fines, Forfeitures, and Penalties</u>							
<u>Circuit Court</u>							
Fines	\$ 0 \$	0 \$	0 \$	0 \$	0 \$	0 \$	0
Officers Costs	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0	0
Data Entry Fee - Circuit Court	0	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0	0
<u>General Sessions Court</u>							
Fines	0	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0	0
Game and Fish Fines	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	0
Drug Court Fees	0	0	0	0	0	0	0
Jail Fees	0	0	0	0	0	0	0
DUI Treatment Fines	0	0	0	0	0	0	0
Data Entry Fee - General Sessions Court	0	0	0	0	0	0	0
Courtroom Security Fee	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects		
<u>Fines, Forfeitures, and Penalties (Cont.)</u>							
<u>Juvenile Court</u>							
Fines	0 \$	0 \$	0 \$	0 \$	0 \$	0	0
Officers Costs	0	0	0	0	0	0	0
Drug Control Fines	0	0	0	0	0	0	0
Data Entry Fee - Juvenile Court	0	0	0	0	0	0	0
<u>Chancery Court</u>							
Officers Costs	0	0	0	0	0	0	0
Data Entry Fee - Chancery Court	0	0	0	0	0	0	0
<u>Other Courts - In-county</u>							
Fines for Littering	0	0	0	0	0	0	0
Officers Costs	0	0	0	0	0	0	0
<u>Judicial District Drug Program</u>							
Victims Assistance Assessments	0	0	0	0	0	0	0
<u>Other Fines, Forfeitures, and Penalties</u>							
Proceeds from Confiscated Property	0	0	0	0	0	0	0
Total Fines, Forfeitures, and Penalties	0 \$	0 \$	0 \$	0 \$	0 \$	0	0
<u>Charges for Current Services</u>							
<u>General Service Charges</u>							
Tippling Fees	0 \$	0 \$	0 \$	0 \$	0 \$	0	0
Solid Waste Disposal Fee	0	0	0	0	0	0	0
Work Release Charges for Board	0	0	0	0	0	0	0
Other General Service Charges	0	0	0	0	0	0	0
<u>Fees</u>							
Recreation Fees	0	0	0	0	0	0	0
Copy Fees	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects		
<u>Charges for Current Services (Cont.)</u>							
<u>Fees (Cont.)</u>							
Greenbelt Late Application Fee	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Telephone Commissions	0	0	0	0	0	0	0
Vending Machine Collections	0	0	0	0	0	0	0
Constitutional Officers' Fees and Commissions	570,693	0	0	0	0	0	0
Special Commissioner Fees/Special Master Fees	19,170	0	0	0	0	0	0
Data Processing Fee - Register	0	0	0	0	0	0	0
Data Processing Fee - Sheriff	0	0	0	0	0	0	0
Sexual Offender Registration Fee - Sheriff	0	0	0	0	0	0	0
Data Processing Fee - County Clerk	0	0	0	0	0	0	0
Total Charges for Current Services	\$ 589,863	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>Other Local Revenues</u>							
<u>Recurring Items</u>							
Investment Income	\$ 0	\$ 0	\$ 34,503	\$ 0	\$ 0	\$ 0	0
Lease/Rentals	0	0	0	0	0	0	0
Sale of Materials and Supplies	0	9,587	0	0	0	0	0
Commissary Sales	0	0	0	0	0	0	0
Sale of Recycled Materials	0	0	0	0	0	0	0
Miscellaneous Refunds	0	26,200	0	0	0	0	0
<u>Nonrecurring Items</u>							
Sale of Property	0	0	0	0	0	0	0
Damages Recovered from Individuals	0	0	0	0	0	0	0
Performance Bond Forfeitures	0	0	0	0	0	0	0
Total Other Local Revenues	\$ 0	\$ 35,787	\$ 34,503	\$ 0	\$ 0	\$ 0	0

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects		
<u>Fees Received from County Officials</u>							
<u>Excess Fees</u>							
County Clerk	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Trustee	0	0	0	0	0	0	0
<u>Fees in-Lieu-of Salary</u>							
Circuit Court Clerk	0	0	0	0	0	0	0
General Sessions Court Clerk	0	0	0	0	0	0	0
Clerk and Master	0	0	0	0	0	0	0
Juvenile Court Clerk	0	0	0	0	0	0	0
Register	0	0	0	0	0	0	0
Sheriff	0	0	0	0	0	0	0
Total Fees Received from County Officials	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
<u>State of Tennessee</u>							
<u>General Government Grants</u>							
Juvenile Services Program	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Solid Waste Grants	0	0	0	0	0	0	0
Public Safety Grants							
Law Enforcement Training Programs	0	0	0	0	0	0	0
<u>Health and Welfare Grants</u>							
Health Department Programs	0	0	0	0	0	0	0
Public Works Grants							
Bridge Program	0	337,520	0	0	0	0	0
State Aid Program	0	203,286	0	0	0	0	0
Litter Program	0	0	0	0	0	0	0
<u>Other State Revenues</u>							
Income Tax	0	0	0	0	0	0	0

(Continued)

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Capital Projects		
<u>State of Tennessee (Cont.)</u>							
<u>Other State Revenues (Cont.)</u>							
Beer Tax	\$ 0	\$ 17,806	\$ 0	\$ 0	\$ 0	\$ 0	0
Vehicle Certificate of Title Fees	0	0	0	0	0	0	0
Alcoholic Beverage Tax	0	62,419	0	0	0	0	0
Mixed Drink Tax	0	0	0	0	0	0	0
State Revenue Sharing - T. V.A.	0	89,410	62,132	0	0	0	28,793
Contracted Prisoner Boarding	0	0	0	0	0	0	0
Gasoline and Motor Fuel Tax	0	1,727,673	0	0	0	0	0
Petroleum Special Tax	0	25,732	0	0	0	0	0
Registrar's Salary Supplement	0	0	0	0	0	0	0
Total State of Tennessee	\$ 0	\$ 2,463,846	\$ 62,132	\$ 0	\$ 0	\$ 0	\$ 28,793
<u>Federal Government</u>							
<u>Federal Through State</u>							
USDA - Other	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	0
Civil Defense Reimbursement	0	0	0	0	0	0	0
Homeland Security Grants	0	0	0	0	0	0	0
Other Federal through State	0	0	0	0	0	0	0
<u>Direct Federal Revenue</u>							
Forest Service	0	21,363	0	0	0	0	0
Tax Credit Bond Rebate	0	0	39,147	0	0	0	0
Other Direct Federal Revenue	0	360,058	0	0	0	0	0
Total Federal Government	\$ 0	\$ 381,421	\$ 39,147	\$ 0	\$ 0	\$ 0	\$ 0

(Continued)

Exhibit J-6

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

	Special Revenue Funds (Cont.)			Debt Service Funds			Capital Projects Funds
	Constitu- tional Officers - Fees	Highway/ Public Works	General Debt Service	Rural Debt Service	General Debt Service	General Capital Projects	
Other Governments and Citizens Groups							
Other Governments							
Contributions	\$ 0	\$ 0	\$ 242,220	\$ 314,979	\$ 0	\$ 0	0
Citizens Groups							
Donations	0	0	0	0	0	0	0
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 242,220	\$ 314,979	\$ 0	\$ 0	0
Total	\$ 589,863	\$ 4,804,319	\$ 3,156,565	\$ 314,979	\$ 631,582		

(Continued)

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

	Capital Projects Fund (Cont.) <u>Highway Capital Projects</u>	Total
<u>Local Taxes</u>		
<u>County Property Taxes</u>		
Current Property Tax	0 \$	9,264,671
Trustee's Collections - Prior Year	0	477,693
Circuit/Clerk and Master Collections - Prior Years	0	440,835
Interest and Penalty	0	74,839
Payments in-Lieu-of Taxes - T.V.A.	0	4,707
Payments in-Lieu-of Taxes - Local Utilities	0	531,522
Payments in-Lieu-of Taxes - Other	0	4,029
<u>County Local Option Taxes</u>		
Local Option Sales Tax	0	1,930,327
Hotel/Motel Tax	0	218,388
Litigation Tax - General	0	30,014
Litigation Tax - Special Purpose	0	4,657
Litigation Tax - Jail, Workhouse, or Courthouse	0	225,538
Litigation Tax - Courthouse Security	0	12,215
Business Tax	0	240,125
Mineral Severance Tax	0	56,895
Other County Local Option Taxes	0	96,455
<u>Statutory Local Taxes</u>		
Bank Excise Tax	0	47,457
Wholesale Beer Tax	0	247,098
Interstate Telecommunications Tax	0	1,044
Total Local Taxes	<u>0 \$</u>	<u>13,908,509</u>

(Continued)

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

	Capital Projects Fund (Cont.)	Total
	<u>Highway</u>	
	Capital Projects	
<u>Licenses and Permits</u>		
<u>Licenses</u>		
Marriage Licenses	0 \$	1,254
Cable TV Franchise	0	111,166
<u>Permits</u>		
Beer Permits	0	6,552
Total Licenses and Permits	<u>0 \$</u>	<u>118,972</u>
<u>Fines, Forfeitures, and Penalties</u>		
<u>Circuit Court</u>		
Fines	0 \$	4,188
Officers Costs	0	3,431
Drug Control Fines	0	2,015
Drug Court Fees	0	11,443
Jail Fees	0	311
DUI Treatment Fines	0	2,372
Data Entry Fee - Circuit Court	0	836
Courtroom Security Fee	0	204
<u>General Sessions Court</u>		
Fines	0	44,948
Officers Costs	0	30,964
Game and Fish Fines	0	865
Drug Control Fines	0	7,162
Drug Court Fees	0	5,524
Jail Fees	0	37,216
DUI Treatment Fines	0	1,860
Data Entry Fee - General Sessions Court	0	16,744
Courtroom Security Fee	0	2

(Continued)

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

	Capital Projects Fund (Cont.)	Total
	<u>Highway</u> Capital Projects	
<u>Fines, Forfeitures, and Penalties (Cont.)</u>		
<u>Juvenile Court</u>		
Fines	0 \$	489
Officers Costs	0	1,040
Drug Control Fines	0	355
Data Entry Fee - Juvenile Court	0	220
<u>Chancery Court</u>		
Officers Costs	0	407
Data Entry Fee - Chancery Court	0	1,316
<u>Other Courts - In-county</u>		
Fines for Littering	0	285
Officers Costs	0	34
<u>Judicial District Drug Program</u>		
Victims Assistance Assessments	0	26,360
<u>Other Fines, Forfeitures, and Penalties</u>		
Proceeds from Confiscated Property	0	100,398
Total Fines, Forfeitures, and Penalties	0 \$	300,989
<u>Charges for Current Services</u>		
<u>General Service Charges</u>		
Tipping Fees	0 \$	17,245
Solid Waste Disposal Fee	0	1,401
Work Release Charges for Board	0	14,640
Other General Service Charges	0	7,928
<u>Fees</u>		
Recreation Fees	0	344,981
Copy Fees	0	2,929

(Continued)

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

	Capital Projects Fund (Cont.)	Total
	<u>Highway</u> Capital Projects	
<u>Charges for Current Services (Cont.)</u>		
<u>Fees (Cont.)</u>		
Greenbelt Late Application Fee	0 \$	350
Telephone Commissions	0	49,408
Vending Machine Collections	0	261
Constitutional Officers' Fees and Commissions	0	570,693
Special Commissioner Fees/Special Master Fees	0	19,170
Data Processing Fee - Register	0	9,640
Data Processing Fee - Sheriff	0	1,924
Sexual Offender Registration Fee - Sheriff	0	3,600
Data Processing Fee - County Clerk	0	4,000
Total Charges for Current Services	0 \$	1,048,170
<u>Other Local Revenues</u>		
<u>Recurring Items</u>		
Investment Income	126 \$	34,632
Lease/Rentals	0	13,485
Sale of Materials and Supplies	0	48,590
Commissary Sales	0	28,927
Sale of Recycled Materials	0	4,403
Miscellaneous Refunds	712	70,581
<u>Nonrecurring Items</u>		
Sale of Property	0	8
Damages Recovered from Individuals	0	30
Performance Bond Forfeitures	0	159,500
Total Other Local Revenues	838 \$	360,156

(Continued)

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

	Capital Projects Fund (Cont.)	Highway Capital Projects	Total
<u>Fees Received from County Officials</u>			
<u>Excess Fees</u>			
County Clerk	0 \$	5,000	5,000
Trustee	0	252,960	252,960
<u>Fees in-Lieu-of Salary</u>			
Circuit Court Clerk	0	210,020	210,020
General Sessions Court Clerk	0	283,847	283,847
Clerk and Master	0	50,919	50,919
Juvenile Court Clerk	0	9,228	9,228
Register	0	100,953	100,953
Sheriff	0	5,351	5,351
<u>Total Fees Received from County Officials</u>	<u>0 \$</u>	<u>918,278</u>	<u>918,278</u>
<u>State of Tennessee</u>			
<u>General Government Grants</u>			
Juvenile Services Program	0 \$	6,240	6,240
Solid Waste Grants	0	23,900	23,900
<u>Public Safety Grants</u>			
Law Enforcement Training Programs	0	28,800	28,800
<u>Health and Welfare Grants</u>			
Health Department Programs	0	257,572	257,572
<u>Public Works Grants</u>			
Bridge Program	0	337,520	337,520
State Aid Program	0	203,286	203,286
Litter Program	0	44,952	44,952
<u>Other State Revenues</u>			
Income Tax	0	49,571	49,571

(Continued)

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

	Capital Projects Fund (Cont.) <u>Highway Capital Projects</u>	Total
<u>State of Tennessee (Cont.)</u>		
<u>Other State Revenues (Cont.)</u>		
Beer Tax	0 \$	17,806
Vehicle Certificate of Title Fees	0	2,084
Alcoholic Beverage Tax	0	62,419
Mixed Drink Tax	0	3,930
State Revenue Sharing - T.V.A.	0	501,602
Contracted Prisoner Boarding	0	486,430
Gasoline and Motor Fuel Tax	0	1,727,673
Petroleum Special Tax	0	25,732
Registrar's Salary Supplement	0	15,164
Total State of Tennessee	0 \$	3,794,681
<u>Federal Government</u>		
<u>Federal Through State</u>		
USDA - Other	0 \$	1,052
Civil Defense Reimbursement	0	22,853
Homeland Security Grants	0	30,000
Other Federal through State	0	266,633
<u>Direct Federal Revenue</u>		
Forest Service	0	124,004
Tax Credit Bond Rebate	0	287,936
Other Direct Federal Revenue	0	469,650
Total Federal Government	0 \$	1,202,128

(Continued)

Exhibit J-6

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

	Capital Projects Fund (Cont.) <u>Highway Capital Projects</u>	Total
<u>Other Governments and Citizens Groups</u>		
<u>Other Governments</u>		
Contributions	\$ 0 \$	646,542
Citizens Groups	0	4,100
Donations	\$ 0 \$	<u>650,642</u>
Total Other Governments and Citizens Groups	\$ 838 \$	<u>22,302,525</u>
Total		

Exhibit J-7

Cocke County, Tennessee
 Schedule of Detailed Revenues -
 All Governmental Fund Types
Discretely Presented Cocke County School Department
 For the Year Ended June 30, 2014

	General Purpose School	Special Revenue Funds				Total
		School Federal Projects	Central Cafeteria	School Transportation		
<u>Local Taxes</u>						
<u>County Property Taxes</u>						
Current Property Tax	\$ 2,567,832	\$ 0	\$ 0	\$ 1,175,605	\$ 3,743,437	
Trustee's Collections - Prior Year	164,604	0	0	60,615	225,219	
Circuit/Clerk and Master Collections - Prior Years	155,980	0	0	70,714	226,694	
Interest and Penalty	20,934	0	0	9,438	30,372	
Payments in-Lieu-of Taxes - T.V.A.	1,522	0	0	597	2,119	
Payments in-Lieu-of Taxes - Local Utilities	149,079	0	0	67,444	216,523	
Payments in-Lieu-of Taxes - Other	968	0	0	438	1,406	
<u>County Local Option Taxes</u>						
Local Option Sales Tax	3,418,462	0	0	0	3,418,462	
Other County Local Option Taxes	0	0	0	90,064	90,064	
<u>Statutory Local Taxes</u>						
Bank Excise Tax	13,310	0	0	6,022	19,332	
Interstate Telecommunications Tax	5,014	0	0	0	5,014	
Total Local Taxes	\$ 6,497,705	\$ 0	\$ 0	\$ 1,480,937	\$ 7,978,642	
<u>Licenses and Permits</u>						
Marriage Licenses	\$ 1,065	\$ 0	\$ 0	\$ 0	\$ 1,065	
Total Licenses and Permits	\$ 1,065	\$ 0	\$ 0	\$ 0	\$ 1,065	
<u>Charges for Current Services</u>						
<u>Education Charges</u>						
Lunch Payments - Children	\$ 0	\$ 0	\$ 236,911	\$ 0	\$ 236,911	
Lunch Payments - Adults	0	0	61,548	0	61,548	

(Continued)

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

	General Purpose School	Special Revenue Funds				Total
		School Federal Projects	Central Cafeteria	School Transportation		
<u>Charges for Current Services (Cont.)</u>						
<u>Education Charges (Cont.)</u>						
Income from Breakfast	0 \$	0 \$	8,803 \$	0 \$	0 \$	8,803
A la carte Sales	0	0	139,598	0	0	139,598
Contract for Instructional Services with Other LEAs	7,429	0	0	0	0	7,429
Receipts from Individual Schools	35,975	0	0	104,967	0	140,942
<u>Other Charges for Services</u>						
Other Charges for Services	3,637	0	0	0	0	3,637
<u>Total Charges for Current Services</u>	<u>47,041 \$</u>	<u>0 \$</u>	<u>446,860 \$</u>	<u>104,967 \$</u>	<u>0 \$</u>	<u>598,868</u>
<u>Other Local Revenues</u>						
<u>Recurring Items</u>						
Investment Income	0 \$	0 \$	52,376 \$	0 \$	0 \$	52,376
Lease/Rentals	675	0	0	0	0	675
Sale of Materials and Supplies	1,101	0	0	0	0	1,101
E-Rate Funding	36,225	0	0	0	0	36,225
Miscellaneous Refunds	54,663	0	22,801	4,498	0	81,962
<u>Nonrecurring Items</u>						
Sale of Equipment	0	0	0	12,952	0	12,952
Damages Recovered from Individuals	538	0	0	42	0	580
Contributions and Gifts	572,644	0	0	0	0	572,644
<u>Total Other Local Revenues</u>	<u>665,846 \$</u>	<u>0 \$</u>	<u>75,177 \$</u>	<u>17,492 \$</u>	<u>0 \$</u>	<u>758,515</u>
<u>State of Tennessee</u>						
General Government Grants	230,439 \$	0 \$	0 \$	0 \$	0 \$	230,439
On-behalf Contributions for OPEB						

(Continued)

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

	General Purpose School	Special Revenue Funds				Total
		School Federal Projects	Central Cafeteria	School Transportation		
State of Tennessee (Cont.)						
<u>State Education Funds</u>						
Basic Education Program	\$ 22,261,614	\$ 0	\$ 0	\$ 600,385	\$ 22,861,999	
Early Childhood Education	296,777	0	0	0	296,777	
School Food Service	27,278	0	0	0	27,278	
Driver Education	31,300	0	0	0	31,300	
Other State Education Funds	653,542	0	0	0	653,542	
Career Ladder Program	159,558	0	0	0	159,558	
Career Ladder - Extended Contract	23,770	0	0	0	23,770	
<u>Other State Revenues</u>						
State Revenue Sharing - T. V.A.	162,149	0	0	63,647	225,796	
Other State Grants	7,695	0	0	0	7,695	
Total State of Tennessee	\$ 23,854,122	\$ 0	\$ 0	\$ 664,032	\$ 24,518,154	
<u>Federal Government</u>						
<u>Federal Through State</u>						
USDA School Lunch Program	\$ 0	\$ 0	\$ 1,563,634	\$ 0	\$ 1,563,634	
USDA - Commodities	0	0	337,246	0	337,246	
Breakfast	0	0	577,517	0	577,517	
USDA - Other	0	0	25,854	0	25,854	
Vocational Education - Basic Grants to States	0	97,911	0	0	97,911	
Other Vocational	0	77,700	0	0	77,700	
Title I Grants to Local Education Agencies	0	2,395,376	0	0	2,395,376	
Special Education - Grants to States	52,582	972,174	0	0	1,024,756	
Special Education Preschool Grants	0	47,155	0	0	47,155	
Rural Education	0	91,262	0	0	91,262	

(Continued)

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

	General Purpose School	Special Revenue Funds			Total
		School Federal Projects	Central Cafeteria	School Transportation	
<u>Federal Government (Cont.)</u>					
<u>Federal Through State (Cont.)</u>					
Eisenhower Professional Development State Grants	\$ 0	\$ 272,956	\$ 0	\$ 0	\$ 272,956
Race-to-the-Top - ARRA	0	448,577	0	0	448,577
Other Federal through State	77,987	0	0	0	77,987
<u>Direct Federal Revenue</u>	111,202	0	0	0	111,202
ROTC Reimbursement	64,088	0	0	0	64,088
Forest Service	305,859	4,403,111	2,504,251	0	7,213,221
Total Federal Government	\$ 305,859	\$ 4,403,111	\$ 2,504,251	\$ 0	\$ 7,213,221
<u>Other Governments and Citizens Groups</u>					
<u>Other Governments</u>					
Contributions	\$ 0	\$ 0	\$ 0	\$ 524,695	\$ 524,695
Total Other Governments and Citizens Groups	\$ 0	\$ 0	\$ 0	\$ 524,695	\$ 524,695
Total	\$ 31,371,638	\$ 4,403,111	\$ 3,026,288	\$ 2,792,123	\$ 41,593,160

Exhibit J-8

Cocke County, Tennessee
Schedule of Detailed Expenditures -
All Governmental Fund Types
For the Year Ended June 30, 2014

General Fund

General Government

County Commission

Secretary to Board	\$	1,680	
Board and Committee Members Fees		60,212	
Social Security		4,606	
Audit Services		10,699	
Data Processing Services		80	
Dues and Memberships		17,266	
Legal Services		9,518	
Legal Notices, Recording, and Court Costs		1,823	
Total County Commission			\$ 105,884

Board of Equalization

Board and Committee Members Fees	\$	3,805	
Total Board of Equalization			3,805

Beer Board

Board and Committee Members Fees	\$	6,220	
Legal Notices, Recording, and Court Costs		771	
Printing, Stationery, and Forms		24	
Total Beer Board			7,015

Other Boards and Committees

Board and Committee Members Fees	\$	1,810	
Evaluation and Testing		452	
Total Other Boards and Committees			2,262

County Mayor/Executive

County Official/Administrative Officer	\$	78,508	
Assistant(s)		30,505	
Secretary(ies)		25,855	
Social Security		10,109	
State Retirement		16,359	
Employee and Dependent Insurance		13,708	
Unemployment Compensation		171	
Communication		3,862	
Maintenance and Repair Services - Office Equipment		125	
Travel		2,705	
Office Supplies		4,050	
Office Equipment		1,274	
Total County Mayor/Executive			187,231

County Attorney

County Official/Administrative Officer	\$	33,105	
Printing, Stationery, and Forms		1,612	
Total County Attorney			34,717

Election Commission

County Official/Administrative Officer	\$	61,175	
--	----	--------	--

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Election Commission (Cont.)

Clerical Personnel	\$	21,910	
Election Commission		2,600	
Election Workers		14,928	
Social Security		6,382	
State Retirement		10,078	
Employee and Dependent Insurance		13,708	
Unemployment Compensation		196	
Communication		700	
Dues and Memberships		175	
Legal Notices, Recording, and Court Costs		2,750	
Maintenance Agreements		12,535	
Printing, Stationery, and Forms		3,828	
Travel		4,552	
Other Contracted Services		4,928	
Office Equipment		57,345	
Total Election Commission			\$ 217,790

Register of Deeds

County Official/Administrative Officer	\$	67,973	
Deputy(ies)		27,968	
Clerical Personnel		49,297	
Social Security		10,877	
State Retirement		17,617	
Employee and Dependent Insurance		20,562	
Unemployment Compensation		270	
Communication		1,173	
Data Processing Services		9,391	
Printing, Stationery, and Forms		8,035	
Total Register of Deeds			213,163

Development

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

County Buildings

Maintenance Agreements	\$	9,657	
Maintenance and Repair Services - Buildings		37,899	
Custodial Supplies		8,945	
Utilities		131,729	
Building Improvements		99,668	
Furniture and Fixtures		958	
Site Development		1,500	
Total County Buildings			290,356

Other General Administration

Postal Charges	\$	39,598	
Printing, Stationery, and Forms		4,157	
Duplicating Supplies		41,199	
Total Other General Administration			84,954

(Continued)

Exhibit J-8

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

General Fund (Cont.)

General Government (Cont.)

Preservation of Records

Assistant(s)	\$	10,642	
Supervisor/Director		24,500	
Social Security		2,621	
State Retirement		2,972	
Employee and Dependent Insurance		6,854	
Unemployment Compensation		183	
Communication		333	
Office Supplies		495	
Other Supplies and Materials		1,632	
Office Equipment		1,793	
Total Preservation of Records			\$ 52,025

Finance

Accounting and Budgeting

Supervisor/Director	\$	67,973	
Accountants/Bookkeepers		66,822	
Social Security		9,874	
State Retirement		16,350	
Employee and Dependent Insurance		20,562	
Unemployment Compensation		270	
Dues and Memberships		1,191	
Legal Notices, Recording, and Court Costs		78	
Maintenance Agreements		13,439	
Maintenance and Repair Services - Office Equipment		292	
Printing, Stationery, and Forms		902	
Travel		826	
Office Supplies		88	
Office Equipment		7,968	
Total Accounting and Budgeting			206,635

Property Assessor's Office

County Official/Administrative Officer	\$	67,973	
Assistant(s)		27,939	
Deputy(ies)		25,915	
Laborers		83,528	
Overtime Pay		2,498	
Social Security		15,033	
State Retirement		22,688	
Employee and Dependent Insurance		48,564	
Unemployment Compensation		557	
Communication		2,936	
Contracts with Private Agencies		21,575	
Data Processing Services		16,217	
Legal Notices, Recording, and Court Costs		165	
Maintenance and Repair Services - Vehicles		1,100	
Printing, Stationery, and Forms		132	
Travel		761	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Finance (Cont.)

Property Assessor's Office (Cont.)

Gasoline	\$	2,836	
Office Supplies		2,986	
Furniture and Fixtures		470	
Other Equipment		2,587	
Total Property Assessor's Office			\$ 346,460

Reappraisal Program

Part-time Personnel	\$	2,400	
Overtime Pay		387	
Social Security		212	
State Retirement		47	
Unemployment Compensation		24	
Total Reappraisal Program			3,070

County Trustee's Office

In-service Training	\$	4,849	
Employee and Dependent Insurance		23,371	
Communication		1,948	
Data Processing Services		5,995	
Dues and Memberships		310	
Maintenance Agreements		11,988	
Postal Charges		10,828	
Office Supplies		4,803	
Office Equipment		3,073	
Total County Trustee's Office			67,165

County Clerk's Office

Social Security	\$	22,979	
State Retirement		36,335	
Employee and Dependent Insurance		68,539	
Unemployment Compensation		822	
Communication		2,817	
Maintenance and Repair Services - Office Equipment		17,169	
Printing, Stationery, and Forms		1,223	
Office Supplies		3,699	
Other Supplies and Materials		2,327	
Office Equipment		11,942	
Total County Clerk's Office			167,852

Administration of Justice

Circuit Court

County Official/Administrative Officer	\$	67,973	
Deputy(ies)		33,432	
Clerical Personnel		124,526	
Part-time Personnel		305	
Overtime Pay		7,343	
Jury and Witness Expense		31,635	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Circuit Court (Cont.)

Social Security	\$	17,489	
State Retirement		25,714	
Employee and Dependent Insurance		30,318	
Unemployment Compensation		628	
Communication		2,913	
Legal Notices, Recording, and Court Costs		12,312	
Maintenance and Repair Services - Office Equipment		17,771	
Printing, Stationery, and Forms		11,875	
Travel		452	
Office Supplies		2,862	
Office Equipment		13,483	
Total Circuit Court			\$ 401,031

General Sessions Court

County Official/Administrative Officer	\$	67,973	
Judge(s)		133,073	
Deputy(ies)		57,582	
Clerical Personnel		24,121	
Part-time Personnel		3,847	
Social Security		20,277	
State Retirement		34,297	
Employee and Dependent Insurance		34,270	
Unemployment Compensation		309	
Communication		1,086	
Data Processing Services		9,109	
Printing, Stationery, and Forms		3,227	
Office Supplies		2,069	
Office Equipment		789	
Total General Sessions Court			392,029

Drug Court

Other Charges	\$	11,180	
Total Drug Court			11,180

Chancery Court

County Official/Administrative Officer	\$	67,973	
Deputy(ies)		59,534	
Clerical Personnel		26,752	
Part-time Personnel		14,767	
Jury and Witness Expense		324	
Social Security		12,648	
State Retirement		18,712	
Employee and Dependent Insurance		27,416	
Unemployment Compensation		489	
Communication		1,693	
Data Processing Services		7,478	
Legal Services		545	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Administration of Justice (Cont.)

Chancery Court (Cont.)

Maintenance and Repair Services - Office Equipment	\$	485	
Printing, Stationery, and Forms		5,946	
Travel		1,506	
Office Equipment		2,764	
Total Chancery Court			\$ 249,032

Juvenile Court

Deputy(ies)	\$	21,342	
Social Security		1,609	
State Retirement		2,589	
Employee and Dependent Insurance		6,854	
Unemployment Compensation		90	
Communication		1,160	
Printing, Stationery, and Forms		810	
Travel		194	
Office Supplies		419	
Total Juvenile Court			35,067

Judicial Commissioners

Other Salaries and Wages	\$	21,840	
In-service Training		450	
Social Security		1,671	
State Retirement		2,649	
Unemployment Compensation		218	
Total Judicial Commissioners			26,828

Victim Assistance Programs

Contracts with Private Agencies	\$	21,912	
Total Victim Assistance Programs			21,912

Public Safety

Sheriff's Department

County Official/Administrative Officer	\$	74,770	
Assistant(s)		45,088	
Supervisor/Director		27,627	
Deputy(ies)		398,913	
Detective(s)		119,745	
Captain(s)		44,270	
Lieutenant(s)		124,528	
Sergeant(s)		140,486	
Salary Supplements		18,600	
Dispatchers/Radio Operators		85,258	
Guards		34,366	
Clerical Personnel		60,463	
Attendants		63,827	
Custodial Personnel		15,920	
Part-time Personnel		11,122	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Sheriff's Department (Cont.)

Overtime Pay	\$	193,975	
Other Salaries and Wages		48,870	
In-service Training		20,180	
Social Security		111,172	
State Retirement		210,766	
Employee and Dependent Insurance		308,982	
Unemployment Compensation		4,523	
Communication		15,283	
Maintenance and Repair Services - Equipment		1,412	
Maintenance and Repair Services - Office Equipment		20	
Maintenance and Repair Services - Vehicles		45,035	
Medical and Dental Services		2,125	
Printing, Stationery, and Forms		2,618	
Travel		9,904	
Other Contracted Services		4,277	
Gasoline		192,582	
Law Enforcement Supplies		24,834	
Office Supplies		8,888	
Tires and Tubes		12,043	
Uniforms		13,426	
Other Supplies and Materials		2,637	
Other Charges		20,916	
Motor Vehicles		60,312	
Total Sheriff's Department			\$ 2,579,763

Special Patrols

Guards	\$	93,125	
Social Security		6,992	
State Retirement		14,555	
Employee and Dependent Insurance		20,562	
Unemployment Compensation		262	
Total Special Patrols			135,496

Administration of the Sexual Offender Registry

Criminal Investigation of Applicants - TBI	\$	350	
Other Charges		3,078	
Total Administration of the Sexual Offender Registry			3,428

Jail

Assistant(s)	\$	25,500	
Supervisor/Director		32,017	
Medical Personnel		48,270	
Guards		316,002	
Secretary(ies)		23,065	
Clerical Personnel		21,413	
Cafeteria Personnel		16,846	
Part-time Personnel		135,022	

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Jail (Cont.)

Overtime Pay	\$	82,636	
In-service Training		1,362	
Social Security		52,832	
State Retirement		48,758	
Employee and Dependent Insurance		133,374	
Unemployment Compensation		3,754	
Communication		10,778	
Maintenance and Repair Services - Buildings		30,508	
Maintenance and Repair Services - Equipment		2,839	
Medical and Dental Services		171,750	
Printing, Stationery, and Forms		285	
Travel		3,859	
Other Contracted Services		4,000	
Custodial Supplies		20,671	
Food Preparation Supplies		14,259	
Food Supplies		133,120	
Law Enforcement Supplies		6,443	
Office Supplies		6,660	
Prisoners Clothing		20,358	
Uniforms		6,989	
Data Processing Equipment		5,731	
Furniture and Fixtures		1,402	
Total Jail			\$ 1,380,503

Juvenile Services

Youth Service Officer(s)	\$	62,149	
Secretary(ies)		29,468	
Part-time Personnel		9,283	
Overtime Pay		11,984	
Social Security		8,063	
State Retirement		12,567	
Employee and Dependent Insurance		20,562	
Unemployment Compensation		360	
Communication		5,110	
Contracts with Government Agencies		9,985	
Contracts with Private Agencies		410	
Dues and Memberships		660	
Maintenance and Repair Services - Office Equipment		5,104	
Medical and Dental Services		2,337	
Travel		5,314	
Office Supplies		1,755	
Other Supplies and Materials		775	
Office Equipment		9,934	
Total Juvenile Services			195,820

Fire Prevention and Control

Salary Supplements	\$	10,200	
--------------------	----	--------	--

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Public Safety (Cont.)

Fire Prevention and Control (Cont.)

Overtime Pay	\$	158,776	
Other Salaries and Wages		447,419	
In-service Training		1,278	
Social Security		46,103	
State Retirement		92,672	
Employee and Dependent Insurance		114,232	
Unemployment Compensation		1,626	
Communication		671	
Contributions		1,000	
Maintenance and Repair Services - Buildings		4,068	
Maintenance and Repair Services - Equipment		39,716	
Maintenance and Repair Services - Vehicles		16,056	
Custodial Supplies		809	
Gasoline		12,577	
Office Supplies		187	
Uniforms		4,539	
Utilities		9,573	
Other Supplies and Materials		3,158	
Other Charges		1,761	
Building Improvements		2,000	
Total Fire Prevention and Control			\$ 968,421

Civil Defense

Supervisor/Director	\$	25,800	
Clerical Personnel		500	
Social Security		1,932	
State Retirement		4,033	
Employee and Dependent Insurance		6,854	
Unemployment Compensation		90	
Communication		2,233	
Maintenance and Repair Services - Buildings		1,172	
Maintenance and Repair Services - Equipment		729	
Maintenance and Repair Services - Vehicles		1,478	
Custodial Supplies		500	
Gasoline		820	
Office Supplies		470	
Utilities		2,872	
Other Supplies and Materials		2,222	
Other Charges		9,500	
Office Equipment		1,392	
Total Civil Defense			62,597

Inspection and Regulation

Supervisor/Director	\$	3,200	
Social Security		239	
State Retirement		388	
Unemployment Compensation		9	

(Continued)

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

General Fund (Cont.)

Public Safety (Cont.)

Inspection and Regulation (Cont.)

Travel	\$	1,568	
Other Supplies and Materials		240	
Total Inspection and Regulation			\$ 5,644

County Coroner/Medical Examiner

Legal Services	\$	8,130	
Other Contracted Services		28,500	
Total County Coroner/Medical Examiner			36,630

Other Public Safety

Part-time Personnel	\$	36,158	
Social Security		2,766	
Unemployment Compensation		328	
Communication		185	
Maintenance and Repair Services - Equipment		2,980	
Rentals		8,344	
Other Supplies and Materials		346	
Total Other Public Safety			51,107

Public Health and Welfare

Local Health Center

Medical Personnel	\$	105,239	
Clerical Personnel		63,566	
Social Security		12,740	
State Retirement		12,919	
Employee and Dependent Insurance		22,908	
Unemployment Compensation		575	
Communication		1,707	
Contracts with Government Agencies		64,296	
Janitorial Services		6,600	
Maintenance and Repair Services - Buildings		3,597	
Pest Control		480	
Travel		4,957	
Natural Gas		1,833	
Office Supplies		1,426	
Utilities		9,461	
Other Supplies and Materials		2,936	
Other Charges		868	
Office Equipment		5,917	
Total Local Health Center			322,025

Rabies and Animal Control

Supervisor/Director	\$	20,991	
Overtime Pay		3,487	
Social Security		1,796	
State Retirement		2,969	
Employee and Dependent Insurance		6,854	

(Continued)

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

General Fund (Cont.)

Public Health and Welfare (Cont.)

Rabies and Animal Control (Cont.)

Unemployment Compensation	\$	90	
Communication		1,904	
Contracts with Other Public Agencies		60,000	
Maintenance and Repair Services - Vehicles		1,382	
Gasoline		4,389	
Uniforms		584	
Other Supplies and Materials		1,139	
Total Rabies and Animal Control			\$ 105,585

General Welfare Assistance

Contracts with Government Agencies	\$	7,378	
Total General Welfare Assistance			7,378

Social, Cultural, and Recreational Services

Senior Citizens Assistance

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

Libraries

Contributions	\$	68,295	
Total Libraries			68,295

Parks and Fair Boards

Building Construction	\$	73,878	
Total Parks and Fair Boards			73,878

Other Social, Cultural, and Recreational

Supervisor/Director	\$	29,701	
Laborers		88,173	
Part-time Personnel		24,503	
Overtime Pay		833	
Social Security		10,542	
State Retirement		14,212	
Employee and Dependent Insurance		34,270	
Unemployment Compensation		657	
Communication		2,727	
Maintenance and Repair Services - Buildings		7,144	
Maintenance and Repair Services - Equipment		3,752	
Custodial Supplies		1,439	
Gasoline		3,441	
Office Supplies		456	
Uniforms		155	
Utilities		13,292	
Other Supplies and Materials		30	
Other Charges		29,396	
Total Other Social, Cultural, and Recreational			264,723

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Agriculture and Natural Resources

Agricultural Extension Service

Salary Supplements	\$	33,695	
Part-time Personnel		1,578	
Social Security		1,495	
State Retirement		3,624	
Communication		6,470	
Travel		992	
Other Supplies and Materials		3,674	
Total Agricultural Extension Service			\$ 51,528

Soil Conservation

Part-time Personnel	\$	25,000	
Total Soil Conservation			25,000

Other Operations

Industrial Development

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

Housing and Urban Development

Contracts with Private Agencies	\$	185,042	
Total Housing and Urban Development			185,042

Veterans' Services

Supervisor/Director	\$	30,701	
Secretary(ies)		21,984	
Social Security		3,871	
State Retirement		6,391	
Employee and Dependent Insurance		10,373	
Unemployment Compensation		180	
Communication		1,005	
Data Processing Services		325	
Maintenance and Repair Services - Vehicles		625	
Travel		961	
Office Supplies		1,021	
Total Veterans' Services			77,437

Other Charges

Other Contracted Services	\$	70,500	
Liability Insurance		261,071	
Premiums on Corporate Surety Bonds		135	
Refunds		12,353	
Trustee's Commission		140,798	
Workers' Compensation Insurance		202,959	
Liability Claims		21,198	
Total Other Charges			709,014

(Continued)

Exhibit J-8

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

General Fund (Cont.)

Other Operations (Cont.)

Contributions to Other Agencies

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

Employee Benefits

Employee and Dependent Insurance	\$ 13,576	
Unemployment Compensation	66	
Total Employee Benefits		13,642

Miscellaneous

Other Charges	\$ 1,423	
Total Miscellaneous		1,423

Highways

Litter and Trash Collection

Supervisor/Director	\$ 60,762	
Social Security	4,607	
State Retirement	4,015	
Employee and Dependent Insurance	6,854	
Unemployment Compensation	178	
Maintenance and Repair Services - Vehicles	390	
Travel	301	
Gasoline	6,672	
Instructional Supplies and Materials	8,200	
Tires and Tubes	605	
Other Supplies and Materials	130	
Law Enforcement Equipment	348	
Total Litter and Trash Collection		93,062

Total General Fund \$ 11,077,854

Solid Waste/Sanitation Fund

Public Health and Welfare

Sanitation Management

Supervisor/Director	\$ 35,138
Foremen	30,177
Laborers	92,953
Overtime Pay	5,926
Social Security	12,009
State Retirement	19,033
Employee and Dependent Insurance	41,534
Unemployment Compensation	588
Communication	317
Contracts with Government Agencies	4,000
Contracts with Private Agencies	32,492
Engineering Services	63,236
Other Contracted Services	1,933
Custodial Supplies	94

(Continued)

Exhibit J-8

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

Solid Waste/Sanitation Fund (Cont.)

Public Health and Welfare (Cont.)

Sanitation Management (Cont.)

Equipment and Machinery Parts	\$	25,259	
Fertilizer, Lime, and Seed		896	
Gasoline		29,926	
Lubricants		2,332	
Office Supplies		541	
Tires and Tubes		2,743	
Utilities		18,194	
Other Supplies and Materials		1,307	
Trustee's Commission		26,769	
Vehicle and Equipment Insurance		20,084	
Workers' Compensation Insurance		31,138	
Other Construction		12,052	
Total Sanitation Management			\$ 510,671

Convenience Centers

Laborers	\$	257,966	
Social Security		19,790	
Unemployment Compensation		2,257	
Rentals		3,480	
Disposal Fees		520,025	
Other Supplies and Materials		4,840	
Solid Waste Equipment		8,812	
Total Convenience Centers			817,170

Total Solid Waste/Sanitation Fund \$ 1,327,841

Industrial/Economic Development Fund

Principal on Debt

General Government

Principal on Other Loans	\$	77,605	
Total General Government			\$ 77,605

Interest on Debt

General Government

Interest on Other Loans	\$	75,680	
Total General Government			75,680

Capital Projects

Public Utility Projects

Trustee's Commission	\$	1,700	
Total Public Utility Projects			1,700

Total Industrial/Economic Development Fund 154,985

(Continued)

Exhibit J-8

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

Drug Control Fund

Public Safety

Sheriff's Department

In-service Training	\$	348	
Other Supplies and Materials		1,987	
Law Enforcement Equipment		11,730	
Motor Vehicles		93,299	
Total Sheriff's Department			\$ 107,364

Drug Enforcement

Confidential Drug Enforcement Payments	\$	14,000	
Other Supplies and Materials		958	
Trustee's Commission		1,047	
Law Enforcement Equipment		7,517	
Total Drug Enforcement			23,522

Total Drug Control Fund \$ 130,886

Sports and Recreation Fund

Social, Cultural, and Recreational Services

Other Social, Cultural, and Recreational

Other Per Diem and Fees	\$	13,200	
Communication		1,288	
Other Contracted Services		10,419	
Food Supplies		6,386	
Trustee's Commission		197	
Total Other Social, Cultural, and Recreational			\$ 31,490

Total Sports and Recreation Fund 31,490

Constitutional Officers - Fees Fund

Finance

County Trustee's Office

Constitutional Officers' Operating Expenses	\$	250,962	
Total County Trustee's Office			\$ 250,962

County Clerk's Office

Constitutional Officers' Operating Expenses	\$	308,942	
Total County Clerk's Office			308,942

Administration of Justice

Chancery Court

Special Commissioner Fees/Special Master Fees	\$	19,170	
Total Chancery Court			19,170

Juvenile Court

Constitutional Officers' Operating Expenses	\$	150	
Total Juvenile Court			150

Total Constitutional Officers - Fees Fund 579,224

(Continued)

Exhibit J-8

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

Highway/Public Works Fund

Highways

Administration

County Official/Administrative Officer	\$	74,770	
Assistant(s)		37,649	
Secretary to Board		630	
Secretary(ies)		35,411	
Clerical Personnel		24,357	
Board and Committee Members Fees		17,100	
Social Security		14,165	
State Retirement		20,886	
Employee and Dependent Insurance		27,416	
Unemployment Compensation		617	
Data Processing Services		1,744	
Dues and Memberships		2,848	
Maintenance and Repair Services - Office Equipment		215	
Other Contracted Services		3,697	
Office Supplies		1,837	
Total Administration			\$ 263,342

Highway and Bridge Maintenance

Foremen	\$	159,372	
Equipment Operators		553,878	
Overtime Pay		51,410	
Social Security		56,621	
State Retirement		82,679	
Employee and Dependent Insurance		181,263	
Unemployment Compensation		9,169	
Matching Share		151,399	
Other Contracted Services		27,689	
Asphalt		145,330	
Asphalt - Cold Mix		76,563	
Asphalt - Liquid		173,138	
General Construction Materials		1,472	
Other Road Materials		19,507	
Pipe		86,200	
Road Signs		6,700	
Other Supplies and Materials		9,114	
Other Charges		13,761	
Bridge Construction		325,605	
State Aid Projects		203,286	
Total Highway and Bridge Maintenance			2,334,156

Operation and Maintenance of Equipment

Foremen	\$	32,368	
Mechanic(s)		127,834	
Social Security		11,956	
State Retirement		17,947	
Employee and Dependent Insurance		38,900	
Unemployment Compensation		1,764	

(Continued)

Exhibit J-8

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

Highway/Public Works Fund (Cont.)

Highways (Cont.)

Operation and Maintenance of Equipment (Cont.)

Towing Services	\$	125	
Diesel Fuel		272,171	
Equipment and Machinery Parts		362,315	
Garage Supplies		3,441	
Gasoline		23,070	
Lubricants		26,020	
Propane Gas		6,811	
Tires and Tubes		39,198	
Total Operation and Maintenance of Equipment			\$ 963,920

Quarry Operations

Foremen	\$	28,559	
Equipment Operators - Heavy		28,759	
Equipment Operators - Light		125,086	
Social Security		13,439	
State Retirement		22,125	
Employee and Dependent Insurance		47,977	
Unemployment Compensation		1,782	
Explosive and Drilling Services		89,859	
Maintenance and Repair Services - Equipment		53,283	
Fines, Assessments, and Penalties		563	
Total Quarry Operations			411,432

Other Charges

Communication	\$	5,596	
Electricity		25,097	
Trustee's Commission		57,037	
Vehicle and Equipment Insurance		120,907	
Workers' Compensation Insurance		189,750	
Total Other Charges			398,387

Employee Benefits

Employee and Dependent Insurance	\$	3,050	
Total Employee Benefits			3,050

Total Highway/Public Works Fund \$ 4,374,287

General Debt Service Fund

Principal on Debt

General Government

Principal on Bonds	\$	37,769	
Total General Government			\$ 37,769

Highways and Streets

Principal on Bonds	\$	241,085	
Total Highways and Streets			241,085

(Continued)

Exhibit J-8

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

General Debt Service Fund (Cont.)

Principal on Debt (Cont.)

Education

Principal on Bonds	\$ 1,371,146	
Principal on Notes	83,175	
Principal on Other Loans	347,871	
Total Education		\$ 1,802,192

Interest on Debt

General Government

Interest on Bonds	\$ 90,944	
Total General Government		90,944

Highways and Streets

Interest on Bonds	\$ 361,982	
Total Highways and Streets		361,982

Education

Interest on Bonds	\$ 541,010	
Interest on Notes	1,204	
Interest on Other Loans	270,276	
Total Education		812,490

Other Debt Service

General Government

Trustee's Commission	\$ 42,371	
Other Debt Service	3,870	
Total General Government		46,241

Education

Underwriter's Discount	\$ 9,843	
Other Debt Issuance Charges	64,887	
Other Debt Service	4,460	
Total Education		79,190

Total General Debt Service Fund \$ 3,471,893

Rural Debt Service Fund

Principal on Debt

Education

Principal on Bonds	\$ 270,000	
Total Education		\$ 270,000

Interest on Debt

Education

Interest on Bonds	\$ 44,979	
Total Education		44,979

(Continued)

Exhibit J-8

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

<u>Rural Debt Service Fund (Cont.)</u>			
<u>Other Debt Service</u>			
<u>Education</u>			
Underwriter's Discount	\$	6,861	
Other Debt Issuance Charges		<u>21,608</u>	
Total Education			\$ <u>28,469</u>
Total Rural Debt Service Fund			\$ 343,448
 <u>General Capital Projects Fund</u>			
<u>Other Operations</u>			
<u>Other Charges</u>			
Trustee's Commission	\$	<u>12,338</u>	
Total Other Charges			\$ 12,338
 <u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Motor Vehicles	\$	<u>79,999</u>	
Total Public Safety Projects			79,999
 <u>Public Health and Welfare Projects</u>			
Building Construction	\$	<u>4,500</u>	
Total Public Health and Welfare Projects			4,500
 <u>Highway and Street Capital Projects</u>			
Highway Equipment	\$	<u>411,985</u>	
Total Highway and Street Capital Projects			411,985
 <u>Education Capital Projects</u>			
Contributions	\$	<u>524,695</u>	
Total Education Capital Projects			<u>524,695</u>
Total General Capital Projects Fund			1,033,517
 <u>Highway Capital Projects Fund</u>			
<u>Capital Projects</u>			
<u>Public Safety Projects</u>			
Matching Share	\$	<u>9,500</u>	
Total Public Safety Projects			\$ 9,500
 <u>Highway and Street Capital Projects</u>			
Highway Construction	\$	414	
Other Capital Outlay		<u>444,354</u>	
Total Highway and Street Capital Projects			<u>444,768</u>
Total Highway Capital Projects Fund			<u>454,268</u>
Total Governmental Funds - Primary Government			<u>\$ 22,979,693</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, 2014

General Purpose School Fund

Instruction

Regular Instruction Program

Teachers	\$ 10,436,773	
Career Ladder Program	97,915	
Career Ladder Extended Contracts	21,593	
Homebound Teachers	7,917	
Educational Assistants	313,076	
Bonus Payments	106,601	
Other Salaries and Wages	41,037	
Certified Substitute Teachers	34,867	
Non-certified Substitute Teachers	110,992	
Social Security	649,116	
State Retirement	958,516	
Medical Insurance	1,823,203	
Employer Medicare	154,354	
Other Fringe Benefits	221,215	
Maintenance and Repair Services - Equipment	29,701	
Other Contracted Services	3,162	
Instructional Supplies and Materials	166,126	
Textbooks	313,003	
Other Supplies and Materials	23,238	
Other Charges	18,520	
Regular Instruction Equipment	569,869	
Total Regular Instruction Program		\$ 16,100,794

Alternative Instruction Program

Teachers	\$ 176,504	
Career Ladder Program	2,000	
Clerical Personnel	20,416	
Bonus Payments	1,624	
Non-certified Substitute Teachers	153	
Social Security	12,371	
State Retirement	18,485	
Medical Insurance	30,676	
Employer Medicare	2,893	
Instructional Supplies and Materials	1,406	
Total Alternative Instruction Program		266,528

Special Education Program

Teachers	\$ 1,194,388
Career Ladder Program	14,000
Homebound Teachers	19,172
Educational Assistants	169,152
Speech Pathologist	148,295
Bonus Payments	18,274
Certified Substitute Teachers	8,607
Non-certified Substitute Teachers	18,395
Social Security	95,944

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Instruction (Cont.)

Special Education Program (Cont.)

State Retirement	\$	134,970	
Medical Insurance		276,588	
Employer Medicare		22,444	
Contracts with Private Agencies		65,574	
Evaluation and Testing		7,464	
Maintenance and Repair Services - Equipment		300	
Other Contracted Services		65,359	
Instructional Supplies and Materials		46,273	
Other Supplies and Materials		3,204	
Special Education Equipment		28,713	
Total Special Education Program			\$ 2,337,116

Vocational Education Program

Teachers	\$	911,059	
Career Ladder Program		5,000	
Bonus Payments		7,716	
Certified Substitute Teachers		714	
Non-certified Substitute Teachers		11,858	
Social Security		56,075	
State Retirement		82,031	
Medical Insurance		142,045	
Employer Medicare		13,117	
Maintenance and Repair Services - Equipment		199	
Instructional Supplies and Materials		61,753	
Other Charges		898	
Vocational Instruction Equipment		33,000	
Total Vocational Education Program			1,325,465

Student Body Education Program

Other Charges	\$	987	
Total Student Body Education Program			987

Support Services

Attendance

Supervisor/Director	\$	64,578	
Career Ladder Program		1,000	
Clerical Personnel		28,801	
Bonus Payments		812	
Social Security		5,357	
State Retirement		9,402	
Medical Insurance		14,702	
Employer Medicare		1,253	
Travel		4,347	
Other Supplies and Materials		12,240	
Total Attendance			142,492

(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.)

Health Services

Medical Personnel	\$	132,435	
Bonus Payments		2,437	
Other Salaries and Wages		109,982	
Social Security		14,951	
State Retirement		23,269	
Medical Insurance		38,397	
Employer Medicare		3,497	
Travel		13,381	
Drugs and Medical Supplies		1,500	
Other Supplies and Materials		2,316	
Other Charges		1,029	
Total Health Services			\$ 343,194

Other Student Support

Career Ladder Program	\$	1,500	
Guidance Personnel		634,247	
Bonus Payments		6,092	
Other Salaries and Wages		72,714	
Social Security		39,749	
State Retirement		61,323	
Medical Insurance		119,346	
Employer Medicare		9,644	
Contracts with Government Agencies		89,343	
Other Contracted Services		3,180	
Other Supplies and Materials		1,500	
Total Other Student Support			1,038,638

Regular Instruction Program

Supervisor/Director	\$	228,163	
Career Ladder Program		5,500	
Librarians		347,728	
Instructional Computer Personnel		41,547	
Secretary(ies)		33,930	
Clerical Personnel		13,990	
Educational Assistants		50,887	
Bonus Payments		7,107	
Other Salaries and Wages		71,942	
Social Security		45,940	
State Retirement		72,171	
Medical Insurance		106,712	
Employer Medicare		11,088	
Travel		20,304	
Library Books/Media		9,772	
Periodicals		5,013	
Other Supplies and Materials		12,503	
In Service/Staff Development		9,208	
Total Regular Instruction Program			1,093,505

(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.)

Special Education Program

Supervisor/Director	\$	60,725	
Psychological Personnel		44,705	
Secretary(ies)		33,930	
Bonus Payments		2,522	
Other Salaries and Wages		115,510	
Social Security		15,874	
State Retirement		25,840	
Medical Insurance		33,786	
Employer Medicare		3,712	
Travel		19,799	
Other Contracted Services		49,478	
In Service/Staff Development		10,038	
Other Charges		5,341	
Total Special Education Program			\$ 421,260

Vocational Education Program

Supervisor/Director	\$	31,488	
Career Ladder Program		1,800	
Other Salaries and Wages		15,011	
Social Security		931	
State Retirement		1,761	
Employer Medicare		677	
Travel		10,763	
Other Supplies and Materials		2,311	
Other Charges		2,410	
Total Vocational Education Program			67,152

Other Programs

On-behalf Payments to OPEB	\$	230,439	
Total Other Programs			230,439

Board of Education

Board and Committee Members Fees	\$	17,100	
Social Security		1,060	
Life Insurance		21,267	
Unemployment Compensation		5,349	
Employer Medicare		248	
Audit Services		11,200	
Dues and Memberships		21,251	
Legal Services		4,382	
Travel		13,080	
Liability Insurance		31,230	
Trustee's Commission		148,162	
Workers' Compensation Insurance		94,480	
Other Charges		18,572	
Total Board of Education			387,381

(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	\$	117,695	
Secretary(ies)		32,156	
Clerical Personnel		13,990	
Bonus Payments		1,015	
Social Security		9,775	
State Retirement		16,159	
Medical Insurance		20,589	
Employer Medicare		2,316	
Communication		16,765	
Postal Charges		4,230	
Travel		1,593	
Office Supplies		36	
Other Charges		2,452	
Total Director of Schools			\$ 238,771

Office of the Principal

Principals	\$	787,077	
Career Ladder Program		12,500	
Assistant Principals		262,974	
Secretary(ies)		476,193	
Bonus Payments		15,432	
Social Security		93,155	
State Retirement		153,791	
Medical Insurance		245,640	
Employer Medicare		21,786	
Communication		52,653	
Travel		9,414	
Other Contracted Services		4,230	
Other Supplies and Materials		58,239	
Other Charges		12,068	
Total Office of the Principal			2,205,152

Fiscal Services

Accountants/Bookkeepers	\$	42,836	
Clerical Personnel		51,500	
Bonus Payments		1,015	
Other Salaries and Wages		15,504	
Social Security		6,843	
State Retirement		7,033	
Medical Insurance		12,801	
Employer Medicare		1,600	
Data Processing Services		8,052	
Other Contracted Services		6,623	
Data Processing Supplies		4,887	
Other Supplies and Materials		311	
Administration Equipment		5,904	
Total Fiscal Services			164,909

(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.)

Operation of Plant

Custodial Personnel	\$	694,461	
Bonus Payments		14,502	
Other Salaries and Wages		6,400	
Social Security		43,559	
State Retirement		79,057	
Medical Insurance		199,478	
Employer Medicare		10,187	
Maintenance and Repair Services - Equipment		5,976	
Rentals		4,385	
Disposal Fees		1,032	
Other Contracted Services		124,507	
Custodial Supplies		81,726	
Electricity		808,051	
Natural Gas		153,361	
Water and Sewer		47,109	
Boiler Insurance		7,126	
Building and Contents Insurance		150,511	
Refunds		58,488	
Other Charges		87,549	
Total Operation of Plant			\$ 2,577,465

Maintenance of Plant

Supervisor/Director	\$	45,216	
Secretary(ies)		26,518	
Maintenance Personnel		154,530	
Bonus Payments		3,249	
Other Salaries and Wages		3,620	
Social Security		14,416	
State Retirement		25,201	
Medical Insurance		43,599	
Employer Medicare		3,371	
Maintenance and Repair Services - Vehicles		2,499	
Other Contracted Services		34,863	
Other Supplies and Materials		166,139	
Other Charges		2,229	
Total Maintenance of Plant			525,450

Transportation

Bus Drivers	\$	27,395	
Bonus Payments		406	
Social Security		1,708	
State Retirement		3,366	
Medical Insurance		6,367	
Employer Medicare		400	
Contracts with Vehicle Owners		2,860	
Total Transportation			42,502

(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.)

Central and Other

Bonus Payments	\$	3,822	
Other Salaries and Wages		296,960	
Non-certified Substitute Teachers		255	
Social Security		17,367	
State Retirement		26,683	
Medical Insurance		21,815	
Employer Medicare		4,337	
Travel		1,904	
Office Supplies		24,745	
Other Supplies and Materials		4,392	
Other Charges		29,025	
		<hr/>	
Total Central and Other	\$		431,305

Operation of Non-instructional Services

Food Service

Supervisor/Director	\$	60,376	
Career Ladder Program		1,000	
Bonus Payments		406	
Social Security		3,776	
State Retirement		5,486	
Medical Insurance		6,399	
Employer Medicare		883	
		<hr/>	
Total Food Service			78,326

Community Services

Bonus Payments	\$	2,640	
Other Salaries and Wages		190,938	
Social Security		11,910	
State Retirement		11,712	
Medical Insurance		45,124	
Employer Medicare		2,785	
Other Charges		55,164	
		<hr/>	
Total Community Services			320,273

Early Childhood Education

Teachers	\$	126,793	
Educational Assistants		43,593	
Bonus Payments		2,437	
Other Salaries and Wages		14,570	
Non-certified Substitute Teachers		1,530	
Social Security		11,221	
State Retirement		18,090	
Medical Insurance		42,155	
Employer Medicare		2,624	
Travel		682	
Instructional Supplies and Materials		18,603	

(Continued)

Exhibit J-9

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

General Purpose School Fund (Cont.)

Operation of Non-instructional Services (Cont.)

Early Childhood Education (Cont.)

Other Supplies and Materials	\$ 5,930	
In Service/Staff Development	1,472	
Other Equipment	<u>7,078</u>	
Total Early Childhood Education		\$ 296,778

Capital Outlay

Regular Capital Outlay

Building Improvements	\$ <u>549,539</u>	
Total Regular Capital Outlay		549,539

Other Debt Service

Education

Debt Service Contribution to Primary Government	\$ <u>557,199</u>	
Total Education		<u>557,199</u>

Total General Purpose School Fund \$ 31,742,620

School Federal Projects Fund

Instruction

Regular Instruction Program

Teachers	\$ 1,220,911	
Educational Assistants	219,587	
Bonus Payments	17,868	
Other Salaries and Wages	156,017	
Certified Substitute Teachers	2,320	
Non-certified Substitute Teachers	7,548	
Social Security	96,036	
State Retirement	150,514	
Medical Insurance	315,959	
Employer Medicare	22,476	
Instructional Supplies and Materials	209,820	
Other Supplies and Materials	7,389	
Regular Instruction Equipment	<u>88,035</u>	
Total Regular Instruction Program		\$ 2,514,480

Special Education Program

Teachers	\$ 161,981	
Educational Assistants	355,253	
Bonus Payments	11,777	
Certified Substitute Teachers	969	
Non-certified Substitute Teachers	16,142	
Social Security	32,380	
State Retirement	55,857	
Medical Insurance	189,005	
Employer Medicare	<u>7,576</u>	
Total Special Education Program		830,940

(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.)

Vocational Education Program

Clerical Personnel	\$	18,304	
Bonus Payments		406	
Other Salaries and Wages		8,648	
Social Security		1,085	
State Retirement		2,270	
Medical Insurance		6,402	
Employer Medicare		379	
Vocational Instruction Equipment		110,124	
Total Vocational Education Program			\$ 147,618

Support Services

Other Student Support

Assessment Personnel	\$	65,778	
Bonus Payments		406	
Social Security		4,045	
State Retirement		5,877	
Medical Insurance		6,399	
Employer Medicare		946	
Travel		25,283	
Other Charges		29,671	
Total Other Student Support			138,405

Regular Instruction Program

Instructional Computer Personnel	\$	62,391	
Secretary(ies)		15,504	
Bonus Payments		2,640	
Other Salaries and Wages		236,976	
Certified Substitute Teachers		3,366	
In-service Training		39,990	
Non-certified Substitute Teachers		21,371	
Social Security		23,016	
State Retirement		32,281	
Medical Insurance		52,126	
Employer Medicare		5,403	
Travel		16,171	
Other Supplies and Materials		12,700	
In Service/Staff Development		20,993	
Other Charges		4,498	
Other Equipment		1,963	
Total Regular Instruction Program			551,389

Special Education Program

Other Charges	\$	235	
Total Special Education Program			235

(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.)

Vocational Education Program

Travel	\$	1,305	
In Service/Staff Development		1,405	
Total Vocational Education Program			\$ 2,710

Transportation

Bus Drivers	\$	51,841	
Bonus Payments		4,061	
Other Salaries and Wages		68,979	
Social Security		7,559	
State Retirement		13,151	
Medical Insurance		48,845	
Employer Medicare		1,768	
Other Charges		13,160	
Total Transportation			<u>209,364</u>

Total School Federal Projects Fund \$ 4,395,141

Central Cafeteria Fund

Operation of Non-instructional Services

Food Service

Accountants/Bookkeepers	\$	26,058	
Cafeteria Personnel		825,735	
Other Salaries and Wages		68,745	
Social Security		54,510	
State Retirement		102,467	
Medical Insurance		325,040	
Employer Medicare		12,748	
Communication		6,689	
Maintenance and Repair Services - Equipment		21,502	
Transportation - Other than Students		9,787	
Travel		3,235	
Other Contracted Services		203,508	
Food Supplies		954,653	
Office Supplies		4,611	
Uniforms		383	
Utilities		4	
USDA - Commodities		337,246	
Other Supplies and Materials		108,059	
Refunds		445	
In Service/Staff Development		1,126	
Food Service Equipment		27,847	
Total Food Service			<u>\$ 3,094,398</u>

Total Central Cafeteria Fund 3,094,398

(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

Support Services

Board of Education

Trustee's Commission	\$ 29,478	
Total Board of Education		\$ 29,478

Transportation

Supervisor/Director	\$ 45,216	
Mechanic(s)	133,919	
Bus Drivers	483,143	
Bonus Payments	19,493	
Other Salaries and Wages	58,306	
Social Security	44,162	
State Retirement	86,339	
Medical Insurance	277,312	
Employer Medicare	10,328	
Communication	3,865	
Contracts with Vehicle Owners	220	
Maintenance and Repair Services - Vehicles	34,001	
Medical and Dental Services	7,847	
Rentals	5,928	
Towing Services	1,950	
Diesel Fuel	330,245	
Garage Supplies	717	
Gasoline	41,615	
Lubricants	11,577	
Tires and Tubes	26,899	
Vehicle Parts	314,275	
Other Supplies and Materials	11,673	
Vehicle and Equipment Insurance	40,267	
Other Charges	5,252	
Transportation Equipment	524,695	
Total Transportation		<u>2,519,244</u>

Total School Transportation Fund \$ 2,548,722

Total Governmental Funds - Cocke County School Department \$ 41,780,881

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, 2014

	Cities - Sales Tax Fund	City School ADA - Newport Fund	Total
<u>Cash Receipts</u>			
Current Property Taxes	\$ 0	\$ 398,134	\$ 398,134
Trustee's Collections - Prior Years	0	20,433	20,433
Circuit/Clerk and Master Collections - Prior Years	0	24,198	24,198
Interest and Penalty	0	3,200	3,200
Payments in-Lieu-of Taxes - Local Utilities	0	22,742	22,742
Payments in-Lieu-of Taxes - Other	0	147	147
Local Option Sales Tax	3,208,429	604,332	3,812,761
Bank Excise Tax	0	2,031	2,031
Interstate Telecommunications Tax	0	471	471
Marriage Licenses	0	147	147
Other Local Revenues	0	93	93
Total Cash Receipts	\$ 3,208,429	\$ 1,075,928	\$ 4,284,357
<u>Cash Disbursements</u>			
Remittance of Revenues Collected	\$ 3,176,345	\$ 1,060,489	\$ 4,236,834
Trustee's Commission	32,084	15,449	47,533
Total Cash Disbursements	\$ 3,208,429	\$ 1,075,938	\$ 4,284,367
<u>Excess of Cash Receipts Over (Under)</u>			
Cash Disbursements	\$ 0	\$ (10)	\$ (10)
Cash Balance, July 1, 2013	0	10	10
Cash Balance, June 30, 2014	\$ 0	\$ 0	\$ 0

SINGLE AUDIT SECTION



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

**Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed in
Accordance With *Government Auditing Standards***

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the financial statements of the governmental activities, the aggregate discretely presented component units, each major fund, and the aggregate remaining fund information of Cocke County, Tennessee, as of and for the year ended June 30, 2014, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements, and have issued our report thereon dated November 21, 2014.

Internal Control Over Financial Reporting

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

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

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies and therefore, material weaknesses or significant deficiencies may exist that were not identified. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. We did identify a certain deficiency in internal control, described in the accompanying Schedule of Findings and Questioned Costs that we consider to be a significant deficiency: 2014-003.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Cocke County's financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards* and are described in the accompanying Schedule of Findings and Questioned Costs as items: 2014-001 and 2014-002.

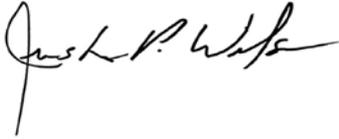
Cocke County's Responses to Findings

Cocke County's responses to the findings identified in our audit are described in the accompanying Schedule of Findings and Questioned Costs. Cocke County's responses were not subjected to the auditing procedures applied in the audit of the financial statements and, accordingly, we express no opinion on them.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the result of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering Cocke County's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

Very truly yours,

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

Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 21, 2014.

JPW/yu



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

Report on Compliance for Each Major Federal Program; Report on Internal Control Over Compliance; and Report on the Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

Independent Auditor's Report

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

To the County Mayor and Board of County Commissioners:

Report on Compliance for Each Major Federal Program

We have audited Cocke County's compliance with the types of compliance requirements described in the *OMB Circular A-133 Compliance Supplement* that could have a direct and material effect on each of Cocke County's major federal programs for the year ended

June 30, 2014. 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.

Management's Responsibility

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

Auditor's Responsibility

Our responsibility is to express an opinion on compliance for each of Cocke County's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States; and 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 on compliance for each major federal program. However, our audit does not provide a legal determination of Cocke County's compliance.

Opinion on Each Major Federal Program

In our opinion, Cocke County complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on each of its major federal programs for the year ended June 30, 2014.

Report on Internal Control Over Compliance

Management of Cocke County is responsible for establishing and maintaining effective internal control over compliance with the types of compliance requirements referred to above. In planning and performing our audit of compliance, we considered Cocke County's internal control over compliance with the types of requirements that could have a direct and material effect on each major federal program to determine the auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with 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. *A significant deficiency in internal control over compliance* is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

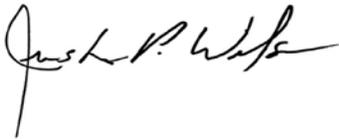
Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weaknesses or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope of our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Report on Schedule of Expenditures of Federal Awards Required by OMB Circular A-133

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, 2014, and the related notes to the financial statements, which collectively comprise Cocke County's basic financial statements. We issued our report thereon dated November 21, 2014, which contained unmodified opinions on those financial statements. Our audit was conducted for the purpose of forming opinions on the financial statements that collectively comprise the basic financial statements. The accompanying Schedule of Expenditures of Federal Awards is presented for purposes of additional analysis as required by OMB Circular A-133 and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the basic financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the basic financial statements or to the basic financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the Schedule of Expenditures of Federal Awards is fairly stated in all material respects in relation to the basic financial statements as a whole.

Very truly yours,



Justin P. Wilson
Comptroller of the Treasury
Nashville, Tennessee

November 21, 2014

JPW/yu

Cocke County, Tennessee
Schedule of Expenditures of Federal Awards and State Grants (1)
For the Year Ended June 30, 2014

Federal/Pass-through Agency/State Grantor Program Title	Federal CFDA Number	Pass-through Entity Identifying Number	Expenditures
U.S. Department of Agriculture:			
Direct Programs:			
Schools and Roads - Grants to States	10.665	N/A	\$ 85,451
Community Facilities Loans and Grants	10.766	N/A	77,000
Emergency Watershed Protection Program	10.923	68-4741-4-010	360,058
Passed-through State Department of Education:			
Child Nutrition Cluster:			
School Breakfast Program	10.553	N/A	577,517
National School Lunch Program	10.555	N/A	1,589,488 (3)
Passed-through State Department of Agriculture:			
Child Nutrition Cluster:			
National School Lunch Program (Commodities - Noncash Assistance)	10.555	N/A	337,246 (3)
Total U.S. Department of Agriculture			<u>\$ 3,026,760</u>
U.S. Department of Housing and Urban Development:			
Passed-through Tennessee Housing Development Agency:			
Home Investment Partnerships Program	14.239	HM-11-10	\$ 147,584
Total U.S. Department of Housing and Urban Development			<u>\$ 147,584</u>
U.S. Bureau of Land Management, Department of Interior:			
Direct Program:			
Payments in-Lieu-of Taxes	15.226	N/A	\$ 102,641
Total U.S. Bureau of Land Management, Department of Interior			<u>\$ 102,641</u>
U.S. Department of Justice:			
Direct Programs:			
Edward Byrne Memorial Justice Assistance Grant Program	16.738	2013-DJ-BX-0801	\$ 14,989
Total U.S. Department of Justice			<u>\$ 14,989</u>
U.S. Department of Transportation:			
Passed-through State Department of Transportation:			
Alcohol Open Container Requirements	20.607	(2)	\$ 30,025
Total U.S. Department of Transportation			<u>\$ 30,025</u>
U.S. Department of Education:			
Passed-through State Department of Education:			
Title I Grants to Local Educational Agencies	84.010	N/A	\$ 2,395,376
Special Education Cluster:			
Special Education - Grants to States	84.027	N/A	1,024,756
Special Education - Preschool Grants	84.173	N/A	47,155
Career and Technical Education - Basic Grants to States	84.048	N/A	175,611
Rural Education	84.358	(2)	91,262
English Language Acquisition Grants	84.365	N/A	3,610
Improving Teacher Quality State Grants	84.367	N/A	272,956
State Fiscal Stabilization Fund (SFSF) - Race-to-the-Top Incentive Grants, Recovery Act	84.395	N/A	448,577
Passed-through State Department of Human Services:			
Rehabilitation Services - Vocational Rehabilitation Grants to States	84.126	Z-14-70506	74,377
Total U.S. Department of Education			<u>\$ 4,533,680</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	Pass-through Entity Identifying Number	Expenditures
U.S. Election Assistance Commission:			
Passed-through Tennessee Secretary of State:			
Help America Vote Act Requirement Payments	90.401	2013-DJ-BX-0801	\$ 57,170
Total U.S. Election Assistance Commission			<u>\$ 57,170</u>
U.S. Department of Homeland Security:			
Passed-through State Department of Military:			
Emergency Management Performance Grants	97.042	(2)	\$ 30,000
Homeland Security Grant Program	97.067	(2)	60,310
Total U.S. Department of Homeland Security			<u>\$ 90,310</u>
Total Expenditures of Federal Awards			<u>\$ 8,003,159</u>
<u>State Grants</u>			
		<u>Contract Number</u>	
Litter Program - State Department of Transportation	N/A	(2)	\$ 44,952
Solid Waste Grant - State Department of Environment and Conservation	N/A	(2)	23,900
Juvenile Service Program - State Commission on Children and Youth	N/A	(2)	6,240
State Aid Program - State Department of Transportation	N/A	(2)	203,286
Tech Funds - State Department of Education	N/A	(2)	340,540
Early Childhood Education Pilot Project - State Department of Education	N/A	(2)	296,777
Connect TN - State Department of Education	N/A	(2)	13,671
ACT/Explore - State Department of Education	N/A	(2)	6,389
Lottery for Education - Afterschool Program (LEAP) - State Department of Education	N/A	119-12-03-012	128,291
Student Ticket Subsidy - Tennessee Arts Commission through State Department of Education	N/A	(2)	7,695
Statewide System Management - State Department of Education	N/A	(2)	12,240
Coordinated School Health - State Department of Education	N/A	(2)	95,000
Family Resource Center - State Department of Education	N/A	(2)	29,612
Safe Schools Act of 1998 - State Department of Education	N/A	(2)	27,800
Health Department Program - State Department of Health	N/A	(2)	<u>257,572</u>
Total State Grants			<u>\$ 1,493,965</u>

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

- (1) Presented in conformity with generally accepted accounting principles using the modified accrual basis of accounting.
(2) Information not available.
(3) Total for CFDA No. 10.555 is \$1,926,734.

Cocke County, Tennessee
Schedule of Audit Findings Not Corrected
June 30, 2014

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, 2013, which have not been corrected.

OFFICE OF COUNTY MAYOR

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-001(B)	178	Some Park and Recreation Department funds were not deposited within three days of collection

OFFICES OF GENERAL SESSIONS COURT CLERK AND SHERIFF

<u>Finding Number</u>	<u>Page Number</u>	<u>Subject</u>
2013-006	182	Duties were not segregated adequately

COCKE COUNTY, TENNESSEE

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

For the Year Ended June 30, 2014

PART I, SUMMARY OF AUDITOR'S RESULTS

1. Our report on the financial statements of Cocke County is unmodified.
2. The audit of the financial statements of Cocke County disclosed a significant deficiency in internal control. This deficiency was not considered to be a material weakness.
3. The audit disclosed no instances of noncompliance that are material to the financial statements of Cocke County.
4. The audit disclosed no significant deficiencies in internal control over major programs.
5. An unmodified 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 Emergency Watershed Protection Program (CFDA No. 10.923), the Special Education Cluster: Special Education - Grants to States and Special Education - Preschool Grants (CFDA Nos. 84.027 and 84.173), and the State Fiscal Stabilization Fund – Race-to-the-Top Incentive Grants, Recovery Act (CFDA No. 84.395) were determined to be major programs.
8. A \$300,000 threshold was used to distinguish between Type A and Type B federal programs.
9. Cocke County did not qualify as a low-risk auditee.

PART II, FINDINGS RELATING TO THE FINANCIAL STATEMENTS

Findings and recommendations, as a result of our examination, are presented below. We reviewed these findings and recommendations with management to provide an opportunity for their response. The director of accounts and budgets and the sheriff 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 COUNTY MAYOR

FINDING 2014-001 **THE PARKS AND RECREATION DEPARTMENT HAD DEFICIENCIES RELATED TO RECEIPTS AND DEPOSITS RESULTING IN A CASH SHORTAGE OF APPROXIMATELY \$2,800**

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures for obtaining reasonable assurance that funds were receipted and deposited in compliance with state statutes, we judgmentally selected various receipts to trace to deposits. As a result of our examination, the following deficiencies were noted.

- A. The Cocke County Parks and Recreation Department manually issues official prenumbered receipts for fees and other collections. Of the 410 receipts issued from July 1, 2013, through June 30, 2014, we noted 278 receipts that were not deposited with the county trustee within three days of collection as required by Section 5-8-207, *Tennessee Code Annotated*. In fact, 115 receipts totaling \$5,524, which represented collections for the period March 28, 2014, through April 24, 2014, were not remitted to the county trustee until May 1, 2014, which is a range of five to 24 days after collection.

- B. We were advised that approximately \$2,800 of the \$5,524 noted above had been removed from the desk of the parks and recreation director by a minor who frequents the facility. Subsequently, the director replaced this cash shortage from his personal funds on May 1, 2014, and is being reimbursed by the parents of the minor. It should be noted the county filed a Fraud Reporting Form with the state Comptroller's Office on May 30, 2014. The Parks and Recreation Department director has since had new door locks installed and has obtained a safe to secure collections prior to deposit.

These deficiencies are the result of a lack of management oversight and failure to correct the finding noted in the prior-year audit report, which increases the risk of fraud and abuse. This finding has been reviewed with the district attorney general.

RECOMMENDATION

All collections should be deposited with the county trustee within three days of collection as required by state statute. Steps should be taken to ensure collections are safely secured prior to deposit.

MANAGEMENT’S RESPONSE – DIRECTOR OF ACCOUNTS AND BUDGETS

We concur with your findings and offer the following responses:

- A. The three-day deposit rule has again been reviewed with the director of the Parks and Recreation Department, and a weekly reminder plan has been put in place to encourage compliance. In addition, the current county mayor has developed a back-up plan designating individuals to phone if there are no Parks and Recreation Department employees available to take a deposit to the County Trustee’s Office.

- B. The director has been completely reimbursed by the family of the minor for the missing funds. In addition to the door locks and the safe, the director is working with the Sheriff’s Department to have additional security cameras installed in that portion of the building.

OFFICE OF DIRECTOR OF SCHOOLS

FINDING 2014-002

THE DEPARTMENT HAD DEFICIENCIES IN PROCEDURES RELATED TO BID SOLICITATION AND DOCUMENTATION FOR THE PURCHASE OF SCHOOL BUSES

(Noncompliance Under *Government Auditing Standards*)

As part of our audit procedures related to bidding, we reviewed certain purchases that appeared to require the solicitation of bids, which included the purchase of five school buses totaling \$524,695. Our examination of the bus purchases revealed that there was insufficient or no documentation to support: (1) the companies that received bid packages, (2) the staff members and company representatives that attended the bid opening, (3) the tabulation of the bid(s) received and/or notation that no bid was received, or (4) evidence that solicitations for bids had been advertised in the newspaper. Purchasing procedures for the School Department are governed by the purchasing laws applicable to schools as set forth in Section 49-2-203 (a)(3)(A), *Tennessee Code Annotated*, which requires competitive bids to be solicited through newspaper advertisement on all purchases exceeding \$10,000. Proper bidding procedures require that all sealed bids received should be opened publicly at the time and place noted in the advertisement. Each bid, with the name and address of the bidder, should be entered on a record that includes the names of the bidders, the amounts of their bids, and the name of the successful bidder. Additionally, all documents related to the award of a bid should be preserved for a period of five years.

RECOMMENDATION:

School Department officials should ensure that solicitations for bids are properly advertised, and all required documentation related to the bid process and award should be maintained in the School Department’s Finance Office.

OFFICES OF GENERAL SESSIONS COURT CLERK AND SHERIFF

FINDING 2014-003

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 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 – SHERIFF

In regard to the segregation of financial duties in the Sheriff's Department, we had previously used a spreadsheet to receipt and track the checks and/or money orders our office received and reconciled the account when the bank statement was received. As of November 1, 2014, we have completely segregated the duties of receiving funds. One clerk will accept and receipt the funds while another clerk will deposit the funds at the bank. An administrative assistant will reconcile the account when the bank statement is received.

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

There were no findings and questioned costs for federal awards.

BEST PRACTICE

Accounting literature describes a best practice as a recommended policy, procedure, or technique that aids management in improving financial performance. Historically, a best practice has consistently shown superior results over conventional methods.

The Division of Local Government Audit strongly believes that the item noted below is a best practice that should be adopted by the governing body as a means of significantly improving accountability and the quality of services provided to the citizens of Cocke County.

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 processes. 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. The Division of Local Government Audit strongly believes that the adoption of a central system of accounting, budgeting, and purchasing is a best practice that would significantly improve accountability and the quality of services provided to the citizens of Cocke County. Therefore, we recommend the adoption of the County Financial Management System of 1981 or a private act, which would provide for a central system of accounting, budgeting, and purchasing covering all county departments.

COCKE COUNTY, TENNESSEE
AUDITEE REPORTING RESPONSIBILITIES
For the Year Ended June 30, 2014

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